"TOGETHER WE CAN ACHIEVE MORE":

AN EXPLORATION OF CIVIL SOCIETY-BUSINESS PARTNERSHIPS IN UGANDA

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The Development Paradigm Shift – Exploring New Opportunities for Partnerships

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FOREWORD

The development co-operation landscape has changed rapidly in recent years. At the centre of this change is the global consensus that achieving sustainable development goals (SDGs) and reducing poverty requires engagement with the private sector. Thus, donor governments are taking a more active role in funding private sector development, meanwhile inviting private sector actors to invest in development and to foster innovative and sustainable solutions that tackle the persistent and multi-faceted problems that negatively affect well-being, particularly of women and children. Harnessing the power of businesses to accelerate results and development impact has become a more salient goal than ever before.

This 'private turn' in development co-operation has also had an impact on CSOs, as they are increasingly being encouraged by donors to collaborate and create new partnerships with the private sector to tackle development challenges that neither sector can solve without the other. Yet there is little evidence-based knowledge of the forms, challenges and results of CSO-private sector collaboration.

This research report provides insights into what motivates CSOs and businesses to form partnerships, and the kind of partnerships that are established, based on data drawn from on-going partnerships in Uganda. Analysis of this material reveals significant differences in the motivations of CSOs and businesses to collaborate with each other. For business actors, access to donor funding is an important driver, as the findings suggest that donor funding is used to expand business operations faster than otherwise would be possible. Moreover, CSO partnerships enable businesses to experiment with new initiatives and take more risks than would be acceptable without funding. CSOs, on the other hand, are motivated to collaborate with businesses to enhance practices that have positive impact on local people. For example, business partnerships are used to increase people's access to services through new technology, as well as securing more advantageous deals for farmers and enabling their better access to value chains. Collaboration with businesses was also seen as an opportunity to influence business conduct and operations more effectively, and to enhance the sustainability of development impacts beyond the project cycle.

An interesting contradiction arises in terms of perceptions of donor funding and risk taking. CSOs have a clear tendency to avoid risk-taking when using ODA funding to achieve results with their development interventions, thereby securing their future financial support, whereas businesses use donor funding to reduce their own investment, which enables them to enter activities with greater risk levels. As previously demonstrated, companies use donor funding to enter emerging markets that they might not have had the opportunity to enter otherwise (Roiha 2017).

The issue of risk taking in CSO-private sector collaboration thus needs to be addressed, particularly by donors who set the criteria for appropriate use of ODA funding. First of all, it is a fact that development interventions with or without business partners involve risks. Secondly, business operations are never risk-free, regardless of the funding source. Thirdly, there is a wide consensus that cross-sector partnerships are needed and that it would be an even greater risk to retain the status quo, rather than trying out new approaches and new partnerships in search of new development solutions. Thus, acceptance of the fact that increased risk levels are part and parcel of cross-sector collaboration, and, indeed, taking action to support risk taking, is important for the future development of CSO-business partnerships, and for achieving SDGs through partnerships.

Annika Launiala
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LIST OF ABBREVIATIONS

CBO	Community Based Organisation
CEO	Chief Executive Officer
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
ECDPM	European Centre for Development Policy Management
HQ	Headquarter
NGO	Non-Governmental Organisation
OECD/DAC	Organisation for Economic Co-operation and Development's / Development Assistance Committee
ODA	Official Development Assistance
PPP	Public-Private Partnerships
SDG	Sustainable Development Goal
SME	Small and Medium Enterprises
WTO	World Trade Organisation

EXECUTIVE SUMMARY

BACKGROUND

There has been a renewed focus on the role of the private sector in development in recent years. While support for the private sector has long been on donor agendas, it is increasingly being viewed as a strategic partner rather than a philanthropic sponsor or a contractor. Many donors have strengthened their focus on the private sector and are increasingly supporting partnerships between civil society organisations (CSOs) and businesses.

This report is part of a UNICEF Finland research project called UniResearch funded by the Kone Foundation. The study is motivated by the changes in development policy, the increased emphasis on the private sector and encouragement for CSO-business partnerships. The aim of the project is to produce a better understanding of CSO-business partnerships, specifically the added value they can supply and how effective they are in delivering development impacts. Two publications have preceded this work: the first explored Finnish business perceptions of development cooperation and collaboration with CSOs (Roiha 2017) and the second examined how

Finnish CSOs perceived collaboration with businesses (Hakkarainen 2018). This is the project's third publication, which expands understandings developed in the course of studying Finnish actors by investigating active partnerships in the context of a developing country, in this case Uganda.

RESEARCH OBJECTIVES

The overall goal of this study was to increase understanding of approaches and modalities of CSO-private sector partnerships in developing countries, using Uganda as a case example. The more specific objectives were: 1) to explore what motivates CSOs and businesses to enter into partnerships; 2) to clarify further how CSOs and businesses identify suitable partners with whom to work; 3) to examine the types of partnerships in which CSO and businesses engage; and 4) to understand how development impacts are generated in the partnerships by building on the core business of the private sector partner. Understanding the expectations that actors have for partnerships in terms of delivering development impact, will enable further exploration into the actual impacts which are generated.

METHODOLOGY AND DATA

Seventeen semi-structured interviews were carried out between February and April 2018 in Uganda and via skype. All of the interviewees had experience in CSO-business partnerships in Uganda. The interviews were then transcribed and analysed.

KEY FINDINGS

MOTIVATION TO PARTNER DIFFERED AMONG CSOs AND BUSINESSES

Three themes emerged as the most common motivators for CSOs to partner with businesses. Firstly, linking rural farmers into value chains and improving farming techniques were common interventions employed to improve incomes for rural farmers. Therefore, CSOs create and foster links to businesses to ensure that farmers get a fair deal from businesses and are able to connect to value chains; this also assists CSOs in providing access to services and technologies for underserved or difficult to reach populations. Secondly, partnerships were also described as the most effective way to influence how businesses operate and conduct their affairs. Thirdly, CSOs also claimed that working with businesses ensured that development impact was sustained beyond an individual project.

Businesses had two main motivations to partner with CSOs: first, it gave them access to donor funding which enabled them to expand their operations faster than would otherwise be possible; second, working in partnerships allowed businesses to try out new initiatives aimed at increasing productivity. The contrast between business and CSO motivations is striking, as experimenting with new approaches was not a reason suggested by any of the CSOs for working through partnerships, although partnerships, per se, were recognised as a rather new working modality.

PREFERENCE TO WORK WITH SAME PARTNERS TO REDUCE TIME AND RESOURCES USED

CSOs and businesses preferred to work with existing partners. Partnership creation was seen to be a process requiring time and resources and, once a working relationship had been established, there was a clear preference to continue in the same partnerships. Some CSOs had established procedures to identify suitable prospective partners in which value alignment was an important factor, both for CSOs and businesses.

PARTNERSHIP APPROACHES VARY DEPENDING ON THE SECTOR

Value chain approaches dominated in the sample in the agricultural sector. The lack of government agricultural extension has left a space for CSOs and businesses to employ their own interventions to increase farmers' productivity. Working through partnerships delivers crops of better quality and in greater quantity to businesses, while farmers benefit from increased incomes and resilience. In the energy sector, CSOs provide access to services and technologies for populations that are difficult to reach by connecting businesses with end-users.

THERE IS NO ONE FIT FOR ALL PARTNERSHIP TYPE

Partnerships come in a variety of shapes and sizes and can be difficult to define, yet they share common characteristics. Most are set up to achieve a specific objective. The intended objectives could be different for the CSOs and businesses, but results are generated through shared activities. Working in a partnership was described as a modality to achieve objectives that could not be reached working alone. At the same time, it was emphasised that all kinds of partnerships are needed and all serve a distinct if sometimes different purpose. A shared-value partnership is suitable for certain activities, while other modalities can be more effective for different objectives.

One model in which CSO-business partnerships are seen to be effective for delivering development impact combines knowledge and resources to achieve results which would be harder to reach through other means. Clarity about objectives and the desired impact of partnerships is crucial to achieving those objectives, and businesses and CSOs are adept at choosing the best means to achieve the impact they are looking to make. Defining specific objectives for partnerships will help further research to assess the effectiveness of partnerships to deliver development impacts.

1

INTRODUCTION

1.1 CHANGES IN DEVELOPMENT CO-OPERATION LANDSCAPE

In recent years we have witnessed changes in development policies and approaches that suggest we are experiencing a paradigm shift in development policy and practice. While support for private sector development has been on donors' agendas for a long time, their interest in engaging with the private sector to solve complex issues through collaboration is a more recent phenomenon. These changes have influenced development policies globally. This report is part of a project called UniResearch[1], funded by the Kone Foundation, which analyses these changes and gathers evidence on partnerships. Ultimately, the aim is to understand how partnerships between civil society organisations[2] and

1 www.unicef.fi/uniresearch

2 In this report, the term 'civil society organisation' (CSO) is used to describe all non-government, non-business organisations, whether they are community-based, local, or international. Examples of CSOs include village associations, labour unions, co-operatives, professional associations, chambers of commerce, independent research institutes, and not-for-profit media (UNDP 2013). However, in direct quotes, where an interviewee has talked specifically about NGOs or CBOs, the references are unaltered.

businesses[3] work, the added value that they can provide and how effective they are at delivering development impacts.

The research project is motivated by recent changes in the role that the private sector is seen to have in development, epitomised by a steady growth since the World Trade Organisation (WTO) launched its Aid for Trade initiative in 2005. The EU's Aid for Trade Strategy was adopted in 2007 as a response to the WTO initiative and The Busan Partnership for Effective Development Cooperation in 2011 further strengthened the role of the private sector in development. With the adoption of the Sustainable Development Goals (SGDs) and The Addis Ababa Action Agenda, the private sector is being seen by many as an established partner in contributing to the achievement of sustainable development goals. Finland is following a global trend wherein the role of the private sector is being emphasised and donors are encouraging the establishment of multi-stakeholder partnerships, especially those involving businesses and non-profit organisations (Hakkarainen 2018).

The private sector has always played a role in poverty reduction and development and there is currently a broad consensus that the private sector is needed for the achievement of SDGs. Yet there is no shared understanding of how this contribution will come about. The role played by the private sector is changing from one of a contractor or philanthropic sponsor to that of a strategic partner, and many of the partnerships between CSOs and businesses that are analysed in this report are seen as a way to *"pool complementary resources, capabilities and knowledge that can foster new business models which align commercial and social interests"* (Danida 2017). Despite this shift, however, there is limited shared understanding about what constitutes a CSO-business partnership, what type of financing modalities are suitable or how exactly these partnerships can be beneficial in achieving development impacts.

This research project has already produced two publications prior to the current report. Private sector and development: Finnish SMEs as actors contributing to development? (Roiha 2017), established that Finnish SMEs did not consider themselves development actors; they did not have CSO partners in their partner networks, rather perceiving them as customers

3 In this report, a business is used to describe all organisations that are registered as a company, engage in profit-seeking activities, and have a majority private ownership (non-government). It excludes actors with a non-profit focus, such as private foundations and CSOs.

or as sources of information. Small and medium size enterprises (SMEs) struggled to describe other collaboration opportunities. The SMEs which were studied identified the potential to carry out activities beyond project-based funding as inhering in their own strengths and in the provision of products and services that the targeted customers were willing to pay for.

The second report emerging from this research project explored the motivations and challenges that Finnish CSOs perceive as contingent on collaboration with businesses (Hakkarainen 2018).[4] It found that, according to Finnish CSOs, finding a suitable business partner was the biggest obstacle to collaboration. While many CSOs were willing to work with businesses, they were unable to materialise this interest. Lack of time and the resources needed to bridge a gap between different organisational cultures was seen as another constraint, highlighting the need for active support and facilitation. The report pointed out that CSOs were hesitant to take the risk that accompanies working with new partners through new modalities and in new ways. Still, most of the CSOs had some kind of ongoing collaboration with private sector partners and only 9% of the CSOs had no intention of working in collaboration with businesses.

The aim of this report is to explore existing partnerships between CSOs and businesses to gain a better understanding of how partnerships are created, the motivations that CSOs and business have for working in partnerships and how CSOs and businesses understand the delivery of development impact through partnerships. The cases for this study are drawn from active partnership projects in Uganda, a country receiving official development aid.[5] The following chapter defines the scope of this study and the research methodology used, and provides a background for the partnerships that are explored. The third chapter explores the motivations that CSOs and businesses have for partnering, while the fourth looks at how suitable partners are identified and at the different partnerships models that are employed. In the fifth chapter attention is focused on the business models employed in the partnerships and how development impacts are generated by building on the core business of the private sector partner.

4 Kansalaisjärjestöjen yritysyhteistyön motiivit ja haasteet (Hakkarainen 2018)

5 Uganda was chosen because UNICEF Finland, which leads the UniResearch project, has been implementing a multi-partnership development project in the country for five years and has established networks there.

1.2 REPORT SCOPE AND KEY QUESTIONS

The aim of this study is to increase understanding about CSO-business partnerships. The objective is to gain a better understanding about how the partnerships are constructed and maintained, and how building on the core business of the private sector partner enables the delivery of development impacts.[6] The study had no preference for, or focus on, specific donors or funding instruments and there were no limits on the size of the CSOs or businesses or the country in which they had their headquarters. There was no preference for a particular sector in which the partnerships were working, although, as one aim was to explore characteristics of partnerships in a broad sense, the goal was to examine a mix of sectors instead of focusing only on one. These preconditions were established to enable a focus on partnerships in general and to allow a sufficient sample size from cases in Uganda.

The following three questions guided the data collection in this study:

1. What motivates CSOs and businesses to collaborate?
2. How are partners identified and chosen?
3. How are development impacts generated in CSO-business partnerships?

The focus of this study was on shared value partnerships. In brief, shared value partnerships are understood as partnerships where joint activities create value for all the partners at the same time (Austin & Seitanidi 2012; Porter & Kramer 2011). This is distinct from, for example, a corporation's donating money to social activities that do not in themselves create value for the business but, rather, enhance its image, offering an indirect source of value.

Building on the findings discussed in the previous reports in the UniResearch project, this study focuses on motivations for partnering and how the partnerships are expected to deliver development impacts. The objective was to bring clarity to the expectations attendant on partnership

6 In this report, development impact is used to describe the positive and negative long-term changes produced by a development intervention, directly or indirectly, intended or unintended. This involves the main impacts and effects resulting from the activity on the local social, economic, environmental and other development indicators. (OECD-DAC). N.B. This definition does not extend to the language used by the interviewees, whom might use the term more freely to describe, for example, project outputs, while using the word "impact".

projects. It is important to bear in mind that while a deeper understanding of partnerships will help evaluate their impact and the circumstances under which partnerships can be considered, more research is needed to understand their effectiveness in providing development impacts. While this report clarifies to a degree the kinds of development impacts that can be expected from partnerships, the scope did not extend to evaluating actual development impacts. Rather, the findings reflect impacts as described by the interviewees.

1.3 DATA COLLECTION AND METHODOLOGY

Seventeen semi-structured interviews were carried out for this study between February and April, 2018, in Kampala, Uganda. Different type of approaches were used to identify organisations. The researcher used the knowledge and networks acquired during a two-year period from 2015 to 2017, when he lived and worked in Uganda, to identify interviewees. In addition, internet searches were utilised and three organisation were found from donors' websites based on descriptions of funding decisions and projects. Starting from the researcher's existing networks and the organisations found from donors' websites, further interviewees were identified using a snowball method. At the end of each interview, the researcher asked the interviewees to identify other CSOs and businesses that were engaged in partnership projects in Uganda. Organisations that were to be interviewed were prioritised based on initial information gained about the nature of the collaboration projects in which they were engaged and the frequency that the organisations were mentioned by other interviewees.

Emails were then sent to the identified organisations requesting an interview. Where this did not yield a response, phone call follow-ups were made. The first seven interviewees were also asked about their knowledge of, and contacts with, organisations working in similar collaborative projects. Most of the organisations interviewed were referenced at least twice, some of them by nearly all of the previous contacts and interviewees. Ultimately, the researcher reached out to five organisations that would not provide an interview with for the study. Two refused, quoting time constraints, while three respondents never replied to any email inquiries nor answered attempted phone calls.

The interviews were semi-structured and based on the three guiding questions presented above; three sessions had two participants at the same time. To gain an understanding of the level and depth of collaboration, all the interviews began with questions about the nature and activities of the partnerships and how they are structured. The content of the questions was slightly different for different types of organisations and depending on the position of the respondent within them. Most of the interviews took between 50 and 70 minutes, with 5 interviews only lasting about 30 minutes due to the interviewees' time constraints, and one interview taking 90 minutes. All of the interviews were recorded with the respondents' permission and later transcribed. Interview data was then coded and analysed, and finally written into this report.

The composition of the organisations interviewed is presented in Table 1 below.

TABLE 1.

Interviewees by organisational type, business sector and country of headquarters.

INTERVIEW	CSO / BUSINESS / OTHER	BUSINESS SECTOR	COUNTRY OF ORG. HQ
C1	CSO	Agriculture	Denmark
C2	CSO	Agriculture	Netherlands
C3	CSO	Agriculture	Netherlands
B1	Business	Energy	USA
B2	Business	Agriculture	Uganda
C4	CSO	Agriculture	Netherlands
O1	Other	Agriculture	Netherlands
B3	Business	Agriculture	Netherlands
C5	CSO	Energy & Agriculture	Netherlands
B4	Business	Energy & Agriculture	Uganda
B5	Business	Agriculture	Uganda
C6	CSO	Energy	Switzerland
B6	Business	Agriculture	UK
B7	Business	Energy	Australia
C7	CSO	Other	Finland
C8	CSO	Agriculture	USA
C9	CSO	Agriculture	Netherlands
O2	Other	Other	Denmark
B8	Business	Other	Finland

Seven CSOs had their headquarters in the Netherlands, over a third of all the interviewees, with four working in the agricultural sector. Three Ugandan businesses operated in the agricultural sector which is the second largest number of respondent organisations from a country. The large share of Dutch-based organisations in the sample can be explained by two factors. One is the methodology used for identifying interviewees. The snowballing approach quite naturally led to a situation where the respondents knew each other, or at least of each other. Second, the Dutch government has promoted partnerships for a long time through various funding instruments. Many organisations in the Netherlands seem to have plenty of experience of partnership projects and many Dutch organisations are also active in Uganda. Two of the organisations identified based on internet searches were found from website of the Dutch Ministry of Foreign Affairs.

While snowball sampling might give a skewed sample of interviewees, the situation was mitigated by the fact that most of the organisations contacted were referenced a number of times, which gives an indication of their established role in working through partnerships in Uganda; most were also engaged in more than one partnership or collaboration project. The different types of partnerships and their qualities are discussed further in Chapter 4.

To ensure anonymity for the respondents, interviewees are identified by the interview numbers provided in Table 1 above. Detailed descriptions of partnership arrangements given in Chapter 4.3 are not specific, as cross-referencing the partnership arrangements with thematic sectors and sometimes quoted speech would compromise the anonymity of the interviewees. Two of the interviews were carried out in Finnish. Where quotes from those interviews are used in this study, the translation into English has been made by the author.

The sample of this study is limited. The findings cannot be generalised to represent all partnerships, nor can they be taken to represent any specific sector. Nevertheless, a number of generalisations can be made and the findings should be seen as descriptions of what characterises partnerships. This study also describes the differences and similarities found in the partnerships and presents motivations for engaging in partnerships as well as the range of development impacts resulting from the partnerships.

1.4 UNDERSTANDING CSO-BUSINESS PARTNERSHIPS IN DEVELOPMENT

The context for CSO business partnerships in development cooperation lies in the role that the private sector has been seen to have, and the recent growth in its perceived importance. Changes in development policies and in development finance demonstrate the growing importance of cooperation between the private sector and "the traditional development community" (Roiha 2017). The Busan High Level Forum on Aid Effectiveness can be seen as a concrete point at which the private sector was acknowledged as a partner in development (Hakkarainen 2018). The Sustainable Development Goals (SDGs) enforced the message by calling upon all countries and all actors to pursue a more sustainable path forward (Roiha 2017). Encouragement for partnerships in Finland was most recently provided by the Ministry for Foreign Affairs of Finland in its "Guidelines for Civil Society in Development Policy 2017" (MFA Fin 2017); however, the encouragement was for all kinds of partnerships (Hakkarainen 2018).

Business solutions to development issues are seen to bring efficiency to solving development issues (Roiha 2017). Business interventions are also understood to be crucial for the creation of jobs, thereby offering a way out of poverty (EC 2014). There is a belief that cross-sectoral cooperation enables the attainment of impacts that would not be possible by other means (Byiers et al. 2015, Danida 2017, Danish Red Cross 2016, Hakkarainen 2018, MFA Fin 2017). At the same time, there is limited evidence of the effectiveness of partnerships and the development results that can be achieved (Hakkarainen 2018; OECD DCED 2013).

The European Commission has outlined the EU's strategic framework for strengthening the role of the private sector with a view to achieving inclusive and sustainable growth (EC 2014). The communication sets out principles for the European Commission and member states that complement aid effectiveness principles and which should be adhered to when strengthening the role of the private sector: namely, the focus of interventions should be on employment creation, inclusiveness and poverty reduction. Private sector activities come in many forms, and approaches to the private sector should take these differences into account. Different incentives and conditions are needed for different actors. Those catalysing market development in partner countries should aim to create opportunities through market-based solutions and, at the same time, avoid creating market distortions. Clear criteria need to be used in the provision of direct support to private actors. Different local contexts and fragile situations also need a differentiated approach. Emphasis should be put on results and more focus placed on measurement and assessment of development impact and, finally, policy coherence should be maintained in areas affecting the private sector in partner countries (EC 2014). While the principles set out by the EC apply to all private sector support, support for partnerships between CSOs and businesses clearly fall into this category and, therefore, the principles apply in general to all the partnerships studied for this report.

The academic focus in this field has been on Public-Private-Partnerships (PPPs) (Roiha 2017; Hakkarainen 2018), with the OECD, for example, dedicating considerable effort to understanding how PPPs should be structured to deliver effective outcomes (OECD Donor Committee for Enterprise Development & OECD Local Economic and Employment Development). Some academic literature also focuses specifically on CSO-business partnerships; however, limited academic literature exists on such partnerships in the context of development cooperation (Hakkarainen 2018).

For clarification purposes and to facilitate discussion and understanding, the Organisation for Economic Cooperation and Development's Development Assistance Committee (OECD DAC) has produced a glossary of definitions for key terms related to engagement modalities used in cooperation with the private sector (OECD 2016). The terms are not official OECD definitions; however, they provide guidance for the terminology used in this report. Private sector engagement is used to capture all the activities that involve the private sector in attaining development results. Private sector collaboration is defined as *"a subset of private sector engagement, collaboration refers to the engagement with the private sector that does not include a formal contractual relationship"* that is typically characterised by low levels of engagement, formality, obligation and risk. Private sector partnerships, on the other hand, are *"characterized by formal relationships (contract, memorandum of understanding, etc.) between parties and generally include higher levels of structure and obligations, including funding components".* Corporate Social Responsibility (CSR)[7] encompasses initiatives by businesses which take responsibility for, or minimise impacts

7 CSR, in this report, is applied according to the definition used by the OECD, although CSR is understood slightly differently in different contexts. Some see it solely as donations from businesses while others understand it as a broader category of activities. It is important to note that this definition does not extend to direct quotes by interviewees.

on, the environment and social well-being. In the context of developing countries this often means going beyond regulatory requirements (OECD 2016).

Partnerships can also be difficult to define. They are often understood as being something more than a relationship or collaboration and analysed according to their characteristics in dimensions including level of engagement and relations between the core business activities of the private sector partner and governance structures (Austin & Seitanidi 2012, Danish Red Cross 2016, Byiers et al. 2015). Partnerships are considered to be strategic when the activities are both complex and central to what the partners do and closely aligned with the strategic interests of the organisations, when the degree of engagement is high and when high-level organisational management is involved. At the opposite end of the range, low levels of engagement and activities that are not linked to core business goals indicate partnerships that are considered to be philanthropic in nature (Austin & Seitanidi 2012, Byiers et al. 2016). The variety in partnership type is extensive and categorisation can be challenging and opaque, although one common trait is that value is created for both partners through shared activities, which serve objectives central to each organisation.

The C&E Corporate-NGO Partnerships Barometer is an annual publication which tracks partnership trends. The sample is split almost equally between CSOs and businesses and represents mostly UK-based charities and international development agencies and corporations from the FTSE100, Interbrand's Best Global Brands Ranking, and Business in the Community's Corporate Responsibility Index (C&E Barometer[8]). While the survey results cannot be directly compared with findings in this study, the key motivations for partnering listed in the C&E Partnerships Barometer 2017 are indicative of the range of motivations of CSOs and businesses (see Table 2).

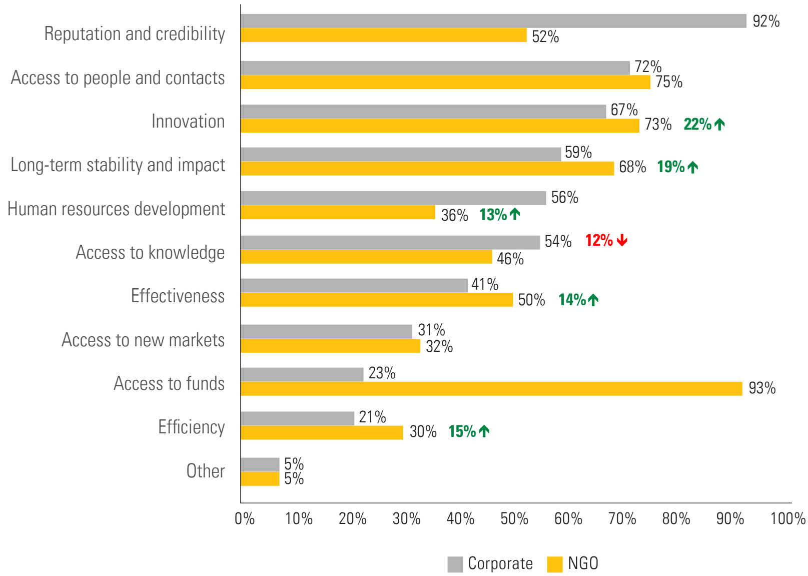
One of the challenges of assessing business and CSO partnerships is the huge range of businesses and the different activities in which they are engaged, while the same variety applies to CSOs, what they aim to do and how they operate. In a European Centre for Development Policy Management (ECDPM) project studying CSO-business partnerships, Byiers et al. (2016) produced three categories of partnership types based on their characteristics. The first type, "base of the pyramid partnerships", include

8 https://www.candeadvisory.com/barometer

TABLE 2.

C&E Corporate-NGO Partnerships Barometer 2017

Why does your organisation engage in corporate-NGO partnership?



those that target consumers or producers at the bottom of the pyramid. Working with the bottom of the pyramid requiring businesses to adapt their products, services or behaviour to the local context. The challenges faced by businesses in this model present an opportunity for partnerships with CSOs that are embedded in existing social structures. In the second type, "value-chain approach", businesses are looking to reduce their production costs by sourcing from developing countries. CSOs generally work towards establishing networks, connections and production chains – a task that can be particularly difficult with numerous unorganised small-sized producers – meanwhile providing services to the local workers or farmers. Finally, "standard-setting" approaches look for more sustainable and ethical production, an objective that is mainly driven by consumers demanding more social and ecological behaviour from businesses.

One of the main objectives of this study is to understand what drives CSOs and businesses to enter partnerships, the subject of this chapter. It starts with CSO motivations before addressing those of businesses, complemented by the added value that partnerships were seen to supply the organisations.

2

MOTIVATIONS FOR PARTNERING

2.1 CSO MOTIVATIONS FOR ENTERING INTO PARTNERSHIPS WITH PRIVATE SECTOR PARTNERS

INCREASING INCOMES AND CREATING OPPORTUNITIES

Most of the CSOs (n=8) saw partnering with businesses as a means to provide increased income or additional services to the communities with which they were working. In the agricultural sector, improving farm productivity in order to raise farmers' incomes or ensuring that long-term contracts were in place to bring stability and a steady income for farmers were common aims among most CSOs. Ensuring that farmers get a fair deal from businesses was also a key component in many (n=6) interventions. This could be achieved via direct influence over the business partner, by creating linkages in the value chain between the farmers and purchasing agents or companies buying the crops directly, or by establishing formal relationships between businesses and farmers. Facilitating contacts between farmers and businesses was seen to bring about many benefits including cutting out middlemen, thereby ensuring longer contracts and fairer prices for farmers.

Another consideration was that a successful partnership would ensure enduring impact. The need for intervention to tie local producers to global markets in order to secure sustainable incomes was emphasised by three of the CSOs. A common recognition was that market inclusion had to be arranged so as to provide a living income for farmers a long way into the future. Creating long-term stability rather than income merely for the course of a project was also raised as a rationale by three CSOs and thought to motivate some donors to favour partnerships when funding businesses. Ensuring sustainability of the results was viewed as a way to ensure that income and other created benefits would continue after a project ended.

> *It's also because of sustainability. When you take the value-chain approach, then it's easy, it's more sustainable. Even when you govern the networks and the connections you've made across the value chain, … because, our job would be [to] organise the farmers, focus on the technical issue of production activity, connect them to existing businesses. And then, when the relationship is strengthened, you're very sure that this farmer will continue to carry on with the work that you've created [for] them. Because there's now a relationship that brings these two parties together. The farmer wants to produce and the other to sell. (C8)*

A clear separation of duties was recognised by many. CSOs saw that their own role was, and should be, limited to their own areas of expertise, while businesses were seen as having competence and skills that the CSOs do not have, most importantly with regard to job creation. Working together was seen as a way to achieve more or to increase the effectiveness of the intervention.

> *We can do a lot as NGOs, but we are not private sector … if it's not linked up with private sector, access, you know that … yes, maybe they will get a little bit of extra income but the actual push for more longer-term economic growth, I think is gonna be difficult. ... So whereas private sector companies, they are there for the profit and that, I think it's trying to merge these two agendas, is one of the reasons then also for us to engage in this and realising that, if we really wanna do something which is beyond you being able to sell ten more tomatoes this season than you did last season, we need to engage. (C1)*

INFLUENCING BUSINESS PRACTICES ANOTHER KEY MOTIVATOR FOR CSOs

Having influence over how the private sector does business was a key motivation to work in a partnership project for many (n=5) of the CSOs interviewed – particularly in relation to working conditions, fair pay or environmental impact – and was realised in a variety of ways. Some CSOs set standards in the agricultural or retail sectors, while others aimed to do so in a completely new sector, such as the biodigester markets. When not in a position to influence the whole sector, two CSOs mentioned the benefit being able to influence the producers with whom they were currently working in order to improve conditions for workers, or having influence over the producers in the value chain.

On the other hand, reservations about working with businesses and markets were clearly identified by many CSOs and the possibility of having to face criticism for working with the private sector was recognised.

> *Most people, most civil societies, don't want to work with the market because the market sometimes, most times, looks at the bottom line and to them it's, "How healthy is the balance sheet?" And they are driving, their driver is profit margin on top of the intervention and somehow it's, I personally call it the necessary evil because you need a sustainable exit and somehow you need to work with the market, so we work with the market. (C2)*

While there was recognition that working with the private sector could be considered controversial, it was still seen as a necessity. Working directly with businesses was explained as offering the opportunity to have a greater influence over how they function than would otherwise be possible.

> *Why [do we work with] private sector companies? It's because if you are dealing with any business-related routine, it is important for you to be very clear about who or where is the market for the product that you are talking about, and it is these companies that have the direct link with the market for coffee. But also, more importantly it's that we would like to influence private sector companies to act responsibly. You cannot influence an entity that is far detached from you. (C4)*

While some of the interviewed CSOs had worked, or were still working, on setting business standards, working directly with businesses to influence their conduct was also common (n=4). Engagement in global processes to set minimum standards for working conditions and CSR principles were described as separate channels of influence compared with working directly in a partnership; however, it was said that similar opportunities for direct influence were not present in the same manner as when working as partners implementing projects on the ground.

ACCESS TO TECHNOLOGY FOR THE POOR: A DRIVING FACTOR IN THE ENERGY SECTOR

CSOs working in the renewable energy sector shared many of the same motivations for influencing the business conduct of their partners; however, all were motivated by the possibility of gaining access to renewable energy technologies. Businesses in the sector with which the CSOs were partnering were seen as producers of high-quality products that were generally not available to customers in rural areas. Without the partnerships, the CSOs' target populations would not have access to the technology.

> *The collaboration we have with private business is really based on mutual interests. Many times we need their products to reach the people, and they also want their products to be used by the people. So we help to create the linkage to the people themselves. (C6)*

Access to additional funding was not mentioned as a key motivation by any of the CSOs interviewed, although two of them did point out the convenience of having access to funding opportunities that they could not utilise alone. This is in contrast to the Finnish CSOs, for whom access to additional resources was the most common motivation to enter into a partnership with businesses (74%); it was also the most frequently listed key motivation for Finnish CSOs (29%) (Hakkarainen 2018).

Improving farmers' incomes by linking them to value chains and improving productivity were common goals among the CSOs working in Uganda (n=4), while providing access to services and technologies was a driver for the CSOs working in the energy sector (n=2). These responses resonate closely with Finnish CSOs, for whom improving efficiency in delivering an impact, seeking new ways to address development challenges and a desire to develop the organisation and its activities were common motivations (Hakkarainen 2018). In the C&E Barometer, access to funds provided the most common impetus for a CSO to partner with businesses, while long-term stability and impact was the fourth most listed.

It is important to note that while the sample of Finnish CSOs included all CSOs, the sample of interviewees in this study focused on those that were already engaged in partnerships with businesses. Partnering with businesses can seem very different depending on a CSO's mission and objectives. Furthermore, it does not help in every scenario but, rather, requires certain circumstances and objectives that the CSOs are looking to fulfil. The CSOs in this study, all of whom were already engaged in partnerships, were clear and specific on what they were getting or what they expected to get from a partnership, and how it helped them achieve their own development objectives: delivering a development impact that could not be delivered by other means was common reasoning for all the CSOs.

2.2 BUSINESS MOTIVATIONS FOR ENTERING INTO PARTNERSHIPS WITH CSOs

ACCESSING FUNDS AND BEING ABLE TO EXPERIMENT: THE TWO KEY MOTIVATIONS FOR BUSINESSES

The businesses (n=8) interviewed for this study also had a range of reasons for entering into CSO partnerships, with two that stood out. Accessing additional funding and being able to experiment came up in most the interviews (n=5). Partnering with CSOs was seen as a way of accessing donor funding, which could be used for scaling up operations. Some of the businesses saw additional value in the initiatives that came from partnering with CSOs which could increase their efficiency and/or the value of business production in the long run; for others, any additional components or potential for added value were deemed irrelevant. The businesses also saw themselves as providing jobs and making investments in the country on a completely different scale compared with the funding that comes in from collaboration projects, although accessing donor funding or technical support were always welcome.

> *We've worked with development partners, NGOs, whatever you wanna call them, but, the amount of money we've put in, is huge in comparison. So, if I may use the phrase it's a means to an end, where we can get technical assistance, where we can get some other expertise, where we, the development partner may have other areas that they can bring in, as their*

> *contribution, to help us work with the farmers. … To be competitive, in today's market we need to have a means of defraying our cost. So where we can get that to come in, to improve the farmers' productivity, and to meet farmers' and all other stakeholders' expectations and our own, it's good to have some sort of contribution. (B2)*

Support for the businesses varied depending on the funding received and the activities carried out. In many cases there was technical assistance or training services for farmers and retailers. Some donor funding instruments exclude participating businesses from receiving any direct financial support; nevertheless, partnerships were most often seen as a means to expand operations faster than would be possible without external funding. Some of the CSOs partnering with businesses acknowledged these motivations very clearly: *"They were already looking at expanding to West Nile … so basically with this project it has enabled them to expand faster"* (C1).

Another motivation, combined together with enabling businesses to expand faster than would otherwise be possible, was that donor money helps businesses to try out new things and to demonstrate whether new models and ideas actually work.

> *If we can now use this as a model, and infuse it into the communities, into the governments, into the aid agencies, this is the right way to do it. And nobody has to continue to fund. … I'm convinced that we will convert what is a disastrous area into a highlight, not only for entrepreneurship, but leadership in the environmental sense and economic growth. That was the purpose of this marriage between ourselves and [our CSO partner]. (B5)*

CLEAR BENEFITS FOR THE BUSINESS ARE A PREREQUISITE

A prerequisite for any partnership initiative was that it had to make financial sense or offer clear prospects of improving productivity. Depending on the structure of the partner company, one of the CSOs pointed out that even if you manage to attract the interest of a CEO, it will still be necessary for the latter to convince his or her board of the feasibility of the partnership project. While partnerships and donor money were regarded by the businesses as making experimentation easier in general, the bottom line remained that it had to make sense financially for the business to try something new.

> *So, I think one of the strengths of [our company] is that we do quite a lot of innovative stuff, and [in] lots of different areas, and donor money allows us to do that innovation. 'Cause without donor money, I would never be given a permission from my bosses to even think about it. (B6)*

In addition to expanding markets, increasing output, and trying out new things in production and value chains, a variety of other motivations were mentioned by individual business interviewees. Four of the businesses were familiar with working with CSOs; they had realised the benefits of partnerships and wanted to continue in the same vein. Two had business models whose product distribution relied heavily or solely on CSOs and CSO networks and community contacts. Two of the business CEOs interviewed had personal motivations to partner with CSOs: one simply wanted to help refugees and another had a mentoring support role and was personally interested in being involved and seeing how the business model would work in Uganda. One of the companies had a very blunt answer as to their motivation to partner: *"Again, for me it's, for us it's purely money-making."* (B7)

The motivations of the businesses interviewed for this study in Uganda reflect those of Finnish small and medium size enterprises. Like the businesses in this study, the Finnish SMEs did not consider the source of funding important as long as it allowed them to develop their businesses (Roiha 2017). Likewise, donor funding was seen to mitigate the risk when piloting projects with high entrance costs and/or uncertain outcomes (Roiha 2017). However, where the Finnish SMEs struggled to identify collaboration opportunities with CSOs, the businesses in this study were very clear about what the CSOs can bring to a partnership, something explained by the sample: all the businesses interviewed in Uganda were already engaged in partnerships. It should also be noted that these findings largely reflect those by earlier studies of business motivations (Byiers et al. 2016).

2.3 ADDED VALUE GAINED FROM WORKING IN PARTNERSHIPS

KEY ADDED VALUES CONTRIBUTED BY CSOs: CONTEXTUAL KNOWLEDGE AND ACCESS TO COMMUNITIES

This section explores the range of different added benefits and added value mentioned by the CSOs and businesses. The first of these was the contextual knowledge possessed by the CSOs, which was mentioned both by sides; this often related to how specific communities work and how to work with communities (n=3). This differs from the general understanding of business opportunities and environments Finnish SMEs looked to gain from partnering with CSOs (Roiha 2017); rather, businesses in Uganda expected their CSO partners to possess contextual knowledge of working with communities in certain areas and, in some cases, to have a working relationship with the communities.

One of the interviewed CSOs was working with refugees and had initiatives underway to engage with private partners in areas with host and refugee populations. Generally, businesses do not have access to refugees directly, while many CSOs do, something observed by one business interviewee: *"Because they've been there in the refugee camps, which we would not easily get into"* (B5). Tapping into this opportunity was seen as enabling work with refugees that would link them into value chains (n=3). Thus, partnerships with CSOs were seen as a means of accessing networks and communities that would not otherwise be easily accessible: the case both for products and for a potential workforce. The contextual knowledge of the CSOs was also combined with a long-term presence in the intervention area, which translated into knowing the right people with whom to work, how to mobilise farmers associations and who could be trusted to deliver on their promises and commitments (n=3).

> *That partnership has helped us because for us to have gone there, we would have had to start from scratch. So the local knowhow [of our CSO partner] is helping us attract the right people to come on to the programme. And yes, our interactions jointly, … with the farmers' association, with the district agricultural people, and so on, has helped to get people enthused to come on board. (B2)*

In contrast to the finding that many Finnish businesses looked for contextual knowledge of business opportunities in their CSO partners (Roiha 2017), not surprisingly, Ugandan companies operating in Uganda were not expecting CSOs to be familiar with this aspect, but, rather, to have a direct working relationship with stakeholders. These companies also made it clear that they were not so keen to partner with organisations that lacked sufficient experience.

> *We've got a long-term vision and where we can [we] work with somebody who has local knowhow and [more importantly] a local presence like [our partner, who is already established*

in the intervention area]. They have an established workforce there, some expertise there. They have their own connections. We've got the knowhow [to run the business]. (B2)

One of the Ugandan companies would have preferred to work with existing partners or partners that have experience in importing from overseas. However, due to the manner that the partnership was structured there was an implication that they had not been free to choose with whom to work when exporting their products.

[The European partner company] say they can but [they] have never imported a thing in their lives. Unfortunately. But he's a very decent man. Initially he felt that because he has been buying from [another country in Europe] and selling, he thought he could handle overseas markets. … But it was very obvious that [the company], nice people, have never, ever, ever in their lives imported anything from Africa. … It's risky to go into an intervention with someone you've never dealt with. (B5)

CSO EXPERIENCE WITH DONORS AND A GOOD REPUTATION

Grant management and working with donors were also CSO skills appreciated by many of the businesses interviewed, which were often more interested in running their own operations than fulfilling donor requirements. Furthermore, CSO's experience of managing a large consortium was seen as an added value. Compared to SMEs, knowledge institutions and global CSOs were also viewed as having experience of similar interventions and as possessing detailed technical information of technologies used and working with communities (n=5).

Interestingly, for the businesses and CSOs working on energy technology distribution to rural communities in areas which are difficult to reach, the good reputations of the CSOs was raised in interviews with businesses and CSOs alike. CSOs were described as generally being more trusted by the communities than businesses, which could be received with greater scepticism. As one CSO representative observed:

We do not want to go into purchasing and selling because the communities see us a different way. They know us as a charity, as a humanitarian organisation, that gives free services. The moment you start buying and selling then you are, to them, you are appearing differently. We don't want to go into that and I don't think we'll go into that in the future. That we buy the product and then sell, and we're not going to give it for free. (C6)

When working with communities that were hard to reach, CSO partnership was also seen by businesses as a way to mitigate risk while at the same time benefiting the communities at large. CSOs working in communities were preferred partners over entrepreneurs or small businesses due to their reliability. In addition, they were seen to be investing their profits back into the communities.

Two of the businesses pointed out the associational benefits accruing from the partnerships as well as the value of a good reputation. While both of these are associated with CSR initiatives, a similar logic was acknowledged in partnership projects. Being seen to work together with CSOs would provide the business concerned with the profile of being a reliable working partner. This would make it easier to find partners and donor funding in the future, and generally lower barriers when working with farmers and other stakeholders in the value chains.

Finally, working together in a project had led to the establishment of long-term working relationships which had, in one case, turned into an established business partnership and, in another, made working together more efficient, enabling more effective delivery of development impacts.

These conclusions are largely in line with those of the ECDPM project which studied CSO-business partnerships (Byiers et al. 2015, Byiers et al. 2016). An interesting finding among the organisations interviewed for this study was that most of the additional value and benefits were seen to be brought to the partnerships by the CSOs. Experience gained by working through partnerships and the potential to use that experience to initiate new partnerships was a common benefit perceived to arise from engaging in partnerships projects and acknowledged by both CSOs and businesses. Interestingly, this effect was not limited to the specific partners with whom one was working but, rather, extended to general experience gained from engaging with other stakeholders. While the CSOs were perceived as bringing a number of different kinds of additional value to the partnerships, a single common characteristic was linked to business participation: namely, that it was seen to ensure that the development impact would be sustained.

2.4 SUSTAINABILITY OF IMPACTS AS A CHARACTERISTIC OF CSO-BUSINESS PARTNERSHIPS

A common theme in nearly all the CSO and business interviews was that if CSOs work with the private sector and with market-based initiatives, the sustainability of development impact is ensured through the continued operations of the business partner (n=13). Sustained impacts were identified by the businesses themselves as a contribution they bring to the partnerships, as well as being pointed out by CSOs as being a benefit of working with a business.

> *What I think is a crucial difference between partnerships where an NGO implements a project or private sector implements something, private sector is there to stay. We're there to stay. So even when funding stops we don't run away. So that means that even though you might reduce the level of investments, we'll still continue. And I think that's crucial. So you're already there building long-term relations with the farmers that you work with. You see so often an NGO project coming for two years, they're doing a great job, they go away and everything falls apart, because there's no one; you need people on the ground to guide certain things. (B6)*

The ways in which the business partner ensures a sustained impact were described differently in different interventions. One of the means was through established and formalised relationships between farmers and businesses buying the produce (n=2). Where a positive impact on productivity could be demonstrated, the businesses would incorporate the new, more efficient production methods into their business operations and this would in turn sustain the incorporated development impact (n=3). Organising farmers into cooperatives was another initiative that was seen to ensure lasting change as they were expected to endure. Organised farmers' groups were described as having a better negotiating position with buyers which would safeguard the development impact (n=2). Changes in business conduct and adherence to standards and criteria were also described in terms of sustaining improvements.

Increased productivity, established connections to value chains, organised farmers groups and changes in business conduct were the issues most commonly linked to sustained changes for the better in the agricultural sector. In the renewable energy sector, the principal lasting development impacts were regarded as achieved by establishing connections with difficult to reach communities and with functioning markets. In short, where a product was sold, rather than handed out, the end-users valued it more, as proven by their willingness to invest in it. If customers are satisfied with a product, it will be replaced after it reaches the end of its life-cycle. Such replacement was commonly seen as a proxy for customer satisfaction and an indicator that the product is valued and that the end-user will continue to enjoy the benefits accruing from its use.

> *So, unlike in the past where there has been quite a lot of focus on giving out free things, through philanthropic projects, activities, we think [that taking] energy to the last mile should be done in a sustainable way. This means that the partners we work with, like the CSOs, particularly the Community Based Organisations, should set up shops and be able to sell these products in communities. (B1)*

Subsidisation was justified when introducing new products to a certain market segment or a user group, yet phasing out subsidies was explained to be necessary to make the project more sustainable in the long run.

> *In that current project, one of the areas where we don't score so well is on sustainability. Where you are giving the subsidy, how sure are you that when the subsidy is removed [changes will be sustained] so actually in the old project we made an amendment when we learned that the subsidy is reduced regularly and by the end of the project there will be no subsidy for the current one. So now the new one builds on that. The subsidy is completely phased out. (C6)*

Whether sustainability of development impacts was created through the integration of rural farmers into value chains, getting businesses to adhere to business conduct principles, relying on the markets to function once a connection was made or the creation of new businesses and entrepreneurial opportunities, all the elements were linked to the nature of the partnership between CSOs and businesses. The language used to describe sustainability and how sustainability is achieved in these partnerships was shared by nearly all of the interviewees. Unfortunately, it was outside the scope of the study to analyse how well the development impacts are actually sustained or the long-term impacts of these interventions and partnerships.

In summary, while there were many different motivations for working in a partnership, a few common themes emerged. CSOs were driven by the impact that they could achieve by working with businesses, most commonly in relation to increasing incomes for farmers or improving access to products or services. The objectives of influencing business conduct and providing services for the farmers or populations engaged through the initiatives were also mentioned. The motivations for businesses to engage in partnerships were somewhat different, mainly focusing on the opportunity to expand their operations and try out new things. It is very interesting to note that CSOs emphasised results and did not raise the issue of trying out new approaches, although strategic partnerships as a modality were recognised to be fairly new.

The contextual knowledge that the CSOs were seen to possess and the close working relations that they cultivated with local communities were important to the businesses and seen as an added value that the CSOs brought to the partnerships. The good reputation of the CSOs and the associational value that the businesses gained by working with them were also highlighted as benefits of the partnerships by some of the interviewees.

There was a shared belief among CSOs and businesses that by applying market-based approaches the development impacts generated in the projects would be sustained by the businesses' continuing to operate beyond the projects. While it was beyond the scope of this study to evaluate development impacts per se, the shared understanding in the sustained impact through the continuation of business activities indicates that there are clear expectations for the partnerships to deliver development impacts. Further research is needed to evaluate their effectiveness in practice.

3

IDENTIFYING SUITABLE PARTNERS AND PARTNERSHIP MODELS

This chapter explores how organisations seek out and identify partners, and the different kinds of partnerships models in which they were engaged. Special attention is given to two cases where CSOs have established, or taken part in the creation of businesses.

3.1 A RANGE OF METHODS ARE EMPLOYED FOR IDENTIFYING SUITABLE PARTNERS

The second aim for this study was to understand how partners are identified, and the organisations that were interviewed employed a range of strategies when doing so. Some had predefined criteria expected of partners as a precondition for moving on, and a clear methodology for identifying potential partners, yet for one of the businesses partnering was mostly done on ad hoc basis. Most of the other organisations employed methods that fell somewhere between these two examples. No approach was utilised by the majority of respondents, although some common themes emerged from the data.

The values and mission of prospective partners was mentioned both by CSOs and businesses as an important consideration when deciding with whom they could work (n=5). Many of the businesses (n=3) preferred to work in established partnerships with the same CSOs they had worked with before. Four of the CSOs had established mechanisms for identifying business partners, a procedure that was most common for organisations that worked only, primarily or often with different partners. Active lookout for partners took place both at the headquarters and the national level.

> *What we do is, internally we have a tab on the global trends, and we also have a multiannual strategic plan. For example, right now we are implementing our [strategic programme], where a mapping of those strategic partners has been done per sector. We have it inhouse globally. It can start from either way but we have a list of those strategic partners, globally ... and also their interest in sustainability around their value chains. If they are not interested in that, then they can never make our list. So that's important; so if they say, well we are not yet ready to invest but we are really interested to invest in thinking about the sustainability of the business model and also to futureproof their sourcing origins, then the consideration is made on whether they make the strategic partner list or not. (C2)*

One of the CSOs had a team in their headquarters that was actively searching for partners in that country. Establishing partnerships and cultivating the relationships in operating countries was then carried out by the team in the respective country offices.

> *[Our team at HQ] are participating in a lot of networks and conferences and meetings in [the HQ city]. For many, many years the main type of relationships that we had with companies were, like… you give me money type of thing; or, you inform the employees of a certain company, with whom we then try to do local fundraising initiatives and these kind of things. So, the actual beneficial, mutual value added as a clear business model is something new. … So our colleagues in [the HQ], through their network[s] and all these other workshops and conferences, they then cultivate their relations [over there]. (C1)*

Another CSO had an approach that took the value chain and actors within it as its starting point, building on existing value chains to identify potential partners. Most of the other structured approaches to partnering in this sample began by identifying suitable partners; this is quite different as it is not selective with regards to the partners and their qualities and values.

Rather, it works with the actors that are present in the value chain and willing to cooperate.

> *How we identify the businesses that we work with, when we start doing work, wherever we work, we first do a value chain study. That value chain study enables us to really analyse how the value chain is structured, the players, and … also the motivational thinking. So out of that then we are able to identify [the] production businesses that we can work with. (C8)*

A similar approach was also employed by businesses in the renewable energy sector. Their approach was to build on the existing relations that CSOs have with communities.

> *Currently, our business model is one of partnerships. What does that mean? It means that we engage partners, and sometimes in partnerships, for example, for access to local communities to be able to do our sales ... CSOs are geographically well spread. And many times it's the same people, the CSOs are working with our customers. So, what better way to reach these people than going, talking to a partner, to a CSO and seeing how the both of you can be able to work together to, reach these communities, and the disadvantaged communities especially. (B7)*

Regardless of the method used to identify partners, many (n=7) emphasised the time and commitment they had invested in the process and in nurturing those partnerships. Creating and cultivating networks was a conscious strategy so as to be ready when a call for proposals or another funding opportunity opened up. One of the interviewees particularly emphasised how the investment made in building their relationships had recently turned into two separate projects.

> *I've also cultivated relationships with these guys for a long time and then they put out a call, and when they put out this call I then reached out to [the company] and said, this call seems perfect, could we do something together. And so this, very long process, then resulted in us getting a grant and then starting a project. (C1)*

There was a clear preference indicated for working in established partnerships. Once CSOs and businesses had worked together previously and, ideally, created a working relationship, many felt that the transaction costs of finding new partners and learning to work with them might not be reasonable. Trusting a partner and knowing what to expect was mentioned (n=6). Partnering with established partners was also seen to be more effective for delivery of impact, in addition to reduced transaction costs. One of the interviewees also stressed the mental toll that working with unsuitable partners can exact.

> *I might choose, not the top [or the] best organisation, but [on the basis of] a very close relationship with that country director, knowing we can work together and that we can sort out our problems; whereas you may be the best organisation on the ground but if you're a [difficult person] or, you know, you don't communicate and stuff like that, then it's really difficult to work with them and then the transaction costs of these type of projects, whether it's NGO consortia or these more complex consortia where you have very different objectives for engaging, it becomes very difficult and then the transaction costs are high. (C1)*

Representatives of one of the businesses said that they were not very professional about seeking out partners. For them, partnering depended a lot on, first, who happened to be in the right place, doing the right things that met their needs, and second, on what the donors wanted. While working with existing partners was preferred by most of the respondents, one organisation stood out due to a preference for new partners to enable innovation.

> *Looking at it from the point of view of new innovation, as research organisations we have to make new partnerships every day. Because the things we're developing are new, so it means you can't use an existing group. (O1)*

To summarise, CSOs were generally more structured in their approach to partnering. Most initiated their partner identification based on the values and mission of prospective partners. This was also the case for some of the businesses, although one CSO stood out due to its practice of starting by identifying existing actors in the value chain; businesses already working in the targeted value chains were then approached. Finding a suitable partner was described as requiring considerable effort and resources, an element that was also mentioned in responses by Finnish CSOs (Hakkarainen 2018). Once a suitable partner was found and a working relationship established, many preferred to continue working with established partners. This was especially the case for businesses. Working with familiar partners was seen to reduce transaction costs and enable more effective delivery of results and impacts.

3.2 CHARACTERISTICS OF PARTNERSHIPS

This section discusses the variety of partnerships in which CSOs and businesses were engaged. Most of the organisations were involved in more than one, and many had a long history of partnerships and other kinds of collaboration projects, with significant variety in terms of scope, depth and level of interaction. It is acknowledged that partnerships come in many shapes and sizes and can sometimes be difficult to define in clear terms (e.g., Austin & Seitanidi 2012, Byiers 2016, Danish Red Cross 2016, Hakkarainen 2018), yet the variety of different models for partnering that were identified in this study was still surprising. This section discusses the characteristics of these partnerships, with special attention to two cases in which a business had been set up by CSOs with the aim of delivering impact more efficiently.

The expectation of creating shared value, working in a mutually beneficial setting that creates added value for all, or one that offers a win-win situation for the participants, was mentioned by five interviewees. Clarity about expectations and objectives was seen as central to the creation of such partnerships.

> *Our experiences, working with the private sector, show that it has to be win-win. It's all about no premises coming on the table when it is not about serving this objective. And sometimes donors forget some about that, I don't know. It's not just about the partnership; it's also about the matching of the objectives. I mean, being able to create an initiative that creates a win-win. Partnerships has got to be about win-win, not a first marriage. That's what we found out in our experiences. … Without the win-win, forget it, no private sector will ever want to [get involved]. (C8)*

Two of the interviewees recognised that these kinds of projects between businesses and CSOs, where value is created for both partners through the same activities, are rather new. Earlier, and even now to a large extent, the private sector is generally a target group for advocacy or capacity-building activities rather than an actor itself (n=2).

Most of the CSOs interviewed for this study were engaged in various types of partnerships and also other activities with private sector partners, ranging from advocacy and capacity building to projects where businesses were acting only as suppliers. CSOs were also active in CSR activities and shared valued activities with the same businesses in different projects (n=2); one CSO was working in certification and product labelling activities in addition to having a partnership project. Two CSOs pointed out that they have all kinds of partnerships, sometimes with the same private sector partners, but they did not have an internal need to categorise the activities as they were all driven by objectives that they had set for the partnerships. Each partnership or collaboration was serving the needs of the initiative in question (n=2).

Three of the businesses made the same claims with regard to the variety of partnerships in which they took part; they were engaged in separate initiatives that they identified as qualitatively different from the partnership activities, and there was also clarity on what partnerships constitute and what would be considered CSR.

> *And then we have the more CSR-related activities, that is, real CSR. Some people say whatever we do is CSR but I don't agree. Because whatever my farmer support team does, in the end, it has a benefit for the business; CSR really doesn't have a benefit. (B6)*

Two of the partnerships working with funding from an instrument supported by the Dutch government defined their projects as Public-Private-Partnerships (PPPs), according to the scope and definition of the funding instrument. Interestingly, one of these partnerships did not have a public partner while the other did, but the public partner did not have a clear role in the implementation of the project.

Most partnerships had formalised agreements governing the execution of partnership activities and/or the provision of a board to oversee the partnerships. The funding instruments for the partnerships often had criteria for the type and number of partners in the consortium, limitations on what kinds of activities could be supported, and restrictions on the types of actors executing certain activities. Some of the instruments were said to prohibit private sector partners from receiving funding for business activities. This was explained with the logic that simply participating in a partnership sufficiently augments a business, as the interventions are meant to build on the core activity of the business. In addition to the increased turnover that accrues to the companies, knowledge transfer between partners and new connections for the businesses were also mentioned as justification for the policy. Nonetheless, funding instrument conditions raised criticism from five interviewees, particularly from local businesses which felt that they did not get equal treatment compared with companies from the donors' countries.

In summary, defining partnerships can be a challenging task as they come in many forms. Most of the partnership activities which were raised and discussed in the interviews fell into the category of strategic CSO-business partnerships and created value for both partners, a setup sometimes described as a win-win scenario. The joint activities built on the core business of the business partner, yet, at the same time, the CSOs saw that they contributed to the achievement of their objectives, which were aligned with their mission and values. The partnerships had formalised agreements in place and the scope of activities was very broad in many cases. However, activities at the fringes were sometimes less directly linked to core business activities. In all cases, both partners were contributing resources to the execution of activities, and the strategic value of the partnerships was often emphasised.

Most organisations were also engaged in other activities which they described as being more part of the sphere of traditional CSR, in that they did not generate direct value for the business. The initial aim of this study was to focus solely on shared value partnerships, and the interviews revealed that this methodological objective was largely achieved. At the same time, the variety of collaborations in which the businesses and CSOs were engaged indicated that the form of collaboration might not be a defining factor when assessing its effectiveness. Collaborations and partnerships were viewed as a means to achieve an objective and the interviewed organisations seemed very adept at using different modalities to suit their needs and what was deemed to be appropriate and less resource-hungry: this was not always a strategic partnership.

3.3 BUSINESSES ESTABLISHED AND OWNED BY CSOs

Two businesses stand out among those interviewed for this study in that they were established by, and owned partially or fully by CSOs. One of the companies functioned largely with donor money; the other was run with the initial capital that had been invested in the company and the owners were not expected to finance the company's operations any further. Both businesses were investing all profits into the business itself for the time being and at least for the next few years. In both cases, the businesses were partnering with the CSOs, which were co-owners. To ensure anonymity, the businesses are referred to as Company A and Company B in this chapter.

Company A was established jointly by four different entities. They all had complementary skills and establishing a company was seen as an effective way to focus on selling services to a specific customer segment. The CSO in this company gained from the knowledge, capacity and customer base of the other partners, while contributing its own expertise and connections. The main motivation for the CSO to join the venture was that it meant that services could be sold that the CSO could not produce alone. Company A sourced staff for its operations from all the co-owners, depending on need. The business itself does not have a development mandate. The CSO in question is involved in the operations of the company insofar as the customers are part of the CSO's development mandate; in other words, development becomes the business's focus when the CSO is participating in operations.

Company B was established jointly by two CSOs to run a development program. Before the establishment of Company B, the same development program was run by a third CSO, while in other program countries, government ministries are responsible for it. It was decided that establishing a business to undertake the program would be the most efficient way to operate in Uganda, hence Company B. The program focuses on private sector development and a business was deemed to be well suited to running it.

What makes these businesses interesting are the partnerships they have with the CSOs which founded them; in a sense the CSOs are partnering with themselves to cut a few corners. Both businesses, as well as the CSOs behind them, pointed out their increased opportunities to access donor funding. When there is a call for proposals that targets business applicants, the businesses act as the lead partners in the consortium or apply alone; on the other hand, when calls target CSOs, the CSOs will lead the consortium, working in tandem with the company. This opportunity was clearly identified by all the organisations involved, as demonstrated by the following quote from representatives of the businesses.

> *Because we are a private-sector player, we also have a duty*

now to look for other funding sources; then we have also been able to play in the private-sector market, as in doing competitive bidding for projects. So we could bid on, like UN programmes … So we bid from both angles, and, despite us now having the capacity to make a bid like that, we still empower the local companies to do the work. And they earn. … We don't make anything out of it, but as we said, we are now coordinating with these private-sector players to build their capacities by doing these projects that we then supervise. (B4)

So, obviously there will also be funding opportunities where we can apply and they come in as a partner, and then vice versa. All these different donors out there set their own criteria on who can apply and who should be part of the implementing consortium and so forth. It is obviously a win-win for us to have this kind of an arrangement where we often can find an applicant that qualifies. And with our other owners it is the same case; there can also be a project where they are the lead applicant and the rest of us will be implementing partners. (B8)

Not only does running a business or an established partnership open up opportunities to access donor funds, it was also seen as a way to gain a degree of independence from project funding and ensure the sustainability of activities regardless of what happens with ODA funding. These two enterprises exemplify two trends: first, organisations can be very agile in adapting to changes in their environment – whether these are declining ODA funding or a bigger share going to the private sector – through innovation and thinking outside of the box; second, this problematises the effectiveness of tailoring development funding instruments for specific types of actors, raising the question of whether the focus should be more on desired development impact than on the type of incorporation one needs to have to be eligible to apply for funding.

4

GENERATING DEVELOPMENT IMPACTS THROUGH PARTNERSHIPS

This chapter looks at the different business models employed in the partnerships and the kind of development impacts that are generated or expected to be generated. As the third main objective of this study, the aim was to gain an understanding of how partnerships enable the achievement of development impact while building on the core business of the private sector partner. All the partnership cases discussed below deal with the core business of the private sector partner. Many of the interviewees pointed out that they are engaged in various activities and not all of them were directly linked with the core business. While the motivations for partnering were sometimes different for businesses and CSOs, the way the partnerships operated was described similarly by both CSOs and businesses.

Two clear models of generating development impact emerged. In the partnerships operating in the agricultural sector, increasing farming productivity and connecting rural farmers to value chains were the bases for most partnerships. On top of this basic concept, many partnerships had complementary components designed to increase the impact or target certain population segments, which will be discussed after a description of the basic concepts. In the energy sector, the partnership concept was to combine the products and services that the businesses can offer with the networks and connections that the CSOs possess. This arrangement enables the CSOs to provide services and products to the communities with which they work, and the businesses to access customers whom they would otherwise struggle to serve. Examination of partnerships in the agricultural and energy sectors will be followed by a brief description of those utilising different models, followed by an overview of the intervention focus of the partnerships in general. Specific attention is dedicated to the focus of the interventions and expected development impacts as this is something that some CSOs felt differed from how they usually design their projects or programs.

4.1 VALUE CHAIN APPROACHES TO IMPROVING FARMERS' INCOMES AND RESILIENCE DOMINATE IN THE AGRICULTURAL SECTOR

IMPROVING FARMING PRACTICES AND INCREASING PRODUCTIVITY TO REDUCE POVERTY

Most of the partnerships identified for this study functioned in the agricultural sector, as shown in Table 1. This is an obvious sector as most Ugandans, like most of Sub-Saharan Africa, are rural farmers. At the same time, there is huge potential in the agricultural sector as production quality and quantity can still be significantly increased. The incomes for many small-holder rural farmers are meagre. In Uganda, government agricultural extension is extremely limited. The combination of these three factors has left a lot of room for CSOs and businesses to work with farmers to provide services and to aim to increase farm productivity.

Working around value chains and gaps in value chains (n=7) was an approach employed by a number of both businesses and CSOs. The value chain for agricultural products in Uganda is very patchy and even getting crops to market can be a challenge. Depending on the approach taken by a project, the level addressed could be access to local markets or producers in a nearby trading centre, nationally centralised markets in Kampala or global markets through exports. Reducing dependency on agricultural imports was also a motivational factor in developing the sector in Uganda. While some interventions focused exclusively on the farmers, one of the CSOs applied a systems-based approach of trying to fix the gaps throughout the value chain, thereby also providing opportunities for other businesses en route.

> *We found that by using a value chain approach, and especially by focusing on market systems, it becomes so easy for you to be able to target a larger pool of smallholder farmers. And you can quickly take them out of poverty. Because our role is just to be able to work on the constraints across the value chain. … And that's what we focus on. And that's why we work across the value chains, so that we can fix those constraints. So we work with the farmers, the businesses, the service providers, across the value chain. So that the constraint can be appraised and it services the smallholder farmers. So, in simpler terms, the reason why we chose to work with the value chain approach, is because of our desire to have impact at scale. (C8)*

Providing agricultural extension to increase production quality and quantity, offering the capacity for financial management and organising farmers were the most common interventions employed by the organisations working in agriculture. Because government-supplied extension for farmers In Uganda is seen as inadequate, many businesses and CSOs have taken up the role (n=6). The gap left by the government has opened up space for companies and CSOs, and many are filling the gap by providing their own extension services that support their own farmers and benefit the businesses at the same time.

> *Just making sure that [the farmers] have the right information and are putting in place the right practices to be able to have increased production as well as improved quality. So we are addressing those issues, quantity and quality of coffee, because that is the only way that we can have coffee and farmers can benefit from the business. (C4)*

It was often suggested that the rationale for these interventions lay in the fact that increased production quantity and quality is a win-win scenario for both the farmers and the businesses. As a result of improved production the businesses have more produce of better quality to purchase, while the farmers are able to increase their incomes by greater quantities of better quality crops to sell. The belief in this combination was seen to be a factor that could contribute to poverty reduction all over coffee producing areas in the country: "I do think if you produce coffee well, it really is one of the key drivers for improving household livelihoods" (B6).

In most cases, improving farming practices was not a stand-alone intervention; rather, it was complemented by creating linkages to businesses and value chains, so that the farmers would be able to sell their products. While coffee was the most common crop among the interviewees for this study, a variety of different crops were farmed depending on what companies were buying; one of the CSOs was working around dairy value chains. The objective for the intervention in the dairy sector was , naturally, to increase dairy production and productivity of the farms but also to mobilise farmers into viable produce organisations. Linking the organised farmers to off-takers, especially processors, was described as crucial to intervention success.

Most approaches incorporated various elements to enhance productivity. One of the projects combined elements of renewable energy and agriculture through the introduction of biodigesters, which convert animal manure and other organic wastes into methane gas for cooking or lighting. The residue from the process, most commonly known as bio-slurry, is used as a fertilizer. The technology can be used at different scales and the process is relatively simple, safe and efficient. While biodigesters are often considered a source of renewable energy, most farmers see the increased yields produced by the bio-slurry as the main benefit of the technology.

> *In fact, we've had farmers who will construct a small system, and you only get some gas for cooking which is the main purpose, and they start using the bio-slurry. Then they'll contact us and say, you know what, I need a bigger system and I don't care about the gas. I just need the slurry because of what it's doing to my field – my agricultural productivity has gone up by 50 per cent; I'm earning twice as much from my planting, or my coffee – and then that becomes the biggest incentive to them. (B4)*

One of the organisations incorporated support for smallholder farmers in running their own enterprises, even if the small enterprises were not related to farming. This was seen to improve resilience and help households attain a living income. Another business described an initiative in which it was helping farmers envision an objective and then work towards it. They had found that this helped farmers to earn extra income and to break down their annual expenditure and see where savings could be made.

Increasing farmers' resilience was a matter of interest for many CSOs and also some of the businesses. Various models were employed to enhance it that ranged from better farming practices – as discussed above – to crop diversification, provision of a credit line for farmers, financial management training, minimum purchase price guarantees for farm products, creating links between new farmers and established farms to provide capacity and mentoring, and creating and strengthening business opportunities around the value chains. One of the companies had a clear strategy of engaging with climate finance to take account of the carbon sequestering that takes place in organic farming and then use this funding stream to ensure continuation of environmentally friendly agriculture in Uganda.

Two of the businesses aimed, through their interventions, to make long-term investments in the sector in which they were working, to ensure that the farmers did not switch over to other crops, and that the sector would keep developing and be viable in Uganda in the long-term. Environmental sustainability was also a key concern for one of the businesses in the agricultural sector.

The basic premise of partnerships in the agricultural sector was that farming techniques, in general, can be improved, and that this would raise farming income. Where the business partner did not purchase crops in full, a second key component was linking farmers to value chains, although partnerships had different approaches to the latter, depending on their focus. Yet CSO-business partnerships also had a number of other initiatives designed to support farmers by other means or encourage experimentation with new approaches that could yield better results for the businesses and, through the income generated, for the farmers as well. Two of the most common approaches are presented below.

ENFORCING NORMS OF FAIR BUSINESS CONDUCT

Two of the CSOs were working to ensure that farmers got a fair deal with purchasing companies and that businesses abided by at least minimum standards of business conduct. Working in partnerships was seen as offering an advantageous position from which to influence business conduct and the deals for the farmers.

> *If they run unchecked, and we know this from our experience globally, they can really treat farmers badly. But we are happy that in this partnership they know that we are watching, and we actually discuss a lot of their approaches just to make sure that they are participatory, they are fair in all this. … [We] broadly believe that communities need to get a fair earnings from their*

labour. So, if this arrangement is indeed providing fair earnings, then we are actually achieving our objective. (C4)

I mean the whole aspect related to UN guiding principles so ensuring that farmers or poor people engaging in the economy get a fair deal, don't get run over, screwed over and get messed up, whatever you wanna call it … [Our role is] really to try and build the link and, be … what do you call it, the midwife of the relationship and a healthy and fair and just relationship between the farmers or the workers and the private sector company. (C1)

If not the lack of business conduct standards in Uganda, then it is the weak enforcement of regulations that has opened up a space for CSOs to push for the adoption of minimum standards and to try to regulate the relationships between businesses and their employees, or the farmers with whom they work. Were these activities to form the sole relationship between the CSO and the business, however, the partnership would hardly be creating shared value and, for both the CSOs engaged in ensuring that partner businesses complied with standards, overseeing the relationship between farmers and businesses was only one of the components of their business collaborations, and not the sole focus.

WOMEN'S AND YOUTH EMPOWERMENT AND SOCIAL INITIATIVES WITHIN THE PARTNERSHIPS WERE COMMON

Many of the projects of the interviewed organisations included a component for youth engagement or women's empowerment. The latter was generally considered to be delivering a positive impact in the agricultural sector and in models that businesses had either already adopted or were considering adopting, once proven to yield results in partnerships projects (n=3).

We are trying to look at how both women and youth could participate effectively in the coffee value chain. If you look at it critically at the moment, in this region and I think in very many other parts of the world, women put a lot of time and effort and labour into the production of coffee but they do not seem to benefit as much as they should proportionately at the end of the day when this coffee is sold. (C4)

Numerous partnership initiatives were linked indirectly to the business activities of the business partner; these included addressing social issues in order to keep farmers in the farming areas and children in schools, providing early childhood development services for families working in agricultural production and developing child protection initiatives. One of the businesses was also striving to provide direct employment in its ranks for farmers' family members.

The findings suggest that employment generation and an increase in farmers' incomes were considered the most important development impacts to arise from partnership activities; interviewees frequently described the quality of employment, and emphasis was placed on the importance of achieving a steady income, commonly through the establishment of purchasing agreements, crop diversification or support for other entrepreneurial activities. Initiatives to influence working conditions and ensure that farmers got a fair deal from businesses, as well as schemes targeting women and youth were encountered in the sample, although mentioned only by some organisations. It is important to keep in mind that the sample examined in this study was limited, and findings should not be taken to reflect the frequency of certain initiatives; however, they do cast light on the different approaches and initiatives taken in CSO-business partnerships.

All the partnerships aimed to create a win-win scenario. Increased crop quality and quantity was a plus for businesses and enabled higher and steadier incomes for the farmers, while most partnerships were also trying out new things that could potentially yield better results for the businesses and farmers. Interestingly, as noted above, representatives of a number of businesses mentioned the opportunities to try out new things as one of their motivations to partner with CSOs; on the other hand, CSOs commonly spoke about the importance they placed on demonstrating that various initiatives can work, but none explicitly mentioned trying experimentation.

To summarise, clear partnership models were identified that were seen to produce shared value for the CSOs and businesses involved. Increasing farming productivity and linking farmers to value chains were the common approaches employed, generating improved quality and quantity of produce for businesses, and increased incomes for farmers. Fixing gaps and deficiencies in the values chains was also a common goal and, building on the improvements, many partnerships had added components which provided added services for the farmers or experimented with new models such as empowering female farmers.

4.2 PROVIDING ACCESS TO PRODUCTS AND SERVICES FOR THE UNDERSERVED POOR IN THE RENEWABLE ENERGY SECTOR

Five interviewees in this study operated in the renewable energy sector. The partnership model and expected development impacts were distinctly different from the agricultural sector, although the biodigesters work across the sectors. All of the respondents were working on technology-based renewable energy interventions targeting households or smallholder farmers. The business approach was to work with CSOs and CBOs (community-based organisations) which provided the distribution channels and sales networks to reach customers considered difficult to access. Through this model, communities could be provided with technologies and services that would otherwise be out of reach.

A range of household-level renewable energy products are sold throughout Uganda. However, standards vary, and it is difficult for the end-user to assess the quality of the products at the point of purchase. Furthermore, although options are widely available in Kampala, they are limited in most rural trading centres and rural areas. Both businesses dealing in household energy technologies were targeting underserved, difficult to reach customers as their core customer group. One business functioned as a middle man, providing access to reliable technologies. The business model was to identify quality products and suppliers in Uganda and work with them, providing the link between suppliers and the CSOs serving the end-users, guaranteeing the quality of the products and ensuring repair services were in place even in locations that most businesses avoided due to high logistical costs. The business had set up a catalogue with all the products available and the CSOs were free to choose those that they felt were desired or needed in their communities. The other interviewed business produced and assembled its own products abroad and imported them to Uganda; CSOs were then used as distribution channels. The customer segment was seen to be underserved and, therefore, working with CSOs to reach the underserved customers was seen as a successful business model.

> *[Our company] develops products that are affordable and for us … we create a linkage with communities. We understand*

communities also have different challenges; some of them are related to access itself, but others are related to affordability, so we work on a range of issues. We try to solve those problems. (C6)

Financing was identified as a constraint in the provision of renewable energy technologies to poor, inaccessible areas; consequently, part of the approach for all the interviewees was to work on financing solutions. Donor funding was used in one project to subsidise product prices when they were introduced to new communities. One of the companies provided subsidised loans to the CSOs working in the communities so they could maintain a small store of products; such financing was seen as a necessity or the communities would be unable to do this, while introducing new products would also take much longer.

The issue is, when you are doing village penetration, you don't [do it] on a purely business model. Because people first of all need to have access to the product, use it, appreciate it, compare the costs and benefits, then they make a choice. So initially when we are entering, [just like] other businesses … when a new product is coming, it is priced low. The manufacturer, someone who's meeting some part of the cost, deliver[s] the product to reach people and change their minds. Once their minds have changed and they appreciate it, even those who thought they do not have money will find the means to find the money. So the argument for subsidy is exactly that. Some of the communities we are reaching are communities that have no idea about solar power and its benefits against other sources of power. (C6)

Views on the usefulness of the subsidies in the long-term were mixed. While they were seen as a means to reach poor households, they were also viewed as causing confusion and market distortions. The latter were explained as due to uncertainty about who would get the subsidised products and when they would become available, and, in some cases, expectations that at some point another CSO would come and provide them free of charge.

After the communities had become familiar with the products, most new customers began to pay the full price on acquisition, replacing their product at the end of its life-cycle. This was used as an indicator that the customers valued the products and found them useful. The most commonly quoted development impacts were access to energy, savings accrued to the end-users from reduced energy costs, environmental and climate benefits, and employment opportunities in the retail channels. In addition, a number of technology-specific development impacts were pointed out. For example, improved air quality was linked to the use of improved cooking stoves and a reduction in the disease burden was associated with the use of ceramic water filters. Electricity from solar panels was said to be used mostly for charging phones and providing lighting, both of which were linked to improved life quality.

Providing access to energy was the main development impact associated with renewable energy initiatives, complemented by a number of other outcomes: community-based CSOs were given training in renewable energy technologies to ensure proper use and maintenance of the products; and entrepreneurial training was provided to increase technology sales and ensure that small CSOs in the communities could handle their cash flow. One of the CSOs described these as transferable skills which could be assumed to support other entrepreneurial activities taking place in the communities. One of the projects had a specific focus on training women entrepreneurs and women technicians.

> *Our focus was on young women as the ones to maintain [as] technicians. And that's happened. So there's employment opportunities for those ones; there are employment opportunities for saleswomen. (C6)*

Providing training was described as a way to ensure that the products would be used properly and that the end-user understood what to expect and how to maintain the technology unaided. This was a central component in ensuring long-term business prospects. Good user experiences were expected to lead to more sales for the CSOs, which in turn would translate into raised revenues and profits.

> *This kind of arrangement is going to help us to increase sales and, therefore, not only helping [our company] to achieve our sales targets and achieve a promise to the donors but also to help the suppliers to each realise more sales, and then also help these CBOs realise more revenue from these sales. (B1)*

In the business model, the CBOs work on commission and the selected technology producers function as suppliers that participate in the training provided to the CBOs. The suppliers are expected to contribute towards training the CBOs to ensure the CBOs understand all the products and their proper use and maintenance, and, in some cases, become familiar with specific sales pitches for some of the technologies. Ensuring that individual entrepreneurs and small businesses adhere to minimum business standards was also an objective for one of the CSOs working in renewable energy partnerships. As mentioned above, a core element of the business model in the renewable energy partnerships was that CSOs are trusted while businesses are not embedded in social structures; direct sales to communities that were hard to reach were considered very difficult when operating as a business alone.

> *The reason why we work with CBOs is because some companies, when they go into the last mile, they are not trusted, especially if they are only [selling] products and disappearing. [The customers] always ask: if I have a problem and this is not working who do I talk to? So a CBO then provides then support. (B1)*

Ultimately, the renewable energy partnerships closely reflect the characteristics of the bottom of the pyramid marketing approach mentioned above (e.g., Byiers et al. 2016). The businesses have identified a market for their products but struggle to access it. Products and services are adapted to serve the needs of customers who are difficult to reach and therefore lack many services, yet companies would struggle to operate in the communities on their own while the CSOs are viewed as trusted partners. The partnerships create value for the businesses and CSOs through activities which would be difficult to execute alone for either partner.

Through the partnerships, the businesses are able to reach a customer group that they would struggle to reach alone, while CSOs are seen to be bringing services and products to the communities where they work which would be much more expensive were they to be operating on their own initiative.

4.3 CREATING OPPORTUNITIES THROUGH EDUCATION AND DEMONSTRATION PROJECTS

In addition to the projects in the agricultural and renewable energy sectors, two partnerships worked on approaches that do not fit easily into either of the categories above. One was a demonstration project on the feasibility of rearing crickets for human consumption on a scale that would be economically sustainable. The other partnership functioned in the field of education. The cricket farming project worked on value chain development, much like many other initiatives working in the agricultural sector, although it had some significant differences, principally in relation to the novelty of the crickets as food for human consumption. The project was primarily described as a demonstration, but it also aimed to achieve improvements to food security through crop diversification, and to nutrition through additional protein intake; livelihood creation was a further planned development impact.

The main difference between this project and the other agricultural projects is that cricket rearing for human consumption is a novelty to many people; however, crickets are traditionally collected in some parts of Uganda, which is why Uganda was chosen as one of the pilot countries. The potential for creating employment and business opportunities was seen as possibly the greatest impact should the demonstration project be completed successfully. Two businesses had already been set up following the project's example and the farmers who had taken up cricket-rearing were starting to realise an income from their novel livestock and were said to be keen to continue. Perhaps as an unforeseen result, rearing crickets was found to be suitable for older women who were finding it hard to work on the land.

> *There are two elderly ladies; they are, I think, around their seventies. We visited them last time when we were here. They said well, we have land, we have a farm, but it's becoming very difficult for us to work on the land because of our age. They don't, they didn't have husbands anymore. Now they are rearing crickets in their house and with the money they earn, they can hire a young guy to work on the land. (O1).*

Realising the potential on a substantial scale seemed to depend a lot on the interest generated in donors and the possibilities of tapping into other sources of funding. Although the demonstration was regarded as a success, the scale of the activities was still rather small and a lot would depend on individual entrepreneurs and other external factors for all the envisioned development impacts to materialise.

Thus, while the partnership was a demonstration project, it shared characteristics with the other partnership projects, although it is too early to say if the expected development impacts will be realised at a larger dimension.

The other partnership was located in the education field, providing certified education and, more specifically, certified entrepreneurial training for refugees. At the time of the interview, refugee agencies were explicitly targeted as being interested in certified education and able to pay for entrepreneurial training for refugees. The business model was to provide tailored education services in skills and competencies that met the needs of the customers, with certification being mentioned as a key difference from the activities that the CSO was able to carry out on its own. The direct development impact was seen to follow from situations where the skills and competencies were put into use to earn an income, start up a business and create jobs and entrepreneurial opportunities. In turn it was assumed that these would further enable the creation of living incomes, welfare and stability in the society as a whole. A strong belief was shared by organisations participating in these initiatives that creating business and entrepreneurial opportunities, and giving people the tools to escape poverty, are crucial factors in helping countries to develop on their own.

> *The only way, the best way to help developing countries is to create business so they can help themselves. And we also say to the smallholder farmers, actually, yes [insect rearing] is new, nobody has done this, … not many people do it at least, but when you look around the world the most successful companies are those that keep on innovating. This is innovation; it's our daily business to do innovation within partnerships. If you don't do innovation then your country comes to the standstill or even goes down. That's the message and even smallholder farmers understand that … it's a matter of seeing the potential. (O1)*

The education partnership differs somewhat from the other partnerships in this study. The education provided mainly targets people at the bottom of the pyramid, but with the expectation that a third party is willing to pay for it, in this case, refugee agencies. At the same time, the partnership has similar characteristics to the others: the CSO provides access to the target group; the business in question provides a service, in this case certified education, that the CSO cannot provide on its own; together, the partners are creating value that would be difficult for either to create alone.

4.4 DEVELOPMENT IMPACTS THROUGH BUSINESS – BUT FOR WHOM?

A common theme running through all the partnership projects was discussion about the focus of intervention and the areas or communities in which the partnerships would be working. This was a straightforward decision in some of the partnerships, while in others it was something to which the CSO partner had given a lot of consideration. Many CSOs observed that the nature of partnerships with businesses had to be factored in when choosing where and with whom to work. The nature of the intended activities also set limits on the scope of what some CSOs felt could be achieved. Some CSOs (n=5) pointed out that compromises had to be made because otherwise these kinds of projects would not be successful, yet also that there was a need for interventions that took markets and businesses into account. This was especially the case with regard to the creation of employment opportunities.

Selecting the intervention area was often based on the need of the business partner. In agricultural interventions, geography played a role for all initiatives related to farming. Existing relations with farmers and traders in a geographical area was also mentioned by one of the businesses. Indeed, selection was often portrayed as a necessity rather than a choice, one determined by suitable farming areas, or farming areas where the companies were already operating.

> *When we want to build a farmer support structure, we actually build it following our trade relations. So it's not like I say, "Oh, let's go to Luwero tomorrow and let's start building a farmer support scheme there." That would be quite challenging. So really we build on existing relations we have with traders and smaller traders and farmers, and then start building that up into a farmer support scheme. (B6)*

The farmers taking part in the initiative were most often selected by the business partner; however, there were also cases where the composition of the farmers targeted by the intervention was agreed together with the CSO partner. In the energy market interventions, both interviewed businesses had an explicit business strategy to target underserved populations and customers that most other businesses were not targeting due to the high transaction costs in getting to them. Their CSO partners felt comfortable working with the businesses' customer base and felt little need to negotiate over whom the interventions would target, although one of the CSOs had pushed for a bigger role for women in the value chains within the intervention.

The needs and motivations of individual farmers were quoted by three interviewees as being central to decisions about participants, while personal motivations and an entrepreneurial spirit were reported as factors for entrepreneurial initiatives (n=2). Indeed, two of the CSO interviewees pointed out in their answers that it would be very difficult to get good results from business-oriented activities unless the people working in the initiatives were motivated and had some resources of their own. These people were not, by their definition, the poorest or most vulnerable, people whom their organisation would usually target in other interventions:

> *The ones that have potential are already engaged in something. They are not the people that you have to look for and identify, but these are the people that are already on the move. (C7)*

> *Several pieces of land are empty and we see that refugees just take them over and start farming, but we also see that the refugees themselves negotiate and rent land from host community. So, they do it, and then again, of course, it is the able-bodied, commercially oriented refugees with money or with access to funds. … Of course, you can normally see [that] as an organisation we would target the poorest, the most vulnerable. But of course, with a project like this, you can't. It has to be farmers with money, with resources and who are commercially oriented and so also for the refugees. We are targeting those refugees that do have resources that are commercially oriented. (C1)*

The reasoning was that certain resources are necessary in order to participate in business activities; this could be in the form of some capital, inherent capacities or a certain mind-set or attitude. This was not seen to exclude the most vulnerable, as they would benefit later through an increase in job opportunities. Likewise, in order to have a successful business-oriented project that linked to national or global markets, it was deemed necessary that the farmers already had some resources to be able to fully participate.

The selection of the target population was seen to be a strategic and structurally motivated choice (n=1). Many respondents clearly acknowledged a need for all kinds of support, observing that business-oriented interventions are not sufficient on their own. There was an added emphasis that with these kinds of activities one needs to work towards the objectives at hand rather than something else.

In the renewable energy sector, target group delineation was clearly demonstrated by the merged interests of the CSOs with the business models of their partners. The CSOs saw that they could have a more meaningful impact by targeting communities that are neglected by other entities (n=2). While the lack of agricultural extension had created room for CSOs and businesses to operate in improving farming techniques to increase productivity, in the renewable energy sector the situation was similar. The government is working hard to provide electricity and utilities to Uganda's communities, but it is far too stretched to reach everyone in the near future. This translates into the business opportunity of providing energy products and services to people who have not yet been reached by government programs. Reaching the underserved communities is seen to deliver a development impact at the same time.

> *[If] we look at, say, many government programs, at least the ones I have seen, in my experience they tend to ignore people in the last mile. If you went to the Rural Electrification Agency, and you ask them if they have any programs to do with cookstoves or if they have any programs to do with briquettes or even small solar lamps, they actually won't have them. So, these guys only speak big systems … but we all know, most of these people are living below one dollar a day and you're asking them to pay for a solar system of say, 100, 200 US dollars. How are they going to afford this? So in my experience I feel like there's really a mismatch at the top. And unless organisations like [ours] step in, there are some people in the last mile that will always be left out, and that's why we really tend to focus on the sale of small solar solutions. (B1)*

Some of the CSOs were well prepared to justify how the focus group for their intervention was different for what it would be in other projects, and how this was a necessity when working in a market-driven project in partnership with a business. In renewable energy sector interventions, the end-users were, by default, the people with whom the CSOs were already working, and no conflict or compromises had arisen. Many of the CSOs pointed out that working in partnerships with businesses required them to adjust their approach to be able to deliver results effectively.

The findings indicate that there are clear business models employed in the partnerships, which are in line with the partnership models identified by in the ECDPM project (Byiers et al. 2016). The value chain approaches provide an opportunity for CSOs to improve livelihoods and increase incomes in the communities, while businesses can benefit from the improved productivity in farming. The bottom of the pyramid remains, to a large extent, an untapped market. By working together with CSOs and adapting their products and approaches to meet the needs of the bottom of the pyramid, businesses are able to offer their services and products to underserved populations. The role of the businesses in these partnerships was clearly defined. Depending on the intervention, the business partner either had a model for engaging and working with producers or farmers, or the products and services that the businesses were offering were tailored to the needs of the specific customer segment. Many of the CSOs interviewed for this study felt that working with businesses facilitates the creation of jobs and provides opportunities to increase the incomes of the rural poor, something at which businesses are better than the CSOs themselves. These examples demonstrate that there is a belief that partnerships can deliver for both partners, or at least, there is willingness to experiment with partnership models to see if they can deliver. At the same time, the findings suggest that there is a need to study and evaluate the actual impact of these interventions and assess their effectiveness in delivering results.

5

CONCLUSIONS

This study was carried out with the aim of gaining a better understanding of how partnerships between CSOs and businesses work, and how development impacts are generated by building on the core business of the private sector partner. A second objective was to understand the motivations that businesses and CSOs have for working in partnerships and how they identify suitable partners with whom to work. The findings of this study reflect those of earlier research on CSO-business partnerships in development. Yet there are a number of lessons that can be drawn from the findings of this study which are summarised as follows.

FIRST, civil society organisations enter partnerships for numerous reasons; however, three themes were more common than others. Partnering with businesses enables civil society organisations to link poor farmers into value chains and, through this linkage, increase the farmers' productivity, which is seen as a sustainable way out of poverty. The CSOs function as a link between business and farmers, or end-users in energy markets, in order to increase incomes and to provide services. Engaging with businesses is also described as the most efficient way to change how businesses work, to make them fairer and more inclusive. A long-term working partnership with a business is understood to enable sustainable changes on a scale appropriate for the poor, which would not be possible in any other way. CSOs also pointed out a variety of other development benefits stemming from partnerships, which were dependent on individual interventions. These range from women's empowerment to the creation of opportunities to build contacts with businesses for future cooperation.

SECOND, businesses had two clear motivations for partnering that stood out. Partnering with CSOs facilitated access to donor funds, which was seen as a way to expand operations more swiftly. It was also described as enabling experimentation within the partnerships: for example, by exploring how gender initiatives might lead to better productivity and income for women. Donor funding made experimentation a little easier, and similar kinds of initiatives might not be possible to attempt without donor funding. Some of the businesses were interested in innovation to see whether there was something that might work for their business while others were less so, or did not expect anything of the initiatives at all. The goal of experimentation stands in a striking contrast to CSO motivations, none of which mentioned that partnerships or donor funding in general allow them to try out new things, although working in partnerships was recognised as a rather new working modality by some. Rather, the CSOs focused on achieving results and described how the partnerships effectively enabled this, as well as delivery of impact that they might not be able to produce on their own. A third motivation that came up with businesses was the idea of personal mission or the desire to be seen as contributing to development or helping out.

THIRD, many of the partnerships in this study were formed between entities that either already knew or at least were aware of each other. Working through existing partnerships was preferred by most organisations as it was seen to lower transaction costs. A few CSOs had a clearly structured approach to identifying potential new partners, while businesses in general tended to partner more on an ad hoc basis. Value alignment and an understanding of how the other functioned were key considerations when looking for new partners. Yet there was one case in which preference was given to new partners in consortium creation as that was seen as a better way to achieve innovations than working with partners one already knew. Overall, finding a suitable partner with whom one could establish a functioning partnership and deliver a meaningful impact was described as demanding a lot of resources and effort.

FOURTH, CSOs pointed out that the sustainability of development impact was assumed to follow from partnering with businesses, something businesses also suggested as a key ingredient that they themselves brought into partnerships. The sustainability of impact was understood to follow from the fact that businesses continue their operations after project-based funding has come to an end, an expectation widely shared by the interviewees. This only differed with regard to projects that were building new markets or introducing completely new concepts, where it was emphasised that the eventual impact would follow from individuals or businesses' successfully translating the new opportunities into increased income or profitable businesses. While this study clearly demonstrates the presence of an assumption that businesses will sustain the created impact, more research is needed to assess whether this assumption holds, and if partnership interventions are effective.

FIFTH, the lack of government agricultural extension has created space for businesses and CSOs to introduce their own intervention to increase farming productivity, and value chain approaches were the most common partnership model in this study. Agricultural extension services to increase crop productivity were seen as projects that could create shared value. Businesses gain from increased crop quality and quantity and farmers benefit from the increased income that follows from improvements to crop yields. A general objective of CSOs was to improve livelihoods in the farming sector by working with farming techniques, creating linkages between businesses and farmers and fixing gaps in value chains. Improved farming techniques were seen as a way to increase farmers' resilience. In addition, many CSOs were also working on addressing gaps and issues in value chains to enable farmers to sell their crops at a fair price.

SIXTH, providing access to services and technologies for the bottom of the pyramid was the approach used by all the actors working in the energy sector, with CSOs creating a link between businesses and populations that were considered difficult to reach. This provided businesses with access to a customer segment that they were struggling to reach on their own, while the underserved populations gained access to services and products that were not available to them without the partnership. In addition to creating the connection, the CSOs ensured quality as well as maintenance services for the products. A number of complementary initiatives accompanied this partnership model, such as providing technical and entrepreneurial training for difficult to reach populations.

SEVENTH, partnerships come in many forms and shapes. Yet, while they displayed numerous differences in approach and operations, they all had one thing in common: a partnership was a means to an end – a way of working together to achieve something that could not be achieved otherwise, or would be harder to achieve or less effective. Most interviewees either talked explicitly about expectations of shared value creation, or about a win-win scenario in terms of partnership setting. Interestingly, many CSOs and businesses were engaged in a number of different types of partnerships. Strategic partnerships were not considered to be of more value to achieving a given objective than a business donating money to a CSO for a specific initiative; rather, they were a different working modality used for a different purpose. Philanthropic business activities were valued as contributing to the attainment of different development objectives; in other words, strategic partnerships or shared value partnerships were seen to serve development objectives that were difficult to reach by businesses and CSOs on their own. The partnerships created value for both partners through the shared activities. At the same time, many organisations were engaged in different types of partnerships, with different development objectives, sometimes even with the same partners.

FINALLY, the findings of this study are largely in line with the existing literature on CSO-business partnerships in development. While the sample of this study is limited, it indicates that a few models dominate approaches to finding and shaping partnerships, and that there is a common acknowledgement that building partnerships takes time and effort. Based on this study it is not possible to say whether partnerships are as effective as they are expected to be, yet there is a clear belief that they will deliver an impact which would not otherwise be possible to achieve with the same resources. Both CSOs and businesses have their own fields of expertise and combining these successfully can be expected to provide results that neither partner can deliver alone. Still, working together is something that most CSOs and businesses are not yet accustomed to; bridging gaps in operational cultures, the language used, and aligning different objectives will require commitment and resources.

There are clearly identified issues to which partnerships might be able to provide a response. Combining the knowledge and resources of CSOs and businesses is expected to deliver an impact when a functioning partnership is created. There is no need to reinvent the wheel or look for new issues that partnerships could address. A lot can be learned from actors who have experience in promoting partnerships and working through them. A strategic partnership is no magic bullet. The interviewed organisations were clear that they were engaged in various types of collaborations that were suited to their needs and there is still a clear need for different types of collaboration among businesses and CSOs.

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