

PARTNERSHIPS FOR DEVELOPMENT

In-Depth Interviews with Sustainability Executives



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Global development has entered a new era defined by partnership between public and private sector actors, but because these alignments are relatively new and dynamic, development professionals are grappling with many outstanding questions.

Who drives these partnerships? How does business perceive the development sector? Are current partnership models effective? And how can they be improved in the future?

To uncover some answers to these questions, Devex and Abt Associates formed their own partnership to get the detailed opinions, through in-depth interviews, of 30 top sustainability executives from major multinational corporations and foundations. Our questions expanded on findings from a 2014 *Devex Impact* survey, a quantitative, online survey that explored how the aid community perceives business involvement in international development. We got the other side of the story.

Not all participants agreed on everything, but there is broad consensus among them around a number of areas, including:

Mindsets are changing, and business is helping to drive the process.

91% of development professionals believe business is good for development. Those in the Global South are even more bullish about the private sector's role. And businesses agree, but they think that the most important players are, in fact, those located in emerging markets.

Shared value is important for achieving development outcomes.

92% of sustainability executives—compared to 60% of development professionals—believe that there should be a direct business overlap with their development activities. But, the primary motivation is to ensure that development outcomes are met, which then helps business.

Despite the positive movement, a lot still needs to be done.

Sustainability executives don't think partnerships are working as well as they can, and neither do development professionals. Partnerships can be bureaucratic, agendas aren't always aligned, and interventions are often ineffective. Aid agencies, in particular, are promising—yet challenging—partners.

Partnerships will continue to grow dramatically. And that's a good thing.

81% of surveyed sustainability executives (and 73% of development professionals) anticipate dramatic growth. Partnerships between the private, public and NGO sectors can increase funding and effectiveness of development projects for all stakeholders.

While the sample size of the *Devex/Abt Associates Development Partnerships* qualitative survey is deliberately small, the data is rich. In the following pages, we provide more details about the survey and how it relates to the larger, quantitative, *Devex Impact* survey of development professionals. While such a small sample would not be statistically significant, the comparisons are meant to be representative and thought-provoking. To begin the story, and not to end it.

SHIFTING MINDSETS

The private sector is now firmly seated at the international development table bringing with them new ideas, new funding sources and new solutions about the most effective way to lift the world's poor out of poverty. In this new era, companies are steadily moving beyond basic corporate social responsibility to become more active in sustainable development projects in the areas they work in. At the same time, most major bilateral and multilateral donors, once reluctant to share the global development agenda, have now established offices dedicated to engaging the private sector.

Public-private partnership is the name of the game today and we arrived at this point through a confluence of factors, forces, and change drivers that continue to shape global development. Foreign aid budgets are declining. More and more countries are graduating from the aid system and advancing to middle-income status. Meanwhile, as corporations continue to pursue emerging markets for growth, they are being held accountable to higher social and environmental standards, which mean contributing to the socio-economic development of the communities that are affected by their operations.

Business is increasingly viewed as a positive force in development...

Unanimously, sustainability executives see business as a positive force in development indicating a changing mindset within boardrooms and the C-suite where development decisions are being taken seriously. Now more than ever, there is recognition that good corporate citizenship is simply good for business. Development professionals echo this trend and stress that increased private sector engagement in development is very important. Development professionals reason that the private sector is an engine of sustainable development and a valuable source of funding and expertise.



...but development professionals from developed regions are less convinced...

Development professionals from developed regions are more skeptical about the role of business in development. Fourteen percent express negative views compared to just six percent in developing countries. Sustainability executives believe this skepticism is largely connected to a general distrust of corporations in the Global North and lack of awareness of the important contributions of the private sector to development. Meanwhile, professionals in the developing world take a more practical view: more private sector activity is the best way to spur economic growth which will create jobs and boost livelihood.

...while the support of developing countries is encouraging.

There is general consensus that broad-based support towards the private sector will promote interactions and push forward development on the whole. So knowing that the Global South is more optimistic about the role of business in development makes sustainability executives more enthusiastic about working in developing countries.

“There is no development without business growth. Businesses are seen as critical to the economy and people in developing countries recognize that businesses are what make development sustainable in the long-term.”

“This type of support is exactly what is needed. It’s more important in many ways for the people in developing markets to want business there as this will provide the platform for sustainable success.”

UNLOCKING SHARED VALUE IS CRITICAL

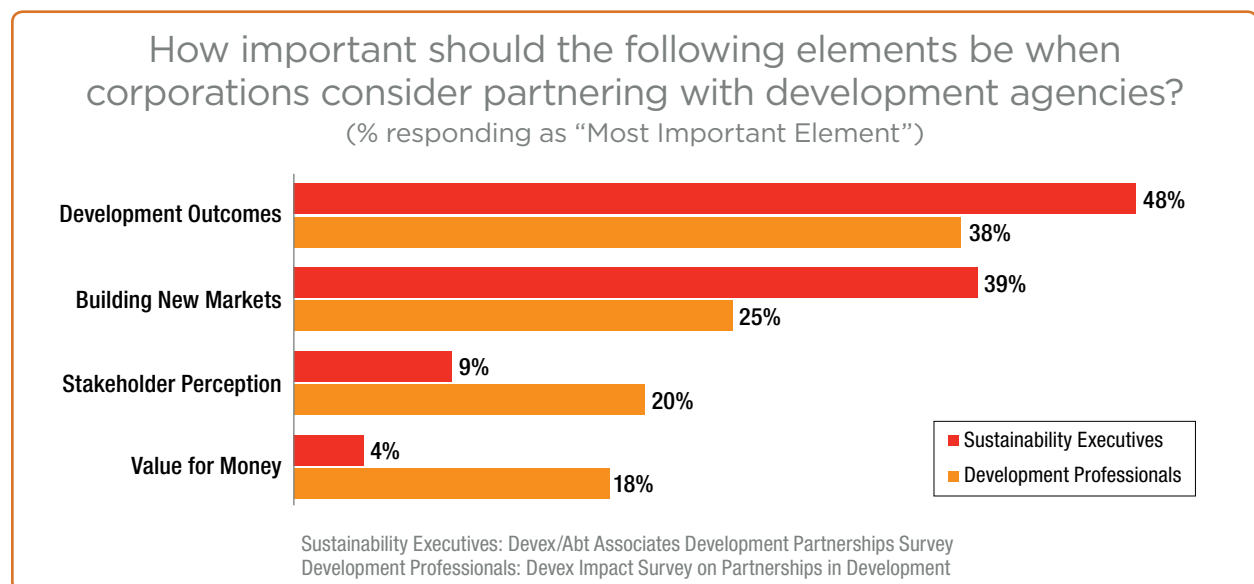
While companies are becoming more active in the development field, they cannot transition into full-blown development agencies. Partnerships are the practical solution to operating outside their comfort zone.

Creating inclusive partnerships is mutually beneficial and leverages resources, experience and expertise on both sides, ultimately advancing the impact of development interventions.

Focusing on development outcomes is good for business.

‘Development outcomes’ has become a buzzword in international development and business leaders have been quick to embrace the approach as they engage in development partnerships. While direct business outcomes still remain important for the work of sustainability executives, development outcomes are seen as being more important. There is a strong belief that focusing on development outcomes will naturally grow their markets and improve the overall business environment, creating a win-win situation.

“Development outcomes and building new markets are really two sides of the same coin. The private sector is well placed to innovate around access to products and services for the poorest people. While this creates new customers, it also delivers development outcomes.”

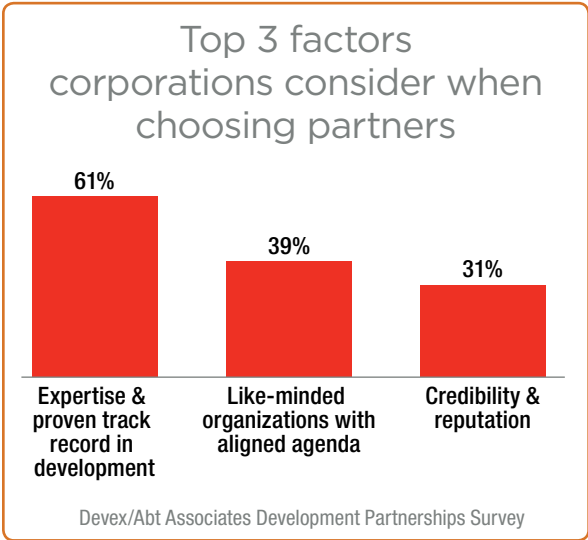
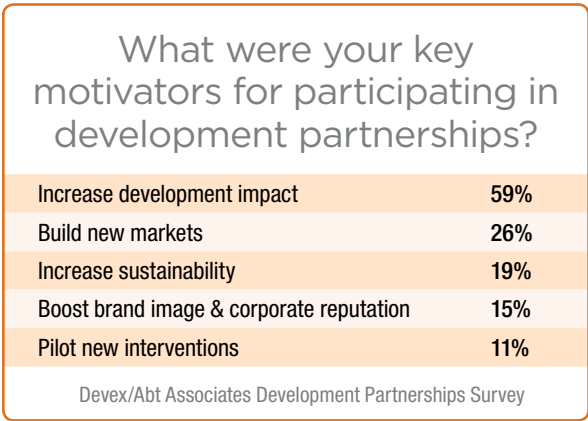


Development impact is front and center of partnerships for businesses.

Sustainability executives note that there is a real desire among business leaders to do good and do so in a sustainable manner that increases development impact. This desire to promote impactful change is the driving force behind most development partnerships, more so than business decisions.

Corporations focus on expertise and proven track record when choosing partners.

Sustainability executives note that development partnerships are essentially about creating win-win situations. This approach means that partners need to bring capacity and skills to the table that the company is otherwise lacking. Corporations do not want to be caught in situations where they simply give out money. Instead partnerships should leverage each party’s strengths and ultimately build stronger and broader teams that can effectively address the most urgent development challenges.



Partnerships that overlap with core business foster sustainability...

There is a split in the development community with most saying businesses should engage in development activities principally in areas where they have a direct business interest, and 40 percent saying it shouldn't matter—that the development need should principally dictate activities. Sustainability executives, however, don't have such a split: 92 percent believe that corporations should conduct their development activities precisely in areas where there is a direct business overlap. They stress that business driven development partnerships are more sustainable and result in more effective and scalable development impact as they leverage core capabilities of businesses.

...so unsurprisingly, corporations increasingly partner where their core business overlaps.

Analysis of the *Devex/Abt Associates Development Partnerships Survey* revealed that development partnerships are increasingly leveraging businesses core strength. Among all interviewed sustainability executives, 97 percent indicate that their corporation is already doing so. USAID partnership data also supports this trend. For instance, the majority of Microsoft's 59 PPPs with USAID are focused on the information and communication technology sector.

Majority of respondents say that companies should conduct their development activities in areas where there is a direct business overlap.

92%

SUSTAINABILITY PROFESSIONALS



Devex/Abt Associates Development Partnerships Survey

60%

DEVELOPMENT PROFESSIONALS



Devex Impact Survey on Partnerships in Development

“We approach partnerships by assessing the development issues out there that are really intricately tied to our business and have a positive sustainable impact on society. And those are the issues that we focus on.”

Partnerships are most effective when borne out across different areas of the company.

Sustainability executives indicate that effective development partnerships are products of cross-company collaboration. They are being conceptualized and negotiated not only from the corporate foundation or sustainability department, but also at the country level, within individual business units and within the C-suite depending on the partners, mission, scope and scale. Development professionals within the company, who are normally connected to the foundation or sustainability team, often serve as advisors. For larger partnerships, such as those with USAID, senior executives tend to get more deeply engaged.

“Some [partnerships] result in the country or business unit reaching back to corporate saying, we need to make a big investment here, have a more visible role, let’s work on it together so that we can leverage some funding from the corporate budget.”

ROOM TO IMPROVE

There may be broad agreement that partnerships are critical to the future of global development, but less than a third of sustainability executives believe that current models of partnerships deliver the results that they seek.

“Partnerships’ is an easy word to use but a difficult one to get right in practice.”

Often, partnerships fail because expectations and agendas are not aligned, organizational cultures clash, partners are not adept at tasks they should be, goals were too ambitious, or approaches fail to take off.

28% of sustainability executives say that current models of development partnerships deliver the results that they seek

Devex/Abt Associates Development Partnerships Survey

There is a need to overcome cultural differences between public and private sector organizations...

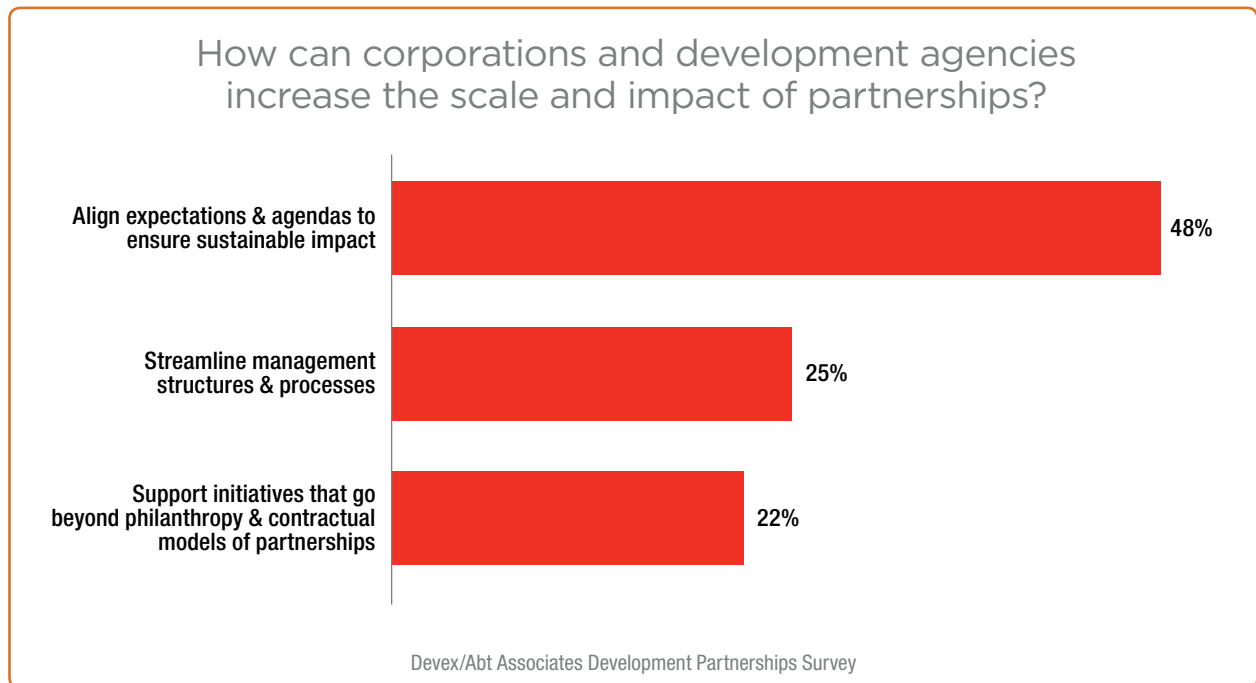
We are still in the early days of development partnerships and there are factors preventing them from taking off. Specifically, sustainability executives, some of whom have previous experience in the public sector, admit stark cultural and organizational differences that threaten prospects to partner. Corporations often struggle to adapt to the slower pace of development agencies, with the most common complaint relating to bureaucratic and administrative delays, even burdensome paperwork.

“Donors are slow and painful to deal with and often care more about optics than substance of the partnership.”

...but there are formulas for success.

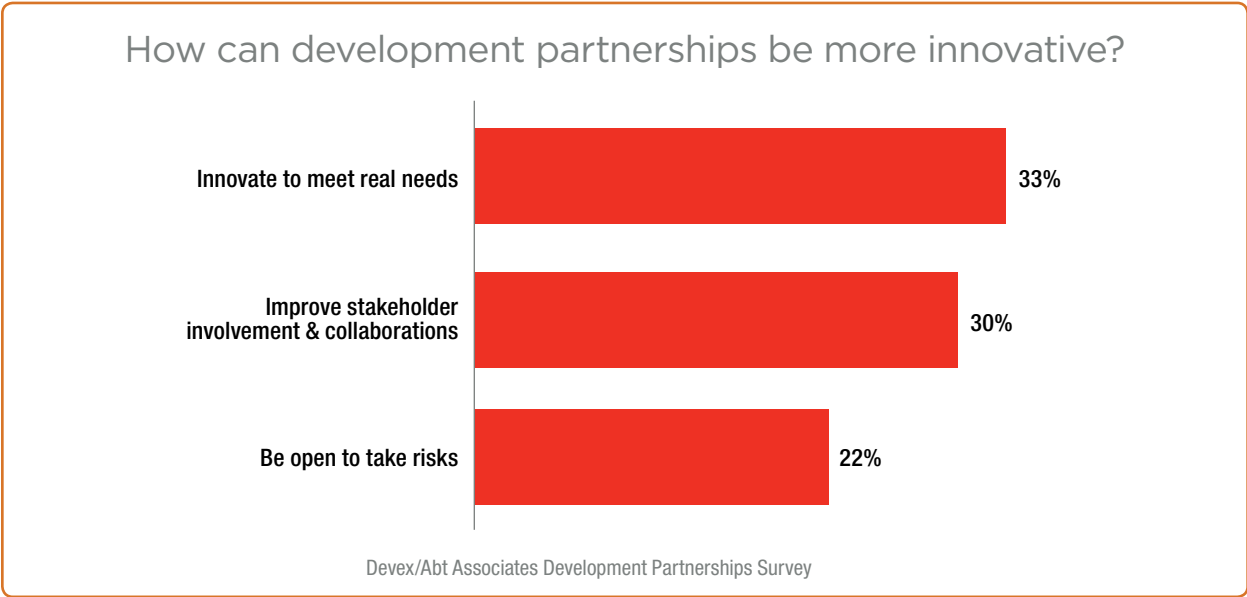
Align expectations and agendas. As in any collaborative effort, it's crucial for corporations and development agencies to align goals and expectations of partnerships. While motives of partners naturally differ, overall objectives, methods, and structures need to align. Speaking the 'same language' and constant communication are important factors in successful partnerships.

“Forming development partnerships need due diligence and clear cut structures upfront to ensure alignment of expectations and agendas. This requires a lot of communication between partners.”



Innovate to meet real needs. Whether innovation is about applying mobile technologies, adopting new business practices, or partnering with the not obvious partner, executives agree that corporations and development agencies should focus on their core business strengths and innovate to meet real needs.

“Innovation lies in the object of the partnership, not in the model or format of the partnership.”



Adopt rigorous evaluation tools. By investing in ‘what works,’ corporations and development agencies learn not only from successful partnerships, but also from failed collaborations. Development partnerships are a constant learning process that requires taking risks. Sustainability executives believe that adopting more rigorous monitoring and evaluation tools to measure development impact will be critical to learn from failure.

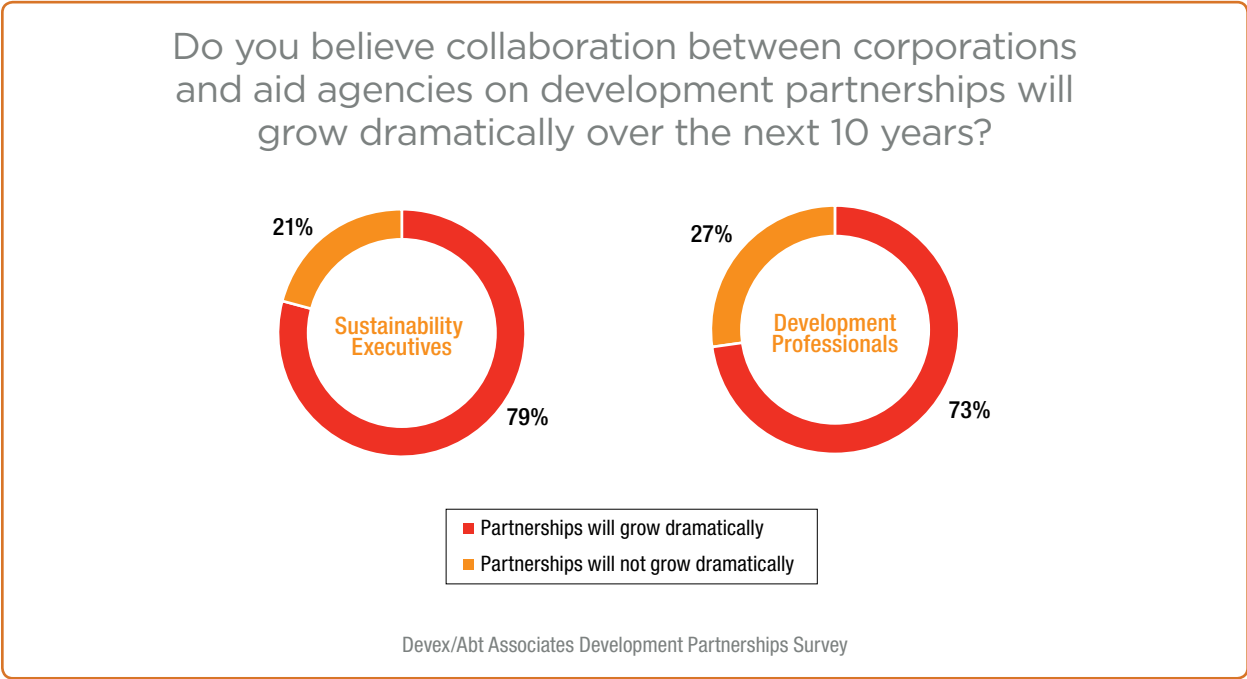
“Development partnerships are a constant learning process, requiring innovation and taking risks. We’re currently doing a lot of evaluation and rethinking what we do. We have pushed ourselves to try new things and evaluate whether they work or not. If they didn’t work, we shift gears and try a new approach.”

WHAT DOES THE FUTURE HOLD?

Sustainability executives expect partnerships to grow dramatically over the next decade...

79% of sustainability executives believe collaboration between corporations and aid agencies will grow dramatically over the next 10 years. The larger development community agrees, with 73 percent of development professionals mirroring this opinion. These alignments will only become more important as the private sector increases its investment in the developing world and aid agencies cope with shrinking budgets.

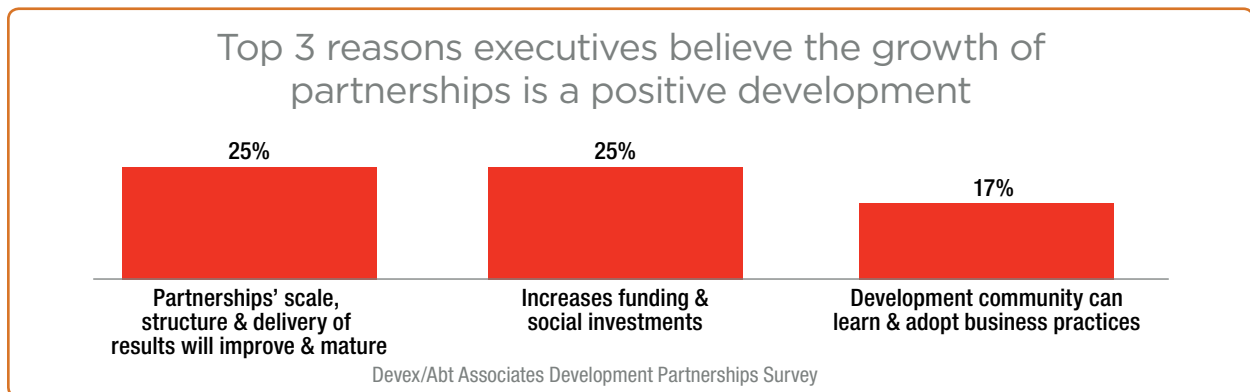
“Donor funds will remain constant or continue to decline relative to foreign direct investment as the private sector continues to move into frontier markets. Therefore both parties will be driven to collaborate more and partner more.”



...and nearly all believe this growth is a positive development...

88% of sustainability executives believe that the growing collaboration between corporations and aid agencies on development partnerships is a positive development. At the same time,

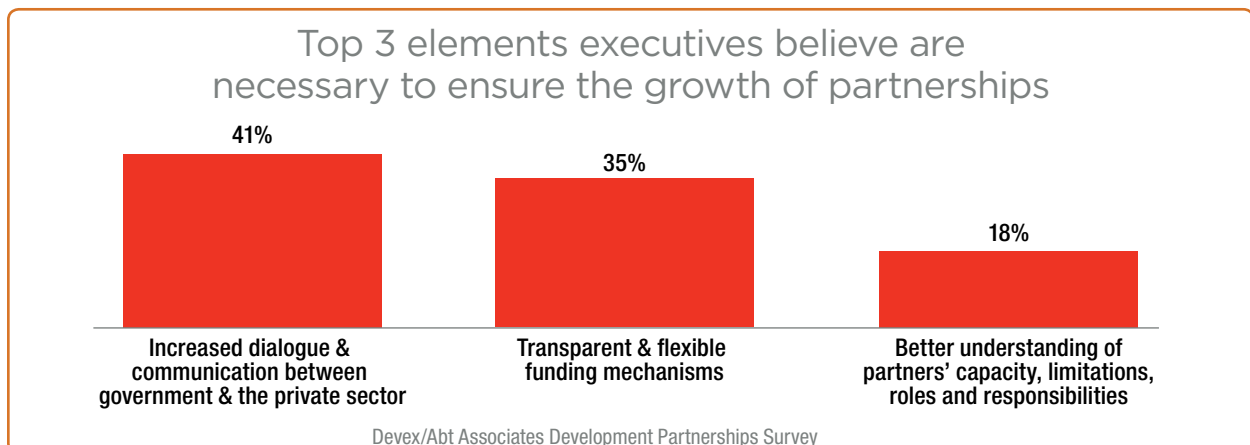
they believe that as partnerships increase, the scale, structure and results will also improve and ultimately mature. Moreover, collaborations increase funding, ramp up social investments, and allows the development community to learn and adopt business practices.



...but key elements are necessary to ensure the growth of partnerships.

Sustainability executives caution that there are key elements necessary to ensure the growth of partnerships. Nearly half believe that there needs to be increased dialogue and communication between the private sector and government. They believe it is critical that partners understand each other's agendas, capacities as well as their limitations.

“There needs to be a lot more convening, a lot more discussion, openness and really leveraging a wide variety of partners' views.”



ABOUT THIS REPORT

About the Devex Impact Survey on Partnerships in Development

In August 2014, Devex Impact, a partnership between Devex, USAID and other leading aid agencies and companies, conducted this quantitative survey to understand the opinions of development professionals regarding business activities in development. Tapping the Devex community of over 600,000 development professionals, the survey was sent to more than 20,000 development professionals throughout August 2014.

The 1,381 respondents of this online survey represent a broad cross section of professionals from different sectors, organization types, and regions. A common attribute among respondents was their familiarity with partnerships between the private sector and donors, with 79 percent of respondents having worked on such partnerships in the past.

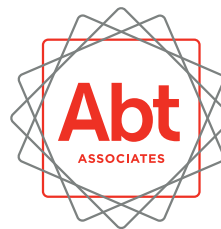
About the Devex/Abt Associates Development Partnership Survey

Conducted in December 2014, the *Devex/Abt Associates Development Partnership Survey* is a qualitative survey based on in-depth interviews with 30 sustainability executives from leading multinational corporations and foundations around the world. Interviewees had considerable experience with development partnerships, with most having worked on more than 10 such initiatives in the past three years. Interviewees also came from a broad variety of sectors including, health, finance, communications, retail, energy and the food industry.

The results of this survey form the foundation of this report and are frequently expressed in percentage. Based on only 30 responses, these percentages are not statistically significant; however, they provide a sense of direction and indicate trends, opinions and developments in this fast-changing sector. More from this survey will be released through the upcoming #reimaginePPP content partnership.



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