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A 'ROUGH GUIDE'

For Partnerships in Global Commodity Chains

PARTNERSHIPS, POWER AND EQUITY IN GLOBAL COMMODITY CHAINS:

A 'ROUGH GUIDE' TO PARTNERSHIPS FOR DEVELOPMENT

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FOREWORD

This document represents the fourth and final output in Phase II of a long-term collaborative effort between the Interchurch Organization for Development Cooperation (ICCO) and the Expert Center for Sustainable Business and Development Cooperation (ECSAD). This collaborative research project entitled "Partnerships, Power and Equity in Global Commodity Chains" was initiated in 2004 with as its objective an enhanced understanding of the issues, processes and dynamics related to setting up international commodity chains aimed at improving market access for low-income farmer groups in the Third World. This collaborative effort has in itself been a partnership based on ICCO's experience in partnerships and development, in addition to substantial financial commitment, and ECSAD's preexisting expertise in development, business and stakeholder dialogue, complemented with hundreds of hours of research and field work within the confines of the project itself.

On the ICCO side, the project team consisted of Herman uit de Bosch as coordinator of international market development, initially supported by Mariecke van der Glas as coordinator of research. In the course of 2005, Mariecke left to Nicaragua and was replaced by Irene Visser. On the ECSAD side, the project was supervised by Rob van Tulder at the Erasmus University Rotterdam and coordinated by Alan Muller at the University of Amsterdam Business School. The research team consisted of Diederik de Boer and Mina Noor at the Maastricht School of Management, Frans-Paul van der Putten and Diederik Timmer at the Nyenrode Business University, and Fabienne Fortanier at the University of Amsterdam Business School.

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Alan Muller and Herman uit de Bosch

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TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS

ACDEP	NGO in Ghana
AGOA	African Growth and Opportunity Act
BRONGO	Broker Oriented NGO
CSR	Corporate Social Responsibility
ECSAD	Expert Centre for Sustainable Business and Development Cooperation
EPA	Economic Partnership Agreement
FBO	Farmer based Organization
ICCO	Interchurch Organization for Development Cooperation
NGO	Non-Governmental Organization
PONGO	Partnership Oriented NGO
SHANGO	Shareholding NGO
STRANGO	Strategic Stakeholder Oriented NGO
SUNGO	Supervisory NGO
SWOT	Strength / Weakness / Opportunity / Threat: analytical tool
TNT	Dutch multinational in express, mail and logistics services
WONGO	Watchdog Oriented NGO

MAIN ACTORS IN THE THREE CHAINS (SITUATION MID 2006)

1. Ghana (Sorghum):

ACDEP is a Christian development organization with roots in missionary work. ACDEP's major focus areas are agricultural innovations, health programs, as well as livestock and gender programmes. Besides that, ACDEP has a documentation and publications unit to stimulate learning. The main reason for ACDEP to create a farmers network is to facilitate learning among small (unreachable) groups. As agricultural innovations (such as the use of organic materials, tractors use etc.) entered farmer's communities, the need to share knowledge grew. However, as the production of farmers was small, cooperative arrangements never took off. The level of management required for cooperation was too low.

The ACDEP Secretariat in Tamale has around 15 staff members and receives financial resources from donors, such as ICCO and Cordaid (ACDEP's budget is € 800.000 per year). Its role is to build capacity of 40 stations, located in different areas, and having different priority themes. The stations have around 6-7 staff, each supported by churches and paid by the donors. Churches own the stations. The agriculture stations are specialized in provision of extension services, trainings to the farmers etc. The supporting churches and donors enable funding of the stations. The role of ACDEP is generally identified as an NGO, which acts as a broker and initiator of this project. In addition, ACDEP plays the role of a technical expert and innovator in areas of agriculture and farming.

SFMC

SFMC is the Savannah Farmers Marketing Company, a private limited liability company promoted and registered by ACDEP and supported by ICCO. SFMC has been identified as a legal body, an institution, and an organisation that sells farmers' produce to businesses. SFMC transfers the money (obtained by the sales of the products provided by the farmers) to the farmers in bulk to their group accounts. Although SFMC emphasises that its role is marketing within the chain, the major activities it performs can be compared to a wholesaler and trading company.

Currently, ACDEP is 100% shareholder of SFMC. Two staff members were seconded to SFMC. Ties Kroezen is one of them and was appointed managing director of SFMC. He is also on the board of directors of the company. He handed over his responsibility to a local Managing Director in July 2006. He will still be with ACDEP until September 2007 in order to provide capacity building to SFMC as well as ACDEP. In the long run (3-5 years), ACDEP will transfer its shares in the company to the FBOs. At this stage, farmers' representatives will replace the representatives of ICCO and ACDEP on the board of directors.

Producers / Farmers

Farmers are the producers and through the stations they supply sorghum, groundnut and soybean to SFMC. They usually have 2-4 acres per produce. The main food crops in Northern Ghana are maize, local sorghum, cassava, and yam, while the cash crops are soybeans, groundnuts, sheabutter, and (in low numbers) cotton and rice. Generally, there were differences in the communities, concerning the organisation of farmer based organizations (FBOs) and the willingness to cooperate with SFMC. It stands out, that there were differences on the level of entrepreneurship between the communities: some were better organised than the other.

FBOs have internal organisation structures, where tasks are assigned to the different levels; Farmers have contracts with SFMC, which are managed by the leaders of the primary level FBOs. The FBOs institutionalised chairmen and secretaries are responsible for different crops. The leaders of the FBOs and the stations jointly monitor members and their farms and harvest. The general secretary performs the bookkeeping (registration of members etc.). The leaders of FBOs sign group contracts with SFMC. The leaders and the general secretary meet with the station staff on a regular basis (as secondary level FBO).

Farmers are supported in food security activities through animal husbandry, health care trainings, farming etc. Trainings are provided by MoFA (see below) and ACDEP stations, depending on the skills needed for trainings and the capacity of both parties (MoFA provides mainly agricultural extension services).

ICCO

ICCO provided a grant to ACDEP in order to set up SFMC. Moreover, ICCO has played the role of initiator of the developed chain. Accordingly, ICCO's role can be described as being a donor and mediator. Next to this ICCO and ACDEP have a collective competence, which is of sharing and learning.

GGBL

Guinness Ghana Breweries Ltd is a large company producing beer for the African and European market under licences. The brewery in Ghana is one of the few Guinness breweries in Africa. Guinness largely buys sorghum for its beer in Nigeria. However, they prefer to buy it in the country they are working in, i.e. Ghana. Since one year Guinness started to buy sorghum from SFMC, still in relative small quantities, as most of the sorghum is imported from Nigeria. The partnership with SFMC could change this situation in the future.

Ministry of Food and Agriculture (MoFA)

Organization of FBOs is one of the priorities of the government of Ghana, as it creates an attractive environment for farming. The government has ± 400 officers, who support FBO activities. But generally, the opinion is that church based organisations and NGOs have better possibilities to organize FBOs than the government, as they have a broad network and more resources (Source: MoFA). The government department in Tamale is supported by a World Bank grant, provided for approximately nine years. This grant is used to pay the salaries of the employees. Hereby, MoFA strives to cooperate with church based organisations, and NGOs to develop FBOs and extension services for farmers. The government mainly operates in the areas where NGOs and church based organisations are not active. The role of the ministries is mainly to provide education on farming, agriculture and innovations. But the government acts mainly in areas where benefits can be obtained, so it has less interest in non-export areas (for example food-crops).

2. Burkina Faso / Mali (Mangoes):

Producers / UFMB

Four cooperatives of mango producers, two in Burkina Faso and two in Mali, had fairtrade certification in late 2005/early 2006. The two cooperatives in Burkina Faso are former members of an umbrella organisation for farmers' cooperatives called Union Fruitière et Maraîchère du Burkina (UFMB). Initially fairtrade certification was held exclusively by

UFMB, later on the two former UFMB-cooperatives were certified directly and the umbrella UFMB was decertified. The two cooperatives in Mali were certified later than their Burkinabe counterparts exported fairtrade mangoes for the first time in 2005.

The cooperative visited during the field research was the Sibirila cooperative for mango producers in Mali. The cooperative unites farmers from seven villages, the village from which Sibirilla derives its name being the one located most centrally. The amount of land they use for mango production varies from ¼ to 12 hectares. For these farmers mangoes are not the main source of income, cotton being an economically more important crop for the farmers (many of whom are also a member of a cooperative of cotton producers). Existing mango trees have been planted mainly with the objective to substantiate land ownership. Also, the farmers pointed out, the trees provide food, shade and a potential extra source of income. Harvesting mango trees for export is a new activity for the Sibirila members.

In order for the farmers to be able to produce fairtrade mangoes, they receive technical assistance which is coordinated by Helvetas. Experts visit the farmers and help them to improve the quality and size of the harvest and to obtain organic certification. Helvetas also assists the cooperative in terms of strengthening its organisational capacity and in communicating with the pisteurs and Fruiteq.

The board of the cooperative includes a chairman, a secretary and a treasurer. The involvement in fairtade exports provides an important incentive for the individual farmers to be involved in the cooperative. Contacts with the next part of the chain (the pisteurs) and with support organisations (technical experts and Helvetas) are maintained at the cooperative level. Furthermore, the fairtrade premium is being paid by the importer in Europe (AgroFair) to the cooperative rather than to the members directly. The decision how to invest the premium is made by the cooperative. Sibirila is currently using the money for road improvements, as no hard surface road connects the Sibirila village to the outside world.

Pisteurs[1]

The pisteurs act as the harvesters and consolidators of the mangoes. To carry out the work they hire pickers (young men) for a specific period in return for a fixed payment based on the number of days they do this work. The work of the pisteurs and their teams is not included by FLO in the assessment and certification process.

WAFF/Fruiteq

Initially fairtrade mangoes from Burkina Faso were exported by UFMB. However, to improve the exporting capabilities of UFMB this activity was branched off in a separate export organisation, Fruiteq SARL. In 2005 West African Fair Fruits Ltd (WAFF) acquired ownership of Fruiteq. WAFF is a Ghanese firm which aims at coordinating the export of fairtrade fruit from West Africa at the regional level. WAFF is itself owned by AgroFair Europe BV[2]. Fruiteq owns an export station in Bobo Dioulassou, Burkina Faso, and shares its use with Burkinature, an exporter of organic fruit.The mangoes from the areas around Bobo Dioulassou (Burkina Faso) and Sikasso and Bougouni (Mali) are sent by truck to the station by pisteurs. There a selection is made based on maturity and quality. The selected mangoes are then cleaned,sorted by size, and packed. Various logistical service providers are engaged by Fruiteq in order to transport mangoes by train to Abidjan, and from there by ship to Europe.

[1] Based on interviews with two pisteurs and two of their workers in Bougouni, Mali.
[2] http://www.agri-profocus.nl/docs/bijdrage4_FairShareFairSayFairPrice.pdf, and email Rob Moss WAFF Ltd. To Jennie van der Mheen, ICCO

AgroFair

AgroFair Europe BV is a Dutch company with its headquarters in Barendrecht. It imports into Europe fairtrade bananas, mangoes, pineapples and citrus from various parts of the world. The company is 50% owned by Cooperative Producers AgroFair, which represents the cooperatives that produce the fairtrade fruit which AgroFair imports. The remaining 50% is governed by the Dutch development NGO Solidaridad, the investment company Viva Trust, and two alternative trading companies, Twin (UK) and CTM (Italy)[3]. AgroFair was established in 1996 in order to benefit small-scale fruit producers through fairtrade: '[...] AgroFair is the only fruit company with Fairtrade as its core value'.[4] AgroFair pays a fairtrade bonus to its supplier cooperatives. The bonus for the West African mango producers is calculated at the end of each harvesting season on the basis of the quantity of fruit traded by AgroFair as fairtrade fruit. AgroFair imports its mangoes via the port of Antwerp. Its storage, ripening and distributing centre for mainland Europe is in Barendrecht.

3. Uganda (Cotton):

Lango Organic Farming Promotion (LOFP/ APEX)

LOFP is a local NGO owned by organic farmers. The NGO is responsible for the Internal Control System (ICS) of the project and was established in 1998. Through the ICS, LOFP monitors and registers farmers as organic producers. The objective of LOFP is to grow and to produce more cotton and in the mean time to increase the income of their farmers. In addition, LOFP performs marketing activities within the chain and provides training to farmers. LOFP also assists growers, organises meetings and trainings and co-ordinates purchase from and payment to farmers. An APEX committee that appoints a co-ordinator carries out the affairs of the NGO. The APEX Committee members are elected by the growers once every four years. The APEX organisation consists of 12,000 farmers that grow organic cotton. LOFP resides under the umbrella of NOGAMU, which is a national movement advocating and influencing policy towards the promotion of organic cotton.

Lango Co-operative Union (LCU)

LCU was established in 1956 as a cooperative of cotton farmers. This was exceptional as individual foreign entrepreneurs from Great Britain and India formed most cooperatives in those days. About 40.000 farmers are a member of this cooperative. Out of these 40.000 farmers, 12.000 farmers are cultivating in an organic way.

LCU has a ginnery, Ngetta, which processes cotton to cotton lint. The cooperative has been in charge of purchasing, ginning/processing, the quality control and export of the organic produce on behalf of Bo Weevil. In 2003, LCU signed a MoU with Bo Weevil and LOFP. As a result of conflicts of interest and differences in vision, this partnership agreement was cancelled in March 2006.

Bo Weevil

Bo Weevil is involved in the production and marketing of organic cotton seeds and guarantees the ecological quality of the products throughout the processes of cotton production. Bo Weevil BV was set up by the end of 1989 by organic food wholesalers. The objective of Bo Weevil is to stimulate, initiate and manage projects in the field of fair trade and sustainable cotton and textile production. The company has an office in Ermelo, the

[3] www.agrofair.nl d.d. 04/07/06
[4] AgroFair, Annual Report 2004, 13

Netherlands, with the aim to coordinate activities. Core products of Bo Weevil are cotton, sesame, and chilli peppers.

The Netherlands Ministry of Foreign Affairs has granted a large part of the costs for building a factory. An independent body for organic certification, EcoCert, is in charge of inspection and certification. Bo Weevil is the contractor, financer and owner of the certificates, while EcoCert carries out seasonal inspections. Next to this, Bo Weevil covers the operation costs of the NGO LOFP, gives training to the field staff, assists farmers during the growing season and commits to take their crop at a fair price.

The major buyer of Bo Weevils produce is Remei AG. However, as Bo Weevil recognises the importance of local value adding, they established a joint venture with Phenix Logistics Uganda Ltd. Currently Bo Weevil has applied for a PSOM grant at the Netherlands Ministry of Foreign Affairs in order to build a cotton ginning factory together with Phenix Logistics Ltd.

ICCO

ICCO has been involved in this project since 2002, mainly though the provision of crop finance to Bo Weevil. As the capacity of LCU to manage the financial resources was weak, ICCO decided to channel crop finance via Bo Weevil, with the aim to buy organic cotton from the farmers. The availability of crop finance is crucial in this chain, according to ICCO. Farmers prefer to sell their produce as soon as possible, as they fear that they will lose their produce in insecure moments (attacks by LRA, the Lord's Resistance Army), risk that the produce will be burnt). Therefore, if crop finance is not available on time to buy organic cotton with a premium price, there is a risk that farmers will sell their produce to any other buyer, thereby missing the premium they worked for. In such cases, the organic cotton is usually sold as conventional, because Bo Weevil is the owner of the certificate and farmers cannot sell their produce as certified on individual basis. Next to the crop finance, ICCO has supported LCU with capacity building and finance of equipment.

HIVOS

Hivos is another Dutch co-financing agency involved in this project. The organisation has a contract with the NGO LOFP to finance capacity building activities of the staff members of LOFP and the farmers. Moreover, Hivos covers the operational costs of LOFP.

Hivos used to strive to decrease the grants to LOFP in the long run and required the improvement of the management capacity and decrease of operational costs. Next to this, Hivos has a joint fund with Triodos Bank: the Hivos/Triodos Fund (HTF). Requests for crop finance are usually submitted by external parties to Triodos. Hivos and Triodos Bank assess jointly the project, whereby Triodos evaluates the financial feasibility and Hivos the development aspects. By approval, HTF provides the crop finance to the concerning party, in this case Bo Weevil.

Cordaid

Cordaid is also a Dutch co-financing organisation that has played a role of financer in this chain. Cordaid has provided a part of the crop finance to Bo Weevil. Together with ICCO and Triodos Bank, the three organisations provided Bo Weevil the necessary amount for per season. However, Cordaid required that Bo Weevil would seek for crop finance at local banks in Uganda. Therefore, from the beginning, it was clear that the commitment of Cordaid to support this project was temporary.

Ministry of Agriculture (MoA)

The MoA in Lira has 20 sub-counties, with 2 staff members per sub-county. Main role of the MoA is to provide farming advice and conduct training to farmers. However, due to lack of financial resources, no trainings are provided at present. In the past, the ministry had a Cotton Development Project, which was partly financed by the World Bank. Within this project, successful farmers organised meetings and used demonstration plots to inform and train other farmers.

Next to training, MoA has the role to monitor the activities of the NGOs in the area. Although MoA also has the aim to train farmers and increase their capacity, it recognises the value of LOFP activities as the NGO is specialized in giving training to cotton farmers, while the ministry provides general farming trainings.

The MoA and other governmental parties did not play a role in this specific partnership. Interviews with several actors (LOFP, Bo Weevil, and Royal Netherlands Embassy) revealed that involvement of the government in a partnership would not be advantageous. This is due to the high level of corruption within the governmental departments in Uganda.

Cotton Development Organisation in Lira (CDO)

The CDO is a department of the MoA, which is in charge of the development of the cotton sector in Uganda. Uganda is divided in six cotton producing regions, each having a local CDO. The main goal of the CDO is to regulate and monitor the cotton industry and advice the MoA on policy and activities. Local CDOs distribute seeds to the ginneries in the region. The ginneries provide the seeds to farmers, which in turn provide produce to the ginners. Moreover, the local CDOs have the task to look at the needs of the region and regulate laws concerning cotton production in that specific region.

The CDOs work closely with the national Uganda Ginners Association. Seven ginneries located in the Lango region are member of Uganda Ginners Association. These are Dunuvant, Rafique, Twin Brothers, South Best, LCU, and Jinda International Textile Cooperation. Depending on the capacity, one lead ginner per region is chosen. In Lango region the lead ginner is Dunuvant. Although Bo Weevil does not have a ginnery (yet), it is involved in the meetings of Uganda Ginners Association, in order to include organic cotton matters in the agenda.

INTRODUCTION

It is becoming increasingly accepted that partnerships between NGOs and companies can be a powerful tool for stimulating sustainable development. Momentum is being created to explore structural cooperation between different kinds of stakeholders. The call for improved corporate social responsibility (CSR) is inducing businesses to seek a balance between their profit generating activities and their potentially broader role in society, while the increased significance of market forces is driving civil society organizations like NGOs to reconsider their attitudes towards the market. Now, partnerships are receiving new attention on the interface of business and civil society (profit and non-profit), precipitated by the growing complexity of increasingly internationally defined issues, changing stakeholder dynamics and recognition of convergent interests. Given that profit- and non-profit actors have potentially complementary roles to play in stimulating sustainable development, structural forms of strategic stakeholder dialogue are needed to channel that momentum effectively.

These issues have been the focus of a long term collaborative research effort between the Interchurch Organization for Development Cooperation (ICCO) and the Expert Center for Sustainable Business and Development Cooperation (ECSAD). ICCO is a co-financing development NGO in the Netherlands with extensive hands-on experience setting up partnerships. ECSAD is a network of researchers from the Erasmus University Rotterdam, the University of Amsterdam, the Maastricht School of Management and Nyenrode Business University with extensive experience researching development issues and relations between business, civil society and government. This collaborative effort was initiated in 2004 and has generated a number of outputs along the way (see reference list at the end).

Partnerships are complex and can differ considerably from one another. This research project is based on partnerships aimed at achieving sustainable development goals by setting up sustainable international commodity chains. This setting to some extent establishes the boundary conditions for the conclusions and lessons learned. First, in the cases examined, the partnerships and the commodity chains they support are all in relatively early stages of development. The emphasis is therefore on the developmental- and introduction phases of the chain 'life cycle' (see below). Second, the chains typically involve at least one (but sometimes more than one) of each of the following: a 'Northern' NGO, a 'Northern' company, a 'Southern' NGO, a Farmer based organization (FBO), a 'Southern' company (in e.g processing and/or aggregation), and various governmental bodies in the host country. Where possible, this research aims to generate lessons relevant for all parties. However, given the nature of the research project and the project team, the emphasis is on lessons primarily relevant from the NGO perspective.

The need for a 'rough guide' to partnerships

The literature on partnerships shows that partnerships can be beneficial for a number of reasons. They allow organizations with distinct competences to exchange know how and facilitate 'cross-fertilization'. Companies can gain more insight into their effectiveness in addressing societal problems while at the same time reaping reputational benefits from increased social responsiveness. In the case of partnering for sustainable commodity chain development, partnerships can help companies reduce risk by spreading costs and reducing risk through e.g. enhanced transparency. NGOs can gain insight into the workings of markets, gain access to resources that companies have at their disposal, develop new models for resource allocation and gain greater credibility and leverage with respect to their own donors. As a result partnerships for sustainable commodity chain development can help NGOs to be more effective at their own core business (in the case of ICCO, poverty reduction) through a better understanding of the business case side of chain development. Moreover, the cases studied by ECSAD / ICCO suggest that partnerships can be part of an effective sustainable development approach.

At the same time partnerships are not without risks. Particularly for the NGO, commitment to shared objectives of any kind with a company poses the risk of cooptation, particularly where a clear imbalance of power exists between the company and the NGO. Particularly in the start-up phase, business and NGO cultures may clash, in particular where visions of sustainability diverge from visions of profitability. Furthermore, problems can and do arise over time, as a result of which partners may exit the relationship. This is related to the long term nature of such endeavors, and therefore the need for a long term, shared strategic vision.

The current 'rough guide to partnerships' is intended to summarize the lessons learned through the research in a practical fashion so as to provide support for organizations considering the 'hows' of the partnership approach. Its purpose is not so much to provide answers to specific questions, but rather to help organizations consider which questions need asking. Its primary relevance, in accordance with the project's research design, will be for NGOs that seek insight in the development of a systematic and structured approach to partnerships. However, the multi-stakeholder approach to the project enables us to offer insights that are also relevant for other actors, including 'Northern' companies open to partnering, 'Southern' NGOs, local and donor governments, and farmer-based organizations (FBOs).

The 'basics' of partnerships in sustainable commodity chain development

This document is organized as follows. As stated above, the aim is to assist organizations in their strategic decision-making by helping them to ask the right questions and offering examples of tools to support the formulation of answers. Questions and tools are clustered around ten topics related to partnering and are formulated in a generic way so as to make them accessible to organizations of all kinds, not just NGOs. There is a certain chronological development to the topics (starting with the choice for partnership strategy and ending with partnership / chain exit strategies), but it need not be utilized in that order. None of the items is intended to reflect an exhaustive discussion of all relevant issues and considerations, but rather to guide organizations and individuals (who consider) working with partnerships.

1. PARTNERSHIPS AS STRATEGIC CHOICE AND POSITIONING

Recent research on existing partnership strategies reveals that companies engaged in partnerships for sustainable development have pro- or interactive approaches to addressing social issues.[5] For NGOs, the choice for partnerships is a strategic decision on how best to reach their core objectives, but also involves issues of positioning towards companies as well as positioning towards other NGOs and society. Externally, the NGO must ask whether a partnership strategy is the best choice or whether there are more viable alternatives to reach the same goal? Internally, a critical assessment of the NGO's own capabilities is required, such as whether partnerships 'fit' the NGO's strategic vision.

It has also been shown that the partnership strategy is only one of numerous positioning strategies that NGOs can adopt. In the Position Paper (Van Tulder et al., 2004), a range of NGO roles were discussed that exist along a continuum of (inter)dependence with respect to companies. A positioning as 'WONGO' (Watchdog-Oriented NGO), for instance, entails an adversarial relationship with business in which the NGO is fully independent from the companies it monitors. A 'SHANGO' (Shareholding NGO) on the other hand exercises influence on the company through shareholder pressure but also relies on the company for its financing (in the form of stock dividends). A SHANGO strategy entails a higher degree of dependence than in the case of the WONGO. In the case of the current research, we have explored the role of a Partnership Oriented NGO (PONGO), which entails yet a higher degree of (inter)dependence.

It is important to note that a PONGO positioning as opposed to a SHANGO or WONGO is a strategic choice of the NGO. Therefore the development of a sustainable partnership strategy requires a thorough evaluation of an NGO's strategic orientation, and how an organization's vision, knowledge and competences can create a fruitful basis for sustainable positioning. At the same time, matching the NGO's positioning with the company's attitude towards societal issues defines the potential for structural cooperation. Both conflicting and converging interests play an important role in the partnership debate. Although in an ideal world, converging interests are more important than conflicting interest, in practice both are equally important. Partnerships can therefore be considered a form of 'critical cooperation'[6] whereby convergent and divergent interests are balanced through structural and continuous stakeholder dialogue.

In addition to accounting for the multiplicity of roles and interests, the literature emphasizes that partnerships can be win-win if both parties demonstrate sufficient commitment, where communication lines are open, where linkages and synergies are exploited, where the relationship is given a formal status with a clear division of responsibilities, and where both partners behave towards each other with integrity. The search from both sides is for the building blocks of cooperation and the strengths which will enable the NGO to be an equal partner in a market-driven environment.

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[5] Muller, A., Noor, M., De Boer, D, Timmer, D., Van Putten, Frans-Paul, Van Tulder, R., & Fortanier, F. (2006) *A Comparative Analysis of Commodity Chains, Partnerships and Development in Ghana (Sorghum, Burkina-Faso and Mali (Mangoes) and Uganda (Cotton).* Utrecht: ECSAD / ICCO.

[6] Van Tulder, R., Muller, A. & De Boer, D. (2004) *Partnerships, Power and Equity in Global Commodity Chains,* Position Paper on cooperation between companies and NGOs in Stimulating Sustainable Development. Utrecht: ECSAD / ICCO.

The question of whether or not a strategic fit exists between the organization's capabilities and the possibilities offered by partnering can be addressed through SWOT analysis. SWOT stands for 'Strengths, Weaknesses, Opportunities and Threats' and is a tool that relates the organization-internal side (strengths and weaknesses) to the organization's external environment (opportunities and threats). In this way organizations can assess their future strategy. It is important to recognize that SWOT analysis is not done in a vacuum: strengths and weaknesses are to be considered relative to the 'competition'; that is, relative to other NGOs, or relative to other companies, depending on which actor is being considered.

Questions that might be addressed include:

Internal (strengths / weaknesses)

- ⇨ Is there a fit between our long-term vision of development, our understanding of our role in society, and a partnership strategy?
- ⇨ What specific (organizational) capabilities do we possess that would make us better suited to a partnership strategy than our 'competitors'?
- ⇨ What are the minimum 'threshold' capabilities needed to be successful (resources, international networks, etc.)?

External (opportunities / threats)

- ⇨ Is there demand for, and general acceptance of, partnerships as a mechanism for sustainable development?
- ⇨ Are there additional sources of funding aimed at organizations interested in partnership strategies (such as government subsidies)?
- ⇨ Will our major stakeholders (donors, investors, employees) consider this to be in line with our mission and strategy?

In the case of ICCO's recent partnership experiences, for example, we see that ICCO possesses specific resources that represent strengths, such as an extensive network of partnering with other Northern NGOs as well as Southern NGOs. Externally, it is also evident that the demand for partnerships is growing and, in the case of the Netherlands for example, the government has decided to make partnership strategies a priority in its own development approach. This creates opportunities for additional financial, societal and political support. Still, the 'strategic fit' between ICCO's mission of poverty reduction / market access for small farmers in the South and cooperation with companies ('multinationals') may not always be evident to ICCO's internal- or external stakeholders. As such one of the outcomes of a SWOT analysis can be a conscious choice to redefine the organization's culture, e.g. a shift from a role as WONGO to one of "Partnership-Oriented NGO" (PONGO).

2. THE LINK BETWEEN THE 'PARTNERSHIP' AND THE 'CHAIN'

It is important to emphasize that the terms 'partnership' and 'chain' are not synonymous. Actors in the chain consist of all primary stakeholders with a vested economic interest in the production and trade of the commodity in question (in this case mangoes, cotton and sorghum). This vested interest can be explicit, as in the case of the farmer producers and the purchasing company, or implicit, as in the case of the NGOs that support the producers and the trade relationship with time, money and or expertise. The partnership has a different function. The partnership serves to reduce uncertainty and risk in the chain explicitly, through the joint provision of public goods (e.g. financing infrastructure), as well as implicitly, through the establishment of mutual trust and commitment.

Experience shows that in general only a subset of chain actors is actively involved in a partnership. While the long-term viability of the chain would beg the structural involvement of as many chain actors as possible, in earlier stages of chain development, strategic flexibility may be hindered by attempts to include all actors. As chains become more mature and self-sustaining, the number of actors in the partnership may be reduced as more market-based mechanisms adopt the function of the partnership, and ultimately the partnership as such may be dissolved entirely. Both the partnership literature as well as the partnerships studied for this particular project reveal that two actors function at the core of the partnership: the 'Northern' NGO and the 'Northern' company. These two possess the greatest and most well-rounded 'portfolio' of strengths (networks, financial resources, knowledge and tools) essential to the development and longer-term functioning of a partnership.

3. PARTNERSHIP ROLES

In principle, companies and NGOs can adopt a range of different positions in their relationship, and these positions will affect the chances afforded by partnerships. Within the 'PONGO' strategy, four possible roles can be identified: the **broker**, the **donor/financier,** the **technical assistant**, and the **technical expert** (Table 3.1).[7] In practice, a PONGO can fulfill a combination of the above as well, as the salient issues in the chain can change over time.

- A **broker** performs an intermediary role between business partners in the North and business partners in the South in the establishment of the chain. Financing is not part of this role.
- A **donor / financier** bears some of the risk necessary to establish the chain. The local partner NGO in collaboration with the business partner(s) is implementing partnership projects financed by the Northern NGO. The intervention of the Northern NGO focuses mainly on auditing (and project cycle management activities) of the provided finances.
- A **technical assistant** invests at arm's length in capacity building of potential business partners or sub-contractors such as cooperatives. Assistance comes in the form of knowledge or other tangible resources related to know-how, skill development or capacity building that is provided without dedicating personnel on the ground in the South.
- A **technical expert** dedicates resources in the field to local economic development. In this instance the NGO provides knowledge in terms of the local environment and of possible stakeholders such as potential partners/ competitors, communities, etc. It could be the NGO's role to map the supply chain of a possible product, which has export market potential (either in the region or further abroad). Activities might include feasibility and mapping studies of potential marketable products. In addition, the technical expertise role can be used for specific training in commodity related activities, for example in increasing the quality of the farmer's products.

ICCO's experiences in Ghana (in the aborted partnership with Vlisco and the sorghum partnership with Guinness), Burkina Faso / Mali (in the partnership with AgroFair / Fruiteq) and Uganda (in the partnership with BoWeevil) show that it is common for an NGO to play multiple roles simultaneously. In all cases, ICCO has played a donor/financier role, in most cases also a broker role and in the mango case also that of a technical expert.[8] It is not always clear whether multiple roles are effective: while it demonstrates the commitment of the NGO to 'jump into the breach' when necessary, it has been observed in the cases studied that multiplicity of roles can reduce transparency in the partnership and hinder effective communication (see also Section 8). At any rate, the 'role' decision needs to be taken in light of the issues that exist in the chain in various phases, and given the organizational strengths of the NGO (see SWOT above).

[7] At the time of writing, discussions were still ongoing as to the possibility of a fifth role, that of 'project developer'. The project developer role reflects the need for an actor with an overall vision that binds the partnership together. It is not yet clear, however, whether such a role is suitable for an NGO or that others, such as governmental bodies, would be better-suited to such a role.

[8] ICCO has complex arrangements to support technical experts in the field who, although they report to ICCO and depend in part for their income on ICCO, are not employed by ICCO itself. Since this does not strictly fall under the definition of technical expert as used above, we construe this arrangement more as an expression of the donor/financier role.

Generally speaking, companies can play a range of roles in partnerships as well, from a philanthropic role to a business development role (table 3.1). Philanthropy can take either the form of gifts or sponsoring. The transactional role refers to the provision of capacity building or support in ways that is directly in line with the company's core business; the classic example is TNT's support of the World Food Program. The experience with AgroFair / Fruiteq, Bo Weevil and Guinness documented in Muller et al. (2006) shows that in the case of partnerships aimed at sustainable commodity chain development, a greater level of commitment is required of the company than might be the case in partnerships in other contexts. In such cases business must demonstrate the highest level of commitment, described as a 'business development' role. The business development role entails engagement "with the objective to establish or develop further sustainable business in other parts of the world" (Van Tulder et al., 2004: 24).

Table 3.1: A matrix of partnership involvement

Increasing involvement →

Increasing involvement ↓

ROLE BUSINESS / ROLE PONGO	Philanthropy gifts (a)	Philanthropy sponsor (b)	Transactional (c)	Business Development (d)
1. Broker				
2. Donor				
3.T. Assistance/ capacity building				
4. T. Expertise/ implementer				

It deserves mention that thus far no effort has been made to develop a typology of partnership roles (as opposed to chain roles) of other chain actors. This deserves attention as it would help in painting a more complete picture of partnerships beyond the central axis of NGOs and companies. Finally, as noted above, Van Tulder et al. (2004) pay considerable attention to the possibility of playing other roles in addition to the 'PONGO' role such as 'WONGO', 'SUNGO' etcetera (see also Table 6.1 below). Playing additional roles of the type referred here can not only enhance the effectiveness of the partnership and the functioning of the chain, it can also create a counterbalance to the (inter)dependent PONGO role. Complementing the PONGO role with another role can help the NGO maintain its integrity and independence from its business-oriented partners, thereby reinforcing its credibility (particularly towards its non-business stakeholders).

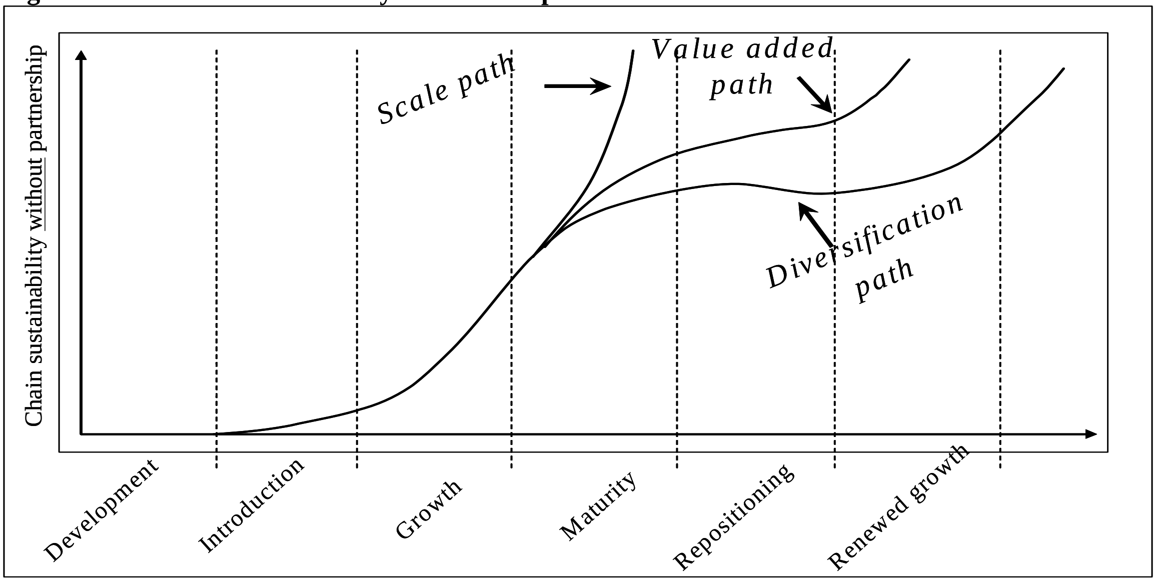
4. A ‘LIFE CYCLE’ VIEW OF COMMODITY CHAIN DEVELOPMENT

The concept of sustainable commodity chains is linked to the notion that such chains should be(come) self sustaining over time. That is, the facilitating role played by the partnership structure in providing ‘public goods’ and reducing uncertainty and risk in the chain should eventually give way to a more fluid structure whereby market mechanisms (e.g. purchasing agreements made on open markets) substitute for the partnership’s function as a tool for reducing uncertainty and risk.

This ‘dynamic’ view of partnership functioning in commodity chain development can be linked to the life cycle of the chain. Standard life cycle approaches are used for understanding the market development and decline for a given product over time. A variation on this theme would be to consider the development of the chain over time. Given the notion that a self-sustaining chain should ultimately be able to function in international markets, it is possible to link the phases of chain development to the degree of insulation or exposure to market forces changes. Figure 4.1 below illustrates this concept.

Figure 4.1 shows for instance that considerable insulation from market forces is required in the early stages (development through growth) of the chain. This is because a certain degree of stability and predictability is required to reduce additional uncertainty for all parties in a venture that is by definition uncertain (the establishment of a new international commodity chain). The figure also shows that commodity chains can develop in different directions as they mature, depending on the opportunities present and the characteristics of the chain, its production base, market demand and the capabilities of actors in the chain. In general three paths can be realized: the **scale path**, based on greater volumes which lead to the possibility of reductions in per-unit costs; the **value added path**, based on forward integration in the chain by producers into additional value-adding functions like processing; or the **diversification path**, whereby potential synergies are explored in terms of additional commodities linked to existing crop rotation strategies etcetera. The key lesson is that the partnership must be based on an explicit vision of chain development.

Figure 4.1: A model of commodity chain development



5. SELECTING VIABLE CHAINS

A certain amount of tension exists between the aim of helping 'the poorest of the poor' on the one hand and the aim of initiating chains that are feasible. Experience thus far suggests that investing in chain development in settings with (relatively) high potential is a practical way to enter the learning curve. Later on, as organizations with better developed partnership strategies build on previous experience, some of the more challenging possibilities can be explored.

A point of departure for considering chain viability would be to consider existing organizational capacities. In what areas does the organization have relevant expertise (e.g. horticultural), or established international networks (with companies, local NGOs, research institutes). This will likely lead to a 'short list' of possible opportunities, which subsequently have to be explored through e.g. feasibility studies.[9] Linking chain opportunities to organizational capacities can also be part of a more focused SWOT exercise beyond that used for the partnership strategy more generally (see section 1 above). Questions that need to be addressed exist on the supply side and the demand side, but also with respect to the international institutional environment and the potential target ('host') developing country.

5.1 Market side

⇨ **What is the nature of market demand for the commodity in question?**

For instance, cotton may or may not be feasible, depending on the quality and potential to demand a premium. As compared to the case of cotton in Uganda, the experience with Vlisco in Ghana showed that chain development of a standard commodity produced at relatively high cost in an international environment characterized by intense competition, subsidization and overproduction likely would not have been viable.

⇨ **What niche possibilities exist for the introductory / growth phases? fair trade; fair food; fair labor; organic (or a combination thereof)?**

The (internationally traded) commodities in which ICCO has gained its experience all have specific features that allow them to develop manageable market segments and thus offer the possibility to differentiate from the commodity as a generic product. In the case of cotton (Uganda), quality and organic cultivation generate possibilities for premium, as does the fair trade label for mangoes from Burkina and Mali. In the case of sorghum (Ghana), the 'niche' is perhaps that the sorghum demanded by Guinness is one it is developing itself (the Kapaala strain).

⇨ **Are there market actors already active in this chain or similar chains (similar by e.g. country or commodity)?**

In the case of Ugandan cotton and Ghanaian sorgum, BoWeevil and Guinness (respectively) were exploring the market looking for potential supply. This type of interest deserves attention. Similarly, companies linked to related commodities (in terms of horticultural characteristics) or already active in the same country but for other commodities, may be interested in expansion.

[9] Alternatively, it is possible to choose the demand side as point of departure.

⇨ **What opportunities for growth exist?**

- Scale, based on increased volume and corresponding reductions in per-unit production costs? This may be most applicable in the case of Ugandan cotton.
- Value added, such as refining, processing or drying? This may be relevant for the mango chain in Burkina / Mali.
- Diversification into other commodities, particularly linked to crop rotation possibilities and other potential sources of synergy? This may be a relevant strategy for sorghum farmers in Ghana.

5.2 Supply side

⇨ **What is the potential for improving (productive) capacity on the supply side?**

This refers for instance to the organizational capabilities of the producers. Are FBOs already active? How well developed are they? What are they lacking (financial management skills, adequate infrastructure etc.)? We have seen that the experiences in the three cases vary to some degree. For instance in Ghana, cooperative arrangements have been difficult since farmer production was very small scale, while in Burkina FBOs were much better established. In most cases it is evident that a lack of monetarization or supporting financial institutions limits the ability of farmers to increase production and improve stability. Organizational aspects also refer to the ability of farmers to develop a holistic view of the chain, such as understanding the characteristics of demand (consumer tastes).

⇨ **To what extent do functioning market mechanisms exist?**

How responsive are producers to financial / market stimuli, that is, do they have previous experience with borrowing on market terms, long-term supply contracts, or mechanisms for dealing with free-riding or defection? What is the legacy of previous experience with ‘donors’ and how will this affect chain viability? It was evident in the ICCO cases that the lack of financial institutions (stable monetarization) and a casual attitude towards development assistance among recipients (‘donor’ culture) have hindered development of production capacity and capabilities on the supply side. In Ghana, however, the marketing organization SFMC has made great strides in developing mehanisms to reduce defection and improve contract enforcement.

⇨ **How viable and feasible would the commodity be on international markets?**

Does the commodity have specific characteristics that may offer an advantage on the market (e.g. high quality cotton)? What are the costs of inputs and how might these change in the future? Linked to the market side (5.1) is the ability of the supply side to deliver a product relevant for a particular niche in the market. Cotton from Ghana, for instance, was deemed unviable due to high costs and low returns, while cotton in Uganda, with its organic premium and high quality, clearly has an advantage. In terms of positioning strategies, It is important to consider the longer term prospects for supply development: for instance, the sorghum case documented that changes in rainfall patterns in Northern Ghana have the pattern to adversely affected sorghum production.

5.3 Institutional context

- **International trade structure**

It is important to understand the international production and marketing structure of the commodity in question. Cotton, for instance, may be less attractive than other commodities given the current state of overproduction in countries like China and Vietnam. Additionally, an understanding of which countries are involved in which stages of production or value adding is imperative, because the partnership and the local producers in the South must recognize their position in a larger network.

- **Institutional framework surrounding trade and production**

It must be clear at the outset whether restrictions to trade exist, or conversely whether there are opportunities for preferential treatment. Are changes expected that might adversely (e.g. end to the Multi-Fiber Agreement) or positively (AGOA) impact chain development? What will the role be of Economic Partnership Agreements (EPAs) and how will they influence exports?

- **Host country development goals**

As observed elsewhere, the countries in the South that host the partnerships and developing chains have development objectives of their own, which largely fall under one of the following: 1) increasing output and productivity; 2) increasing employment; 3) increasing value-adding activities; 4) increasing and diversifying exports; or 5) increasing human capital. A demonstrable strategic fit between the chain development strategy and host country development goals will facilitate institutional embeddedness and enhance legitimacy of the project. Additionally, that institutional embeddedness will likely reduce perceptions of risk on the part of the partnering company.

6. LINKING ISSUES AND ROLES TO LIFE CYCLE PHASES

A partnership strategy requires a timeline and planning, including various phases of chain development, since roles and needs vary according to the life cycle of the chain. The case of cotton in Uganda has shown that chain actors traditionally considered to be most vulnerable to the exploitation of market power by a single, dominant buyer, such as the farmers, actually value the stability that a monopsony relationship entails. Therefore the discussion with regard to concentration in the chain needs to be linked to the phase of the chain.

Roles as indicated in the table below are suggestive of the range of possible roles that might be appropriate in a specific phase. They are not meant to imply that any one organization should perform all of them. A number of items have been included to illustrate the relevance of a longitudinal perspective on chain development for numerous strategic considerations. For example, additional (secondary) roles that the NGO can perform outside of its PONGO strategy, or variations in the concentration of market power that can be conducive to stable chain development, or insight into expected profit levels (of the partner company in this case). The table is filled in in an indicative manner and may be amended or complemented as necessary.

Two additional points can be made here. First, it follows from Table 6.1 that actors can join existing partnerships (e.g. as the result of a repositioning) and that actors can exit partnerships as their roles become superfluous (e.g. exit in the event of sufficient scale that the chain becomes economically viable).

Second, actors not directly involved in the economic process (in particular NGOs, but also government agencies) can position themselves at different points in the chain, depending on salient issues in the chain, and the organization's strategic vision and capabilities. In the development phase, for instance, it may be more relevant to intervene upstream in the chain, i.e. at the producer stage, while in the growth phase issues may be more salient downstream (such as monitoring demand characteristics for a particular commodity, or changes to certification requirements).

Table 6.1: Issues and roles by phases of chain life cycle

	Development	**Introduction**	**Growth**	**Maturity**	**Repositioning**	**Renewed growth**
Issues	• Identification of key actors • Feasibility studies • Financial commitment	• Capacity building • Credit & extension services • Certification support (where relevant)	• Contractual support for long-term commitment • Monitoring demand	• Exploring opportunities for added value • Identification of complementary possibilities e.g in line with crop rotation	• Identification of key actors • Feasibility studies • Financial commitment	• Capacity building • Credit & extension services • Certification support (where relevant)
Key partnership members	• NGO • Company • Southern NGO	• NGO • Company • Southern NGO • FBO	• NGO • Company • Southern NGO • FBO	• NGO • Company • Southern NGO • FBO • Southern companies • Additional Northern companies **OR, in case of exit strategy:** **• NONE**	• NGO • Company • Southern NGO • FBO	• NGO • Company • Southern NGO • FBO • Southern companies • Additional Northern companies **OR, if issues can be addressed by FBO with aid from Southern NGO:** **• NONE**

NGO PONGO Roles	• Broker • 'Project developer' • Financier	• Technical expert • Financier	• Broker • Financier • Technical assistant	• Broker • 'Project developer' • Financier **OR**: • **EXIT**	• Broker • 'Project developer' • Financier	• Technical expert • Financier **OR**: • **NONE**
Additional roles	• BRONGO	• WONGO	• STRANGO	• SUNGO • SHANGO	• BRONGO	• SUNGO • SHANGO
Power concentration of market actors	• High	• High	• Moderate	• Low	• Moderate	• Low
Strategies for profit	• Profit negative	• Profit low	• Profit higher; reinvest	• Profit higher; invest in repositioning	• Profit lower	• Profit higher; reinvest

Questions that need to be addressed, therefore, include:

- ⇨ What issues (are likely to) exist during each phase?
- ⇨ Which actors might play which roles during which phase? Which partners may join or exit the partnership during which phases?
- ⇨ At what position in the chain (upstream or downstream) are interventions required, and which organization(s) has/have the relevant capabilities to supply those functions?
- ⇨ What interventions, during which phase and by which partner, address which issues?
- ⇨ Are there additional roles that need consideration based on the issues that exist?

The result is in effect a mapping exercise in which chain issues are linked to organizational capabilities of various actors. While individual actors can engage in this exercise, ultimately there will need to be some general agreement between actors as to the definition of phases, issues and roles. Additionally, Table 6.1 shows that an actor (in this case the NGO) can play multiple roles – not necessarily simultaneously, but in different phases. Thus far no research has been conducted that explores how organizations can transition from one phase to the next, and therefore from one (or more) role(s) to the next. ICCO's experience so far in this respect is limited, since the cases studied are still in the start-up phase.

7. SEARCHING FOR VIABLE PARTNERS

The chances for success are in large part dependent on the possibility of bringing in capable and reliable partners. It is clear that the establishment of trust forms the key prerequisite for pursuing a partnership. But in addition to the interpersonal / interorganizational aspect of partnering, tools should be developed that can help assess the strengths and weaknesses of each actor with respect to a given role with greater objectivity and effectiveness, considering how those strengths and weaknesses can affect the outcome.

Primary issues: Strategic fit & complementarity

⇨ **Is there potential for a win-win situation for both / all parties?**

Both parties (here referring to company and NGO) must be able to identify the value of a partnership and commitment to chain development. For the NGO this must be in terms of its own objectives (e.g. poverty reduction) but also in terms of positive externalities (reputation gains). The company will also want to benefit from positive externalities, but more tangibly will need the chain to attain some level of profitability.

⇨ **Is there potential for a shared strategic vision as to the chain development strategy?**

There must be some level of agreement as to what chain development entails, and in which direction the chain should develop. If not, partnership members may be working towards mutually exclusive goals. Is the key improved market access, or enhanced value-adding opportunities? This means there must be a joint recognition of the salient issues in the chain and the types of interventions – broadly speaking – that are required to create the conditions for the win-win described above.

⇨ **Is there potential for complementary resources and capabilities?**

Complementarity is one of the cornerstones of a successful partnership. Each partner should bring its own unique capabilities and resources to bear in order to realize the benefits of partnering. The company, for instance, may have a better understanding of market conditions, demand characteristics and production requirements in the North, and perhaps better government connections in the South. The NGO may have better local connections in the South (e.g. through local partner NGOs) and understanding of development issues as well as capacity building skills that will help improve supply side problems.

⇨ **In the case of a potential partner company, is there evidence that the company is committed to a Business Development role?**

The experiences of ICCO thus far have shown that companies engaged in partnerships for commodity chain development appreciate the extra demands that exist in the development context and are committed to addressing the issues facing business development in that setting. While this by no means implies that businesses are not aiming for profit, it does represent a high level of commitment that needs to be recognized and accepted.

Secondary issues: The potential for positive or negative spin-offs

⇨ **Is there a strategic fit in terms of brand associations among important stakeholders?**

Part of the win-win situation is the potential for mutual reputation gains. One factor that emerged in the review of the literature on partnerships, but was not explored in the ICCO cases, was that of brand fit. This means that the 'image' of the NGO and that of the company must be compatible. This can be at a fundamental level (e.g. ICCO finds its inspiration in the Christian tradition and mission and its roots in the Dutch Protestant-Christian churches. A company that is not open to the religious aspect may have trouble working with ICCO) or at a more practical level (e.g. if the company in question is part of a larger conglomerate that engages in activities which conflict with the NGO's objectives such as strip mining).

⇨ **Are there reputation risks involved (e.g. due to major PR crisis that the potential partner faced recently)?**

Similarly, if one of the potential partners has suffered a major public relations crisis in recent years (e.g. Nestlé and infant formula), this may reflect poorly on other partners, in particular the NGO. While this may be unlikely given that potential business partners interested in sustainable development tend to be committed to CSR (see Muller et al., 2006), even responsible companies face unexpected issues from time to time (see Van Tulder, 2006).

⇨ **Is there evidence that the partner is prepared to proceed on the basis of transparency?**

Nowadays, secrecy is associated with having something to hide. The creation of trust – not only between partners, but also with the public at large – is linked to transparency. Therefore partners must be willing to share information with one another and communicate on the partnership strategy to the outside world. This involves not only public relations, but also openness to realistic evaluations of the project as it develops, for instance by third parties.

8. ESTABLISHING THE PARTNERSHIP

Establishment of the partnership is part of the developmental phase of chain development. Which interests conflict, and which correspond? Address these differences explicitly – get them on the table, or they will come up later at a less 'convenient' moment.

8.1 Exploration phase

⇨ **What tensions exist between equity (development goals) and effectiveness (company goals)?**

Try to understand each other's 'language' (see Section 7).

⇨ **What tensions exist between longer term (competitive advantage and development) and short term (survival) goals?**

Short term utility is often unrelated to long-term sustainability. The ICCO experience shows that considerable investment up front is needed from all parties before a chain enters the growth phase, a process which can easily take five years or more.

⇨ **What tensions exist between the needs of the chain as a whole and the needs of individual partners or chain actors?**

Find ways to balance the 'big picture' with the 'reality on the ground'. Simply put, this means that it is difficult to satisfy all partners / actors at all times. In order to manage expectations effectively, partnership members should maintain the 'big picture' view and derive from this the consequences (cost / benefit) for all actors / partners at various phases of chain development. For example, it may be concluded that the continued emphasis on capacity building of LCU in Uganda, even after it became clear that LCU was too weak to perform its role effectively, was detrimental to the partnership (and chain development) as a whole.

8.2 Execution phase

⇨ **Set realistic targets**

Organizations and managers are typically under pressure to deliver results. This applies to NGOs as much as it does to companies. Given such pressures and the myopia that develops when individuals focus on a project, there is a risk of setting unrealistic targets (e.g. "self-sustaining chain within two years"). All parties must realize that development is a long-term exercise.

⇨ **Be explicit about division of labor / roles and (financial) responsibilities**

The desire to "make things happen" and to maintain an atmosphere of trust can tempt partners to avoid placing all the issues on the table. The "mapping exercise" referred to in Section 7 will help to minimize this risk. Also, if any one actor considering playing multiple roles, some effort must be made to establish a clear division of responsibilities and make the multiple roles clear to the various partners and actors in the chain.

⇨ **Consider additional roles that need to be fulfilled**

If so, what actors might play that role? An assessment needs to be made of the issues in the chain, interventions required, and the resources and capabilities of potential partners. In some cases, it may be practical for one actor to play multiple roles, not least because additional partners add multiple levels of additional complexity. However, there is a trade-off involved in that multiple roles can be confusing to other partners and chain actors. In practice, it seems logical to explore existing chain actors (e.g. traders, processors) as potential partners before looking outside the chain (e.g. embassies), but clearly some needs cannot be fulfilled by chain actors. For instance, one of the needs identified to varying degrees in all three of the cases studied pertains to the development of financial institutions available to the producers. External actors, such as development banks or some intergovernmental body may be required to play this role.

⇨ **Consider whether any actor(s) should be excluded from the partnership**

Partnering is not only a question of which actors to engage, but also involves conscious choices about which actors *not* to engage. For instance, in Ghana ICCO made a conscious decision not to engage Wienco BV for the sorghum partnership. Such decisions, and their consequences, should be addressed explicitly.

⇨ **Set up mechanisms to monitor and manage expectations in advance**

As the partnership is consolidated and experience is gained through operations on the ground, partners will continue to assess their positions and issues. It is imperative that partners avoid gradual divergence in vision that may come about as a result of these developments. This means that mechanisms should be established at the outset (regular meetings or other forms of contact with a pre-specified agenda, and possibly assessment tools) with which partners can manage their own and each other's expectations in order to maintain shared vision.

⇨ **Formalize agreements to the extent possible**

What possibilities exist for formalization (contracts, memorandum of understanding)? Can examples be found within the organization of existing contracts? What are the advantages or disadvantages of specific contracts, clauses etc.? Does the risk of damaging trust through contracts outweigh the risk of not formalizing the partnership at all? Clearly too much rigidity restricts flexibility and may be unrealistic. Yet the experience of ICCO suggests that formalization (e.g. the establishment of the Savannah Farmers' Marketing Company (SFMC) in Ghana by ACDEP) as cornerstone of the partnership is a prerequisite for longer-term stability.

9. MANAGING RELATIONS WITHIN THE PARTNERSHIP

Once the partnership is running, considerable effort is required to maintain it. Partners may join, repositioning may be required, partners may exit expectedly or unexpectedly. For instance, a partnership may be abandoned by some or all parties if problems arise or if the feasibility studies turn out negative. Actors may leave the partnership as their own goals and strategies diverge from the course taken. The reality of partnerships also demonstrates that partners are not always as reliable as expected, or that partners may be constrained by institutional forces and therefore unable to play their role effectively.

It is important to maintain a balanced 'helicopter view' and avoid the pitfalls associated with these developments and the possibly unexpected responses of partnership members to those developments. Moreover, there are matters beyond the partnership's control: the emergence of new competitors in the chain, changes in the institutional environment (e.g., government change in the donor- or host country). In light of the risks of 'nasty surprises' inherent to partnerships, the ability to anticipate change and react to it constructively it is vital. These relationships must be managed through stakeholder dialogue.

⇨ Scenario planning

If in the development phase the project becomes unfeasible, what opportunities exist for redirection? The case of Vlisco in Ghana is exemplary in this regard. Fortunately Guinness presented itself as a potential alternative, but some degree of scenario planning in advance seems desirable. Similarly, what if a partner exits the partnership (UFMB in Burkina Faso) or has to be abandoned (LCU in Uganda)?

⇨ Ongoing assessment

A partnership needs to have mechanisms in place for evaluating progress, and they should be activated at the right time (not too soon) and by the right criteria (realistic ones). This involves assessments of the partnership as a whole (relative to development goals) as well as the performance of individual partners. E.g. are the right actors playing the right roles at the right time, and are all parties pulling their weight? Do the various parties feel that there is fairness in terms of taking credit for results achieved? Is there evidence that the partnership focuses too much on the needs of any given partner at the expense of the 'greater good'?

⇨ Timeline / future

As the partnership and the chain develop, adjustments will need to be made with respect to the timeline e.g. for reaching the growth phase or for taking strategic decisions on diversification, scale or value added. For example, is there still agreement on the time line, or is there a risk of some partners wanting too much too quickly? More concretely, is there agreement on what the role of profits should be as the chain enters the growth phase, i.e. to what extent should profits be reinvested in development of the chain?

10. Exit strategies

Just as chains have life cycles, the partnership should have a life cycle as well. The point of departure from the outset should be that the chain must eventually become self-sustaining to the point that intervention through partnerships can be reduced to a minimum or even becomes obsolete. This means that the partnership must be geared to making itself superfluous, unless repositioning e.g. through diversification necessitates renewed interventions. Even in the latter case, it should be emphasized that at some point, the market actors in the chain themselves will have to be able to incur the costs of repositioning or growth on their own. This not only beneficial to the chain and its actors, it frees up resources (e.g. for the NGO) to embark on new endeavors.

Since the chains investigated for this collaborative research project are in their initial stages, little is known about the specifics of exit strategies. At this point only the Ghana case entails concrete plans for exit by ICCO. This exit is in the form of transition by the management of SFMC from ICCO[10], ACDEP and others to the farmers themselves. While at this point it is unknown how this will play out, it is essential that the planning contain clear and explicit reference to an exit strategy on the part of the NGO, and perhaps an end to the partnership more generally so that the chain may truly be considered self-sustaining.

The timing with respect to ending a partnership will be linked to assessments of external effectiveness (vis a vis the chain) as well as internal effectiveness (vis a vis internal stakeholders and internal goals). The life cycle approach taken above indicates that such a decision will be taken in the growth phase of the chain, depending on the type of development path chosen. Additional research will have to be conducted in the future to explore this aspect of partnerships further.

[10] ICCO's involvement in managing SFMC is indirect but tangible through its SFMC board membership and support through the PSA technical assistance program.

Deliverables of the research project

In addition to this 'rough guide to partnerships', the collaborative research effort has produced the following documents:

Phase I

1. Position Paper (external publicaton):
   Van Tulder, R., Muller, A. & De Boer, D. (2004) *Partnerships, Power and Equity in Global Commodity Chains*, Position Paper on cooperation between companies and NGOs in Stimulating Sustainable Development. Utrecht: ECSAD / ICCO.
      - A 'Position paper' documenting the current state of knowledge in the academic literature on partnerships and global commodity chains, culminating in suggestions for a framework to integrate insights from both

Phase II

2. Field reports for Ghana, Uganda and Burkina Faso / Mali documenting field research on the three cases (internal documents)
   De Boer, D. & Noor, M. (2006a) *A Case Study on Cooperation Between Companies and NGOs in Stimulating Sustainable Development in Northern Ghana*. Utrecht: ECSAD / ICCO.
   De Boer, D. & Noor, M. (2006b) *A Case Study on Cooperation Between Companies and NGOs in Stimulating Sustainable Development in Uganda*. Utrecht: ECSAD / ICCO.
   Timmer, D. & Van der Putten, F-P. (2006) *A Case Study on Cooperation Between Companies and NGOs in Stimulating Sustainable Development in Burkina Faso and Ma*li. Utrecht: ECSAD / ICCO.

3. Link to host country development goals (external publicaton):
   Fortanier, F. (2006) *Multinational Enterprises, Commodity Chain Partnerships and Host Country Development Goals*. Utrecht: ECSAD / ICCO.

4. Overarching analysis (external publicaton):
   Muller, A., Noor, M., De Boer, D, Timmer, D., Van Putten, Frans-Paul, Van Tulder, R., & Fortanier, F. (2006) *A Comparative Analysis of Commodity Chains, Partnerships and Development in Ghana (Sorghum, Burkina-Faso and Mali (Mangoes) and Uganda (Cotton).* Utrecht: ECSAD / ICCO.
      - Overarching analysis of common themes and issues from the three cases, emphasizing the lessons learned both at a practical level and in terms of the academic debate on partnerships and global commodity chains.

   Including (vide Appendices A, B, C)
   Global Chain Overviews: Muller, A. (2005) *Partnerships, Power and Equity In Global Commodity Chains: An Overview Of Global Commodity Chains in Tropical fruit, cotton and sorghum.* Utrecht: ECSAD / ICCO.
      - An overview of 'global commodity chains' in tropical fruit, cotton and sorghum as a 'base case' for issues and context of the three cases to be investigated

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