BUSINESS AND PARTNERSHIPS FOR DEVELOPMENT

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ABSTRACT

The potential contribution of companies as partners in furthering development objectives is frequently mentioned, but has received limited research attention. What has also remained unclear is to what extent companies can play such a role via the various individual and collaborative means available to them. Collaborative efforts include not only the more well-known partnerships with nonprofit (non-governmental) organisations (NGOs), but also with governments, and even with both parties. This paper analyses the characteristics of development activities undertaken by companies individually and jointly via public-private, private-nonprofit and tripartite partnerships. Using multinationals originating from the Netherlands as empirical setting, we find that private-nonprofit partnerships are most common, with tripartite and public-private partnerships only emerging, also due to divergent views between business and government. Most partnerships are directly linked to companies’ core activities or focus on the sector or supply chain. A broad, macro development orientation mostly occurs in (tripartite/bilateral) partnerships involving nonprofit organisations. The paper also discusses the implications of the study for partner roles and effectiveness of partnerships, as well as for research and practice.
BUSINESS AND PARTNERSHIPS FOR DEVELOPMENT

Since the late 1990s, companies have become increasingly engaged in partnerships with nonprofit (non-governmental) organisations. Such partnerships, sometimes also referred to as social alliances, are part of a trend to view nonprofit organisations not so much as “gadflies” but as “allies” instead (Yaziji, 2004; Elkington and Fennell, 1998). These partnerships have both non-economic and economic objectives, aiming to share resources, knowledge and capabilities between the company and the nonprofit partner (Berger et al., 2004). Several publications have helped to share experiences, and to identify potential pitfalls and best ways to obtain economic and strategic benefits for both types of partners (Austin, 2000a; Berger et al., 2004; Bhattachaya and Sen, 2004; Gourville and Ragan, 2004; Rondinelli and London, 2003). Recently, attention has also been paid to so-called cross-sector partnerships, which involve government agencies as well. Austin (2000b, p. 44) has labelled such partnerships as the “collaboration paradigm of the 21st century” needed to solve “increasingly complex challenges” that “exceed the capabilities of any single sector” (cf. Selsky and Parker, 2005; Warner and Sullivan, 2004).

Indeed, since the 2002 World Summit on Sustainable Development in Johannesburg, cross-sector partnerships have become important instruments for addressing problems of global development and reaching the Millennium Development Goals (MDGs), in which the contribution of companies is seen as crucial. Attention has grown for these new forms of collaboration which differ from the more traditional nonprofit-public cooperation that has been the dominant type of partnership in official development assistance. In recent years, there has also been increasing interest in public-private partnerships, in which companies cooperate with governments or international organisations (Chataway and Smith, 2006; Samii et al., 2002).

What has remained unclear so far, however, is to what extent companies can contribute to development via the various means available to them, including individual as well as collaborative efforts. Companies face a potential myriad of partnerships in which they may be requested to participate. While partnerships between companies and nonprofit organisations have a somewhat longer history, this is not really the case for company-government (public-private), let alone company-government-nonprofit (tripartite) partnerships. Also largely unaddressed is how governments can ‘use’ company commitment to development causes as a component in policymaking on partnerships. Effectiveness is likely to be highest if partnerships fit not only governments’ but also companies’ strategic objectives, and if roles are aligned to target and scope of the partnership.

This paper aims to shed more light on these issues and on the implications for research and practice, by exploring the focus and scope of different partnerships for development that involve business, considering particularly the extent to which they are related to companies’ core activities. Explicit attention will be given to the portfolio of partnerships in which focal companies participate as well as their views, and those of their partners, on the best contribution to development. We used multinationals originating from the Netherlands as empirical setting. The Netherlands is well-known for its long-term commitment to development assistance, recently also via partnerships, and Dutch companies have been rather active in responding to international environmental and social concerns.
Before moving to the exploratory analysis, first the background on business, partnerships and development will be indicated briefly.

**DEVELOPMENT, BUSINESS AND PARTNERSHIPS**

In the international discussion on furthering development, the potential contribution of companies is frequently mentioned. The 2002 Monterrey Consensus stipulated the role of business in achieving development goals, and a ‘global partnership for development’ was introduced as the eighth Millennium Development Goal. Particularly since the 2002 World Summit on Sustainable Development in Johannesburg, concrete partnerships with business have received much attention, resulting in a large number of public-private collaboration efforts. The notion of partnerships has become central part of official development policy in a few countries. Already in 1999, Germany allocated considerable amounts to public-private partnerships (Altenburg and Chahoud, 2003; BMZ, 2005). Denmark adopted a Public-Private Partnership facility as part of its development policy (‘partnership with a purpose’). The Netherlands announced partnerships as a crucial component of its policy to reach the Millennium Development Goals (Ministry of Foreign Affairs, 2003). Overall, however, the number of countries that have actively pursued public-private partnerships for development has remained limited.

In the literature, partnerships are seen as instruments to overcome at least three forms of ‘failure’ that are attached to unilateral action by either governments, companies or civil society (cf. OECD, 2006; Van Tulder with Van der Zwart, 2006):

1. ‘governance failure’ for governments, which limits their ability to address development problems ‘top down’ – there is growing concern over the official development ‘aid curse’ from which an increasing number of aid-dependent countries suffer;

2. ‘market failure’ for companies that limits their ability to become ethically virtuous – there is growing awareness that companies cannot implement pro-active CSR strategies without the active involvement (‘engage me’) of their stakeholders;

3. ‘good intensions’ failure for non-profit organisations – there is mounting evidence that co-financing organisations have obtained only limited efficiency in implementing their ideas on development ‘bottom up’ exactly because of the ‘do good’ mentality of their constituents.

Following from these dimensions, three types of partnerships can be distinguished. Public-private partnerships address the inadequate (private and public) provision of public goods. This is also known as the ‘policy rationale’ for partnerships (cf. OECD, 2006, p. 19) or as the ‘underinvestment’ problem in which neither the state nor companies invest sufficiently. This problem has been tangible in utility sectors (cf. Megginson and Netter, 2001). Private (for profit) / nonprofit partnerships address in particular the underinvestment in the ‘social capital’ of a country that results from the trade-off between the efficiency of the market and the equity orientation of civil society (cf. Putnam, 2000). Tripartite partnerships include all three actors: state, companies and civil society (nonprofit or nongovernmental organisations, NGOs). They aim in particular at the problems that result from the ‘institutional void’ that develops due to retreating governments and weak governance structures (Van Tulder with Van der Zwart, 2006).
Most of the studies that considered the effectiveness of partnerships for the provision of public goods have concentrated on developed countries or where mainly theoretical. If we look at the limited evidence about the impact of partnerships for development, it turns out that the effectiveness of public-private partnerships for development is rather difficult to assess. In Germany, where the government allocated €56.4 million in 1999, 36 partnerships, aimed at seven different countries, started. After three years, a policy evaluation took place, which turned out to be too complex for lack of clear and generalised criteria (Altenburg and Chahoud, 2003). Most notably, it was impossible to demonstrate savings on public funds or mobilisation of additional private capital. Theoretically, this is one of the presumed advantages of public-private partnerships for development; the possible downside, however, is that they might crowd out other forms of development assistance (Weyzig and Vander Stichele, 2004). Although partnerships sometimes emerge out of disappointment about the impact of more traditional development assistance, as noted above, effectiveness and efficiency of partnerships has also been unclear so far as the German experience shows. Other advantages mentioned in the literature include the utilisation of complementary expertise that can be bundled through partnerships, and the opportunity to involve actors that would not have been able to participate otherwise, for example because of lack of experience, small size, high risks or high costs (Weyzig and Vander Stichele, 2004). Operational disadvantages of specific partnerships for development could be that they are often supply-driven without sufficient recognition of local needs. There are also practical barriers, such as the fact that companies and governments frequently use different time horizons and working methods, which may hamper collaborative efforts. All partnerships in practice tend to suffer from ‘free-rider’ behaviour between the partners – which seems particularly relevant for public-private (for profit) partnerships (cf. OECD, 2006).

Issues related to fit and structural characteristics have also come to the fore in other types of partnerships that involve companies, particularly those with nonprofit organisations (Berger et al., 2004; Gourville and Ragan, 2004). This has included attention to so-called predictable problems, to various dimensions of fit between the partners, and to structural characteristics of both business and NGOs that may impinge upon a partnership. These analyses presume that partnerships have reached a more advanced stage, beyond a philanthropic relationship (that merely entails donations from one party to the other), and have become integrative (Austin, 2000a), also labelled strategic (cf. Ashman, 2001), involving core activities of both partners. This means that they do more than just one specific value transaction together (which would be a ‘transactional’ partnership, the second phase distinguished by Austin, 2000a), but aim to share resources, knowledge and capabilities in such a way that there is joint value creation and a ‘we’ rather than ‘us versus them’ mentality. For NGOs, benefits are not only the direct support for the cause, but also more indirectly access to technical, management and/or marketing expertise, widening of networks, greater leverage and visibility, and career development and learning opportunities for current and future staff members and volunteers. Companies can, in turn, get access to NGOs’ specialised know-how and networks in their area, learn about stakeholder engagement and interactions, improve their credibility, legitimacy and brand reputation, thus increasing awareness of and attractiveness to new and existing customers as well as employees (Elkington and Fennell, 1998; Kanter, 1999; Rondinelli and London, 2003; Yaziji, 2000).
It must be noted that the number of integrative partnerships around the world has been rather limited so far, let alone those targeting development. In addition, Ashman (2001) concluded, on the basis of 10 cases of private-nonprofit collaboration in Brazil, South Africa and India, that it was difficult to find such, what she called, strategic partnerships. In her view, these findings “suggest a more sobering view of the potential for strategic partnerships to be a major new development strategy for the global South” (Ashman, 2001, p. 1110), particularly because business tended to obtain more benefits from the partnerships than NGOs, which bore more of the costs. It also seemed more likely that companies had the opportunity to be dominant in the partnership and have more control. Ashman recommended to focus less on organisational aspects and phases of private-nonprofit partnerships, but to bring the government back in and take the broader context for development into account.

Applied to the subject of this paper, this suggests a consideration of not only government policy and private-public and tripartite partnerships, but also the role of business in furthering development more broadly. In the past few years, the possible involvement of companies in combating poverty and in helping to reach the Millennium Development Goals, has received growing attention (Nelson and Prescott, 2003; Kolk et al., 2006; WBCSD, 2004). Partnerships are seen as one of the options, in addition to activities that a company undertakes individually (e.g. WBCSD, 2005). Likewise, in this paper, we will consider the whole portfolio of development activities in which companies are involved, including partnerships, in the framework of their core activities and characteristics.

**BACKGROUND OF CASES AND METHODOLOGY**

To shed more light on the role of partnerships for global development, we focused on multinationals originating from the Dutch context. The Netherlands is a country with a long-term commitment to development assistance, where the Minister of Development Cooperation (in 2003) launched partnership as important policy instrument, and where companies have traditionally been very active in international investments and global corporate social responsibility initiatives. This provides a setting for collecting sufficient empirical information on this emergent phenomenon. The Netherlands has traditionally been a relatively large donor of official development assistance, adhering to the 0.8% of GDP norm agreed upon by the members of the United Nations. Since the late 1990s, the government has increasingly started to recognise the importance of involving (inter)national companies, as part of a policy to stimulate the private sector in developing countries, laid down in a document on “Entrepreneurship against poverty” (Ministries of Foreign Affairs and Economic Affairs, 2000). As such, this expressed ideas built up in preceding years, in which for example a main advisory body paid attention to the role that Dutch business could play in realising social and economic objectives in developing countries, especially by promoting local private initiatives there (SER, 1997). This report also underlined the need for government support to reduce private risks related to such activities.

After the World Summit on Sustainable Development (WSSD), the Dutch government put the Millennium Development Goals at the centre of its policy, with partnerships as an important instrument to increase the efficiency and effectiveness of development assistance. Partnerships were defined broadly as voluntary agreements
between government and non-government (NGO, business) to reach a common objective or carry out a specific task, in which parties share risks, responsibilities, means, competences and profits (Ministry of Development Cooperation, 2004). The idea behind this is that by generating additional knowledge and resources, results can be achieved that benefit all parties and which they could not have achieved on an individual basis (cf. Reinecke et al., 2000).

While formulated generally, most attention has in practice been paid to partnerships with companies, building on the WSSD outcomes. To this end, the Dutch government launched a ‘Call for ideas’ to “involve the private sector more actively in the development process of developing countries. Its objective was to support private sector initiatives for public-private partnerships, additional to existing development cooperation efforts, by implementing more pro-poor activities, and generating extra funds and results” (Ministry of Development Cooperation, 2003). The total amount reserved for the purpose was € 20 million. Several conditions were attached, however, particularly that initiatives should be innovative and additional to current corporate activities; contribute to poverty reduction and sustainable development; have a sustained impact on the target group; concentrate on the WSSD themes (water, energy, health, agriculture, biodiversity) and on Dutch partner countries, preferably in Sub-Saharan Africa, and be in line with the recipient country’s policy; involve several partners, preferably also NGOs; and finally, that the ‘private’ sector (business) should bear at least 50% of the costs.

In spite of the relatively long list of requirements, over 400 ideas were submitted, of which 153 complied with minimum requirements and were judged on their relevance to the Call. In the end, however, the Ministry approved less than 20 proposals, which led to some disappointment. It is against this background that our study has taken place. A database with 41 partnerships under way with Dutch participants by late 2005 (as outflow of the WSSD process or otherwise) and the applications filed for the above mentioned Call have been analysed as part of it. In addition, we examined more specifically seven focal companies that participated in the process in one way or the other and already had an active involvement in global partnerships and/or development activities, collecting specific additional information for them as well.¹ This was supplemented with interviews of key participants to obtain insight into important aspects related to partnerships for development, the policy process related to it as well as pros and cons of various approaches. Such elite interviews (as also used in Berger et al., 2004) are seen as particularly helpful when trying to understand the perceptions and meaning attached to activities and developments by decision makers and key actors (cf. Dexter, 1970). Interviewees included 10 government and 16 business representatives. Information was also checked with three nonprofit partners. Data collection and the interviews took place in the period May 2005-March 2006.

The partnerships in the three different categories (public-private; private-nonprofit; tripartite) were analysed on several aspects: the region/country on which they focused, the theme/topic targeted (most notably water, energy, health, agriculture, biodiversity), the scope (particularly development-oriented or related to the company’s core activities), and the role(s) of the partners (cf. Austin, 2000a). We subsequently explored the implications from two different perspectives: first, by comparing companies’ individual activities with those undertaken in the framework of a partnership for development, particularly considering roles and functions, to shed some
light on ‘added value’ from the corporate point of view. For the broader societal dimensions, we also considered the scope (how distant/close are partnerships to companies’ core activities) as well as the focus in relation to the contribution to development.

PARTNERSHIP PATTERNS: A DISCUSSION OF FINDINGS

General overview of individual and collective efforts

Table 1 gives an overview of the focal companies’ individual approaches to development broadly defined as well as the main partnerships in which they are involved. A first look shows that all companies have policies and activities individually that are relevant to development. This also applies to the one company that does not have locations in developing countries, the electric utility Essent. Companies do not only pay attention to development themes, but also report concrete projects and objectives; sometimes the term corporate social responsibility is used to characterise these activities. It should be noted that a distinction between corporate social responsibility and development is somewhat difficult to draw in practice, as definitions differ considerably; moreover, issues such as poverty and (global) inequality are increasingly seen as part of corporate social responsibility (cf. Van Tulder and Kolk, 2007). This integration is obviously reflected in the term ‘sustainable development’ as widely used internationally. In this paper, we will not further pursue the labelling of the various activities, but instead concentrate on what companies undertake to address development regardless of the terminology they use.

Table 1 around here

While there is a variety of approaches, common characteristics can be distinguished. Companies undertake activities that are relevant to development by linking them to their core activities. Utilities for example support electrification in Africa (Nuon) and aim at more sustainable energy production through alternative sources. Banks contribute indirectly by project financing (such as water, energy) or directly through micro finance (ABN AMRO; Rabobank through its foundation; and ING, though not individually but through a partnership). Shell and Unilever, with their high degree of internationalisation and global spread, are known as active, which is reflected in extensive attention paid to development goals and concrete actions that are linked to core activities but also to taking care for employees (HIV/Aids for example). Noteworthy are Shell and ABN AMRO for reporting explicitly on their contribution to development and the Millennium Development Goals. Unilever does the same, particularly in relation to poverty (as part of a research project with OxfamNovib); Rabobank mainly focuses on banking in developing countries.

A second observation that can be made regarding table 1 is that the number of partnerships is substantial overall, but particularly in the private-nonprofit column. This reflects the somewhat longer tradition of this type of partnerships, which can, as indicated above, also be seen in the literature, and the growing awareness of companies...
that they need to ally with NGOs. The next three sections give some more information on the various types of partnerships and their peculiarities overall, followed by reflections on (perceived) objectives of partnerships and partner roles, on partnerships’ ‘added value’ and function, and on the implications.

**Private-nonprofit partnerships**

As to the themes on which the focal companies participate with NGOs, many are oriented at microfinance, which is in a sense logical given that fact that the sample includes three banks; the same applies to agriculture, particularly originating from Rabobank, a cooperative bank for farmers by origin. It is noteworthy that many partnerships cover not only a broad theme but also a large range of countries around the world, not one in particular. NGOs generally fulfil two roles: as watchdog but also as full-fledged partner. In most partnerships there is cooperation between one NGO and one company, only Rabobank has a different approach.

Most private-nonprofit partnerships are closely related to companies’ core activities, although sometimes in the framework of the sector more broadly. Interestingly, corporate foundations are frequently involved in the private-nonprofit partnerships; this applies to all Rabobank projects. Roles that companies have in the partnerships are frequently donors, but also the provision of expertise of the issue at hand, in many cases through employee volunteering. This seems to be one of the added values that such projects have, in the sense of strengthening staff enthusiasm about and attachment to the company.

**Public-private partnerships**

The number of public-private partnerships in which the focal companies are involved is much more limited. Table 1 also includes those submitted as part of the Call for ideas, which sheds some light on business’ expectations and government responses related to possible partnerships. One of the partnerships was the Netherlands Financial Sector Development Exchange (NFX), in which the three banks in our sample participated together with a few others as well as several Dutch ministries. The objective was to promote the financial sector in developing countries and emerging markets, with all partners bringing in their respective expertise, transferring knowledge to local parties. Access to finance is also the main objective of another project in which the Rabobank is involved, focusing on Mozambique. A third partnership supported by the Dutch government is those listed under the Nuon heading, which aims to develop solar energy in South Africa, together with a local partner. Apart from diplomatic support from the embassy, the Ministry of Development Cooperation gave an initial subsidy as part of a longer standing programme to encourage Dutch foreign direct investment in emerging markets.

A large number of proposals for partnerships was submitted by companies, but not approved. Sometimes the government rejected proposals straightaway because the project did not relate to the themes indicated, its impact on development was hard to prove, and it was more ‘project-oriented’ than a real partnership. Partnerships proposed by consulting companies were very often rejected because the Call for ideas seemed to trigger a re-labelling of already existing (commercial) activities. While there were several reasons for rejection, most important seemed to be the lack of clarity about the
specific company contributions, insufficient private funding, or the risk of state support for company activities, not allowed under international rules.

The low rate of approval illustrates the still sizable difficulties of governments to really work together and co-align goals with the private (for-profit) sector. Companies tend to link their partnership efforts to core activities, provide knowledge and expertise, plus some funding, which as such fits with the objective to generate additional means for development. Government support is subject to limitations, however. There is more room for manoeuvre if the government uses the more traditional instruments to stimulate foreign direct investment (as in the case of the subsidies for the Nuon project), but obviously the partnership idea emerged precisely to target different types of activities. Company respondents nevertheless mentioned, in the interviews, as specific role of the government in a partnership the reduction of investment risks through financial support. In addition, they also saw potential for a broker function, in which the government, given its extensive network in developing countries, could help to facilitate access to such markets. It can also bring various companies together.

Tripartite partnerships

The number of focal companies with tripartite partnerships is more limited. Compared to the two other types of partnerships discussed before, the overview of tripartite cooperation shows more cases that are less directly related to companies’ core activities. This is something that could have been expected given these partnerships’ supposed role in ‘filling’ institutional voids. Some of the partnerships are strongly development-oriented, this applies in particular to those that focus on health. The Shell/Unilever partnership (together with the Dutch Ministry of Development Cooperation and local public and private partners) has little relationship to the two companies’ activities, although both are active in Ghana. It aims to set an example of how to address the HIV/AIDS problem with corporate involvement.

Unilever’s other partnerships focus, however, on promoting sustainability in its supply chains. The need for a partnership, particularly in cases where such projects have already been carried out elsewhere without government involvement (such as sustainable tea growth) can be difficult to assess, more notably if the private contribution is also limited (which seemed to be the case for the Allanblackia oil chain). The Shell proposal for the removal of pesticides in Africa (in cooperation with CropLife International) seems to have been inspired by the company’s historical involvement in dumping of certain chemicals. It must be noted that both this and the Allanblackia project have started nevertheless, with participation of respectively Shell and Unilever. This points at the difficulty for governments to identify what is ‘additional’ or ‘effective’ in the sense that government support triggers activities that would otherwise not have been undertaken.

A partnership that was approved as part of the Call is the coffee trade facilitation fund (proposed by Rabobank and Solidaridad), which aims to increase access to financial services for 100,000 small and medium size producers in Africa, Asia and Latin America. Local financial institutions will be supported to give lower rates (for a period of three years) on their commercial credits to those farmers who produce coffee in a sustainable manner. Rabobank more generally focuses on sustainable agriculture, also in Agro-ProFocus that aims to share expertise from several partners to strengthen producer organisations in developing countries. Another tripartite partnership is those
by Nuon (with OxfamNovib, local partners and the Ministry of Development Cooperation) where facilities are offered for starting entrepreneurs in rural areas without electrification, including office space powered by solar panels.

In the tripartite partnerships under way within the focal companies, the division of roles seems rather clear. Companies provide specific knowledge and expertise, NGOs the local embeddedness and contacts, and supporting activities such as training and capacity building, while the government supplies funding, usually to reduce risks, and facilitates the activities. Compared to public-private partnerships, the involvement of nonprofit organisations almost automatically broadens the development focus, thus loosening the link to core activities and reducing the problems of direct state support for companies.

Reflections on (perceived) objectives of partnerships and partner roles

The fact that overall only a small percentage of the proposed partnerships (less than 5%) was approved by the government, points at lack of clarity and divergent expectations. Interviews with policymakers and companies underlined these differences, not only between the two groups, but perhaps more noteworthy, also amongst the government representatives themselves.

Companies emphasised that the government should accept that corporate interests will always be leading in a partnership. One way or the other, cooperation must contribute to corporate profitability, either directly or through reputational benefits. They noted that this may not always be easy to reconcile with the government’s policy priorities, especially when specific themes or regions are targeted in which companies are not active. Somewhat in contrast, several government respondents underlined that partnerships might precisely be helpful to broaden development activities, also to those countries and areas ignored by companies.

More generally, policymakers expressed divergent views on the objectives of partnerships, and particularly on the part of those traditionally involved in official development aid, the notion seemed still rather new and difficult to come to terms with. What clearly emerged from their side was that partnerships should be a means to a development end, with equality between the partners, and different in character than a (more concrete and clear-cut) project. So partnerships were seen as long-term relationships with a shared, more general aim.

Company respondents showed some dissatisfaction with the internal disagreement and the lack of business experience on the part of the government as well as the lack of transparency and clarity; these aspects had also led to a mismatch between expectations and outcomes of the Call for ideas. They also pointed at the paradox that smaller companies might have a greater need for government support, while larger companies will be better able to establish and maintain contacts with the government and its various Ministries. It seems difficult for smaller companies to handle the complexities, deal with bureaucratic procedures and afford the time and money needed to invest in these relationships.

Regarding the respective roles, as already discussed above, there was more unanimity. All respondents mentioned the government’s role as donor, from the corporate perspective particularly to reduce risks, and its international (embassy) network in developing countries that could help to facilitate matters politically and diplomatically (mediator). Policymakers emphasised that the government can stimulate
partnerships by creating an ‘enabling environment’ in developing countries. All interviewees saw companies’ role especially as experts that bring in knowledge and technology. Company respondents also referred to the fact that their investments help to generate growth in developing countries, and that the government should gear partnerships to what companies already do.

The expert interviews thus demonstrated shared views about respective roles as well as a desire for cooperation on both sides. Given somewhat divergent objectives, however, it seems necessary for government actors involved to at least accept that commercial drivers are very important for companies when participating in partnerships. This means that the government cannot as such shape what companies undertake with regard to development since this is linked to their core activities. Instead, it seems wise that the government grounds its approach in an analysis of how and where corporate and development objectives (can) meet. This also requires a further understanding of how a private provision of public goods can effectively be organised while efficiently managing operational free-rider problems.

After the empirical study for this paper had been completed, developments in one of the partnerships, the Netherlands Financial Sector Development Exchange (see above), illustrated exactly the latter problem. Although participants were positive about the quality of the projects carried out in the framework of the NFX and the organisation behind it, as summarised in an external evaluation (Boer & Croon, 2006), the partnership came to a sudden end in the first half of 2007, instigated by the banks. The evaluation report had already exposed a divergence of views about the objectives and added value of the partnership. The banks stated that they merely participated to meet a request made by the government, not so much to fulfil their own needs, and also that, to show their societal engagement, NFX was not necessary at all for them. Government representatives concluded that ‘pre-competitive’ cooperation apparently did not work in this sector, that NFX had become a ‘ritual dance’ because the banks did not reveal their real intentions, and that, as ‘test case’ for public-private partnerships NFX had been a failure (Boer & Croon, 2006, p. 20). This experience points at several aspects that might be included in the partnership process in an earlier stage (see also the final section of this paper).

Reflections on partnerships’ added value and contribution

An aspect that obviously deserves attention is the extent to which partnerships contribute to development more broadly, looking at the scope of partnerships compared to companies’ individual activities, considering both the objectives and the themes covered. The alignment problem found in public goods theory is that the individual interests of companies and citizens (at the micro level) might run counter to those of groups of actors (meso level) or governments (macro level). Development projects might also represent the ‘regulatory capture’ of governments by private interest groups. Using the variety of partnerships covered in this paper, three types of partnerships can therefore be distinguished: at the micro, meso and macro levels. Micro-partnerships are primarily project-oriented and focus on a particular country or specific activity; meso-partnerships aim to improve the sustainability of a certain sector or supply chain; while macro-partnerships have broad objectives, define issues widely, address multiple interests and therefore also cover several countries or global activities. If we refer to Austin’s (2000a) phases of partnerships, macro-partnerships can be classified as
integrative, meso-partnerships as transactional and micro-partnerships as either transactional (in the sense of strongly linked to company’s core activities) or philanthropic.

The differences between the three types of partnerships can be illustrated with ING as example. The partnership that this bank/insurance conglomerate submitted as part of the Call for ideas to facilitate remittances was strongly related to its core activities, focused on one target group, and clearly micro in nature – it could also have been undertaken individually. The Netherlands Financial Sector Development Exchange, in which ING participated, with the aim to improve the financial sector in developing countries – this involved a meso-partnership consisting of financial companies that want to transfer their particular knowledge, facilitated by the (political) network of the public partner (Dutch government). ING is also involved in a partnership with Unicef (within the context of the Chances for Children programme) to give poor(er) children in developing countries more educational opportunities. This is a typical macro-partnership since it is rather distant from the company’s core activities, broadly development-oriented and covers multiple countries.

As noted in the previous section, the meso partnership NFX was disbanded by the participating banks after the empirical study for this paper had been completed. Interestingly, in addition to the general reservations expressed by the banks, it has been reported that ING had the feeling that NFX competed with its own advisory department (Dröge, 2007). The fact that the banks, including ING, also undertake micro-finance activities on their own, makes the picture even more complicated. This example suggests that even amongst the companies most active in a variety of partnerships (such as the ones selected for this study), the strategy behind partnerships (including coherence between activities, including the relation to corporate social responsibility approaches) is not fully planned and thought through. This is something that deserves further investigation, also to examine how it links to corporate, strategic peculiarities more generally (see also below).

To further stimulate thinking about these issues we have, in table 2, categorised the partnerships of the seven focal companies into the three types (micro, meso, macro) as well as their specific partner involved (NGO, government, or both, thus whether it is a private-nonprofit, public-private or tripartite partnership). A first look at the overview shows that the companies undertake many activities oriented at the sector or supply chain. It should be noted, however, that particularly Rabobank participates in such meso-partnerships, and accounts for more than half of them. Beyond this, most partnerships focus on the micro level, with macro partnerships lagging behind. More than half of the focal companies participates in more than one micro-partnership; engagement in more than one macro-partnership occurs much less frequently (this applies to only three companies).

Table 2 around here
The focal companies most often engage in partnerships with NGOs in general, but it is also noteworthy that macro-partnerships are almost always with NGOs as well (the only public-private partnership at the macro level is with a UN body). Partnerships with public partners are usually at the micro level, thus oriented at companies’ core activities,
at a particular country of specific project. It might be concluded that it seems difficult for the government on its own to induce companies to broaden the scope, while this is much easier in the case of tripartite partnerships, considering the much larger number of meso-partnerships concluded between public, private and nonprofit partners. For companies, the general interest is represented by governments as well as NGOs. NGOs also more directly represent the companies’ consumers, which makes the partnership more logical. NGOs do not have direct regulatory power, which makes it also less ‘threatening’. Combined with the fact that public-private partnerships, at least in the Dutch context, have been hampered by limitations regarding state support, this suggests that effectiveness, particularly in terms of contribution to development, might be best served by partnerships in which NGOs are involved, either in a private-nonprofit or a tripartite setting. The latter, however, has not become widespread yet in the sample that we looked at for the purpose of this paper.

This may have to do with the relative novelty of the phenomenon, but perhaps also with the fact that this study explored a relatively small group of companies. This also makes it difficult to shed systematic light on the peculiarities of companies that engage in the various partnerships, and to discover relationships with variables such as industry membership. Nevertheless, the analysis points at some aspects that seem to have an influence. One is that partnership activities are seldom undertaken by companies that operate in business-to-business markets, thus suggesting that reputation and branding plays a role. In addition, there appears to be a sector dynamics (a ‘sector-coordinated morality’, as noted by Kolk et al., 2006), which means that companies become active once others in the sector do the same.

Another element that deserves further attention is the fact that particularly companies with international activities in developing countries become most involved in partnerships for development. This is in line with the link found between companies’ core activities on the one hand, and their individual approaches and engagement in partnerships for development on the other. Our findings suggest that for the focal companies partnerships have an intensifying function because they come on top of individual activities already undertaken. In this way, partnerships offer the opportunity to address issues at a larger scale and/or take more risks, facilitated by funding and/or expertise from other partners. This is what we can see in the case of, for example, partnerships undertaken by Shell and Unilever. Shell’s partnerships go beyond their individual development activities, tackling more complex (public good) issues, sometimes with multiple companies sharing expertise as well. Unilever partnerships concentrate on value chains that have strong public-good connotations (in particular when dealing with the sustainable management of natural resources), something which, because of the complexity, seem to lend itself very well for a collaborative effort. In case a partnership has an intensifying function, then it might be appropriate if governments connect to companies’ existing development activities, and assist in broadening them to larger regions or in linking them to other initiatives under way. Nonprofit organisations could further strengthen the development dimensions and share knowledge to this end. Sometimes, such as in the case of banks’ activities on micro-finance, companies are willing to take more risks if they cooperate with NGOs that have specific expertise that they bring into the partnership.

Somewhat different are those partnerships that merely seem to have a more initiating function, helping focus companies’ attention to development and start some initial activities. If we link this to a policy perspective, an initiative such as a Call for
ideas seems most relevant for the group of companies that has not yet undertaken many development activities, and for which partnerships may help to initiate them. Government funding can stimulate companies to start thinking about their potential contribution to development. In such partnership initiatives, nonprofit organisations will primarily play a facilitating role, providing information about the local situation and about how large issues can be handled in a piecemeal manner.

DISCUSSION AND CONCLUSIONS

The examination of the focal companies and their individual and partnership activities for development gives us the opportunity to reflect upon the (potential) effectiveness of partnerships for companies and for societies more broadly, as well as the implications for research and practice. It should be noted that partnerships for development have different dimensions and dynamics than other types of partnerships that have predominated in the management literature so far. Peculiarities that stand out in this regard are that partnerships for development unfold in an uncertain, complex and often distant setting, where good governance is frequently lacking, combined with a larger variety of ‘failures’ than in developed countries, and that they involve various heterogeneous partners, thus requiring an even greater degree of trust or understanding of the specific backgrounds of each partner. Perceptions and expectations concerning the partnership and its outcomes and effects are likely to diverge as well. As a result, traditional analytical frameworks, which presuppose a more ‘normal’ context for contractual arrangements, or a ‘moral’ obligation of actors to engage in activities seem not adequate. It is therefore that this exploratory study has been carried out, in order to shed light on the various aspects that play a role and suggest components that might be included in follow-up research.

This study has shown that that each partnership is different, with different partners, locations and objectives. Nevertheless, most partnerships go through largely similar stages, thus allowing for a comparable analysis of the various dimensions of the process. These might be labelled as (a) input; (b) throughput; (c) output; and (d) outcome. In addition, partnerships can be evaluated on (e) efficiency; and (f) effectiveness. Figure 1 gives an overview of these elements, which we will explore somewhat more below, especially raising questions that may be further considered by those interested in the theory and practice of partnerships (cf. Caplan, 2003; Van Tulder and Kostwinder, 2007).

The input of partnerships (indicated above as (a)) consists of the means that are necessary to carry out the process, which can be either of a material (money) or immaterial nature (knowledge). Furthermore, individual partners have specific goals and motives for joining the partnership that are strongly influenced by their societal background (profit or nonprofit, public or private) and by their morality or virtues. As to the latter, an investigation of intent and what has been conceptualised in the literature as ‘virtuousness’ (e.g. Bright, 2006; Cameron et al., 2004) is worthwhile as well in relation to partnerships. This is all the more interesting when linked to the role played at times
of internal organisational developments such as restructuring (Bright et al., 2006). At
the more instrumental level, it may be important to understand to what extent the
partners are already convinced of specific types of failure before commencing the
partnership. In case partners are well aware of these failures, the basis for a partnership
becomes broader, the willingness to cooperate larger and the chance of success higher.
Questions include: Why do partners perceive the project as necessary and what is their
expected return on the project? Did partners have any choice about engaging or not?
Where do the ‘roots’ of the partnership come from? Do companies see partnerships as
part of corporate social responsibility or do they frame this differently, for example
mere business-driven?

The actual dynamics, execution and implementation process/procedure of a
partnership could be designated as the ‘throughput’ (b). This appears to depend on the
(1) number and nature of participants, (2) the roles that can be adopted by the
participants, (3) the arrangement and degree of internal dependencies chosen, which in
turn is influenced by (4) the position of participants as primary or secondary stakeholder
in the project (cf. Fransen and Kolk, 2007). Depending on their goals and motivations,
partners can decide upon particular roles to be played in the partnership, which affect
whether the partnership in question may, for example, broaden from being project
oriented to serving broader and multiple development goals.

The activities undertaken by the partners result in project output (c) such as
goods and/or services, but possibly also in redefined goals for the partners due to the
accumulated experiences in the project. A first output criterion is the extent to which the
individual objectives of each participant have been achieved. Did the partnership fulfil
the original objectives of the participants or not, or did it perhaps even add to them? Did
the project adequately address the sources of ‘failure’ that were at the basis of the
partnership? A second output criterion is the extent to which the project objectives have
been achieved. Did the partnership result in concrete and tangible results? What are the
‘benefits’ for each of the participants (in terms of, for example, profits, members,
legitimacy, exposure, moral capital)? Is there evidence of institutional change due to the
partnership, for instance did the partnership result in codes of conduct, trade-marks or
other new rules of engagement between the partners that might have an impact beyond
the concrete project (and thus fill the ‘institutional void’ from which many countries and
markets suffer)? Finally, the sustainability of the project is an important criterion. Did
the partnership bring about sufficient goal-alignment to make it sustainable? What are
the possibilities to scale-up the project? The sustainability of the project can also be
dependent on the ‘exit’ possibility for certain participants. A project might not be
sustainable if it remains dependent upon the continued financial support of governments
or other partners. So another question might be if the period of engagement of each
individual partner been enough to guarantee the sustainability of the project?

The changes, benefits and results brought by the partnership on the wider society
can be seen as the final and ultimate outcome (d) of the partnership process. Often these
goals are formulated as relatively vague ‘inspiration’ for the project, but not so much
specified. A serious evaluation, however, needs to make this impact as concrete as
possible. For partnerships for development, this can best be assessed by their direct and
indirect impact on the Millennium Development Goals. To this end, quantitative
measurements, for which approaches have been developed recently (particularly
NCDO, 2006), could be combined by (perceived) assessments of external stakeholders
and project participants.
Partnerships for development need also be evaluated in terms of their efficiency and effectiveness. This is the dimension that is most difficult to measure and therefore most often ignored. With regard to efficiency (e), seen as the internal value added of the partnership, this may be assessed using a cost-benefit analysis. What were the total cost of the partnership, and what specific costs (transaction costs, operating costs) can be attributed to the partnership? For example, more complex negotiations with a large number of stakeholders incur initially more costs upon the participants, but can later on – in case of successfully institutionalised relationships – lead to considerably lower operating costs. Weakly elaborated contracts between the cooperating parties can result in serious additional costs if the partnership becomes problematic. It can also be studied to what extent the overall goal of the partnership has become aligned with the individual goals of the partners for joining the partnership. What critical success factors for managing a partnership do the partners distinguish themselves and how well have they been able to cope with them and learn from it?

The effectiveness (f) of partnerships can be seen as the added value and the impact of the partnership compared to individual activities of the different partners. In other words, does the partnership provide additional ways of achieving the MDGs that would not have been possible otherwise? Were other objectives possible through the partnership? Were more resources allocated than otherwise possible? Did the partnership project trigger other activities of the participants that proved relevant for obtaining (some of) the MDGs? Is an alternative partnering (or non-partnering) approach possible that would have brought about comparable results? To what extent is the present experience reproducible? What would have happened in case the partnership project was not implemented?

The analytical framework as included above, while preliminary, offers a range of elements that can induce further research and also reflections for managers and policymakers involved in partnerships for development. Given that this exploratory paper only took a small sample, future studies might want to focus on a broader set of companies and partnerships, preferably covering a longer time period, and also move beyond the Dutch context on which we focused here. To shed more light on the actual effectiveness of partnerships, a detailed investigation over time in which assessments are made both at the beginning and in the course (or the end) of the partnership seems appropriate. Finally, it would also be interesting to further explore what determines companies’ interest in engaging in various types of partnerships, and also individual activities, for development. More insight into these drivers and motivations could provide further assistance for governments that seek to involve companies in development policy in order to increase the effectiveness of official aid.

**NOTES**

1 The companies were, as shown in the remainder of the paper, ABN AMRO, ING, Rabobank (all three financial sector, the first two are quoted companies, the third is a cooperative bank); Essent, Nuon (utilities, both non-listed); and the Anglo-Dutch companies Shell and Unilever. Apart from the other sources already mentioned (partnerships database, Call for ideas, interviews), company’s public reports (most
notably their non-financial reports) were consulted for both the years 2004 and 2005, supplemented with a thorough check on corporate websites and documents there. Companies were given the opportunity to check the information as collected.
REFERENCES


Austin, J.E. 2000b. Principles for partnership. Leader to Leader, 18(Fall), 44-50.


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<th>Tripartite</th>
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**Figure 1** Framework of analysis for partnerships

[A] INPUT
Goals, motives and resources of individual partners.

[B] THROUGHPUT
Partnership characteristics, dynamism and design.

[C] OUTPUT
Partnership objectives, sustainability and deliverables.

[D] OUTCOME
Impact: direct and indirect contribution of partnership to MDGs.

[E] EFFICIENCY
Costs-Benefit: Critical success factors and lessons learned during process.

[F] EFFECTIVENESS
Added value: of partnership to the participants and to the MDGs.

*Source:* Van Tulder and Kostwinder, 2007