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Reto Conrad, member of the executive team of Coop – a leading retailer and WAPRO partner – presents to the primary producers in India their organic Basmati rice as it is sold on the shelves of the supermarket in Switzerland.

COLLABORATION WITH PRIVATE PARTNERS: TEN INSIGHTS

Selection of tips from the experience of an NGO

Agriculture uses 70% of the world's water. As the global population increases and climate changes, the threat of water and food shortages is a growing reality. To address this, a multi-stakeholder initiative was launched in 2014 to improve water productivity in agriculture: WAPRO. The Water Productivity Project (WAPRO) was among the earliest endeavours to systematically engage with large international but also smaller domestic private sector companies. Working with the private sector is an indisputable necessity in achieving the Sustainable Development Goals, notably recognised by the Swiss Agency for Development and Cooperation (SDC) as highlighted in its 2021–2024 International Cooperation Strategy. In full accordance with this conviction, WAPRO's implementing organisation, Helvetas Swiss Intercooperation, has analysed the experience gained from this engagement and from other projects. The insights obtained from this capitalisation process aim at development practitioners ranging from donors to NGOs, providing guidance on how to address any challenges and pitfalls that may appear in order to make such collaborations even more successful.

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There are different mechanisms that development organisations employ in order to engage with private partners. For this compilation, Helvetas focused on collaboration with large companies sourcing agricultural commodities from the global South. The insights gained in the frame of WAPRO and some other projects led to the definition of five steps for such a collaboration. The two most important lessons learned in each step are indicated in the following paragraphs:

Getting partners on board

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Due Diligence and partnership appraisal

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Risk mitigation measures

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Contracting and partner contributions

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Implementing the project

Figure 1: Steps for the engagement with private sector partners (Helvetas 2021)

Why engage with the private sector?

By default, those who works in the agricultural sector also engage with private actors, the farmers. WAPRO was designed based on the hypothesis that sustainable change, in this case the adoption of water saving production and management techniques, can only be achieved at scale if there is a demand for commodities produced in such a manner. Therefore, actors along the value chains were approached to secure their engagement: from small and medium enterprises such as seed suppliers, companies offering mechanisation services, cotton ginneries and rice mills, to medium-sized trading companies in the countries, and finally to large international buyers and retailers. This is in line with SDC's **“General Guidance on the Private Sector in the context of the International Cooperation Strategy 2021–24”** and its accompanying **handbook**, which defines the objectives for engagement with the private sector: have greater impact, develop innovative tools and approaches, and promote sustainable solutions (p. 9).

1. GETTING PARTNERS ON BOARD

a) Shared vision: A shared vision of what is to be reached constitutes the basis of any successful collaboration. There must be substantial overlap in the vision of each partner. Divergences need to be known and declared. Collaboration often starts through personal contacts. While Multi-Stakeholder Platforms offer spaces to develop such contacts, it is important to realise that participants in such platforms are not necessarily the decision makers. Ultimately, it is the shared vision among the power holders that really counts. Collaborators working in Corporate Responsibility Sections of private partners may be overruled by those who are responsible for economic transactions. Nor can NGO staff always succeed in getting their managers on board.

b) Understanding each other's motivations: Companies may engage in a development activity because they are interested in long-term sourcing, forging ties with producers, building their reputation by partnering with public or civil society entities, improving their access to innovation, or simply accessing public funding. In the view of partnering companies, the added value of an NGO typically is its network and development know-how, the trusted relationships it has developed on the ground, its role as facilitator among stakeholders, and its role as knowledge manager. Donors and NGOs want to collaborate for the reasons mentioned in the box “Why engage with the private sector?”: impact, scale, innovation, and solutions that last. Ultimately, it is important that overlaps exist in partner objectives, and that these are clearly defined in order to manage expectations and avoid disappointments, but also to build a relationship based on mutual understanding and trust.

2. DUE DILIGENCE AND PARTNERSHIP APPRAISAL

a) Putting processes and responsibilities in place: Both sides want to know with whom they engage, and therefore conduct due diligence processes. From the perspectives of both the donor and NGO, there are three main risks: 1) disregard of human rights, 2) inefficient or even fraudulent use of public funds and 3) reputation risks due to sustainability challenges. As due diligence processes are resource intensive, potential partners are therefore well advised to:

- establish standardised processes with prepared templates
- conduct due diligence processes early in the development of a partnership
- obtain an independent perspective by entrusting the process to an internal unit that is not directly involved; sometimes specialised external service providers may also be engaged.

- assign the decision about whether or not to enter a collaborative relationship to the best placed body, e.g. to the Management Board

- define mitigation measures for identified risks and put in place a reporting mechanism

- be prepared to repeat the due diligence process at defined intervals.

b) Understanding of due diligence processes as a reciprocal learning opportunity: Besides their direct project benefits, public-private partnerships offer the opportunity to broaden the horizons of organizations and allow for a greater understanding of the aspects of sustainability and development from different angles. This learning starts early on in due diligence processes. If the parties view them as more than just partner evaluation and risk management processes, they may nurture mutual understanding. Furthermore, if the partners perceive due diligence processes as a learning opportunity, there will be less resistance to them on both sides.

3. RISK MITIGATION MEASURES

Even the best due diligence process does not guarantee the successful outcome of a given collaboration or that it will be free of unexpected risks. Therefore, aim for:

a) Diverse partnerships: The most obvious and at the same time most effective risk mitigation measure from the point of view of a donor or an NGO is to work with more than one private sector partner in each project. This is enriching in terms of exchange and prevents project success from being associated with only one private partner. Equally, private partners may prefer not to put all their eggs into one basket.

b) Choose appropriate collaboration modalities conscientiously: Experience suggests several measures to help contain risks:

- Start small and let a collaboration grow

- Avoid the flow of funds between either party in case of looming reputational risks

- Agree on and reduce visibility and interaction in case of potential risks

- Consult external certification to assure compliance with agreed standards

- Define red lines in the collaboration, monitor them and be ready to end collaboration if they are crossed.

Under the WAPRO project, producers of cotton and rice, small and large private sector companies, civil society organisations and multi-stakeholder platforms partner to improve water use efficiency in the cultivation of two of the most water-consuming crops

Water Productivity Project

“WAPRO” is an eight-year project aimed at enhancing water productivity in the cultivation of rice and cotton, two of the most water-consuming crops globally. It is a joint undertaking of SDC, with renowned private sector partners such as Mars and Coop, global platforms such as the Better Cotton Initiative, the Sustainable Rice Platform and the Alliance for Water Stewardship, and numerous local private and civil society partners. The project consists of ten sub-projects active in six countries: India, Kyrgyzstan, Madagascar, Myanmar, Pakistan, and Tajikistan. Helvetas has been mandated to coordinate project implementation through a “Push-Pull-Policy” approach. In its “Push component”, it has worked with 65,000 farmers to help them adopt water saving technologies. Through its “Pull component”, global as well as smaller domestic companies are now sourcing rice and cotton more sustainably, encouraging the supplying farmers by providing them with a market. With its “Policy component”, the project has contributed to shaping global production standards, influenced national and sub-national policies to allocate scarce irrigation water fairly, and empowered thousands of farmers to claim their right to access to irrigation water via local water stewardship actions.

4. CONTRACTING AND PARTNER CONTRIBUTIONS

a) Contracting – assessing commitments: When it comes to contracts between private sector partners and traditional development actors, different cultures may clash. Be prepared to conduct intense negotiations involving legal counsel. Pre-prepared contract templates are useful in initiating discussion early on in the process. Negotiate with those on either side who will actually be responsible for implementation. If premium prices (e.g. for organic or Fair Trade products) are intended to count as private partner contributions, this needs to be expressly stated. Experience has shown that contractually fixed volumes of traded goods (e.g. tons of an agricultural good procured) should serve as targets rather than contractually binding terms, as the private partner will only buy what the market demands.

b) Auditable cash contributions: As a matter of principle in partnerships with large companies, a contribution in cash (not only in kind) should form part of the deal. The contribution must be verifiable through the company's audit report. If there is a flow of money to the private sector partner there must be a verifiable public benefit.

5. IMPLEMENTING THE PROJECT

a) Monitoring results and contributions: Content and frequency of monitoring and reporting needs to be contractually agreed. In case of public or philanthropic funding flows to private partners, it is important to agree on milestone payments against well-defined achievements. The agreed financial contributions should be monitored at contractually agreed intervals as carefully as the key indicators.

A key factor ensuring successful collaboration between public and private sector partners is diversity, e.g., having more than one private company involved in a development undertaking

b) Knowledge management that nurtures a family feeling: One of the distinct advantages for private partners entering development-oriented collaboration is the opportunity to learn from other companies and sectors. Therefore, the management and exchange of insights deserve particular attention. International NGOs and multi-stakeholder platforms are well positioned to facilitate such processes.

The overall motivation for development actors to engage with committed private sector partners is to 1) reach scale, 2) foster innovation and 3) achieve sustainability to contribute to the Sustainable Development Goals. None of these is guaranteed. But the ten insights may help to avoid some of the most severe pitfalls.

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