By now you have probably heard one of the biggest stories in global development in the last few decades—official development assistance flows are leveling off, and alternative sources of international financial flows are on the rise.

As corporations enter into emerging markets with unprecedented levels of investment and commitment, it means dealing with massive and multifaceted development challenges. Many of which are connected to large-scale problems that bilateral donor agencies have been tacking for decades.

By building alliances between these key actors, bigger and more innovative opportunities for development are created. And, often as a result, broader impact is attained than if a corporation or a donor were to act alone.

This Devex special report looks at common challenges to building successful partnerships, and details five straightforward strategies corporations should consider to help close the gap with bilateral donor agencies in order to facilitate stronger, more sustainable development partnerships.

“Approaches to solving development problems through coordinated and concerted effort between government and nongovernment actors, including companies and civil society, leveraging the resources, expertise and or market efforts to achieve greater impact and sustainability in development outcomes.”

CENTER FOR STRATEGIC & INTERNATIONAL STUDIES
THE DEVELOPMENT PARTNERSHIP GAP

Through partnerships, corporations and bilateral donor agencies can work together to identify more innovative strategies and solutions where both sides win.

Getting there is easier said than done.

Stakeholders from both the private and public sectors admit many challenges to building and sustaining development partnerships. Identifying and understanding these limitations is necessary to address them. Based on interviews and research, Devex Impact uncovered and unpacked several of the most prominent factors and conditions that characterize the gap between effective public-private partnerships.
BRIDGING THE DEVELOPMENT PARTNERSHIP GAP

Transparency and information sharing are critical to learning about and improving development partnerships. Despite the challenges, Devex Impact also identified some straightforward strategies and activities that may help corporations close the gap with bilateral donor agencies and facilitate stronger and more sustainable development partnerships. This is not a linear process; rather a collection of best practices that corporations can employ as they pursue partnerships with bilateral donor agencies.
IDENTIFY THE SHARED OPPORTUNITY

Development partnerships between corporations and bilateral donor agencies offer new opportunities at a time when business is aggressively engaging emerging markets and the public sector development landscape is shifting. Bilateral donor agencies may have unique on the ground experience that corporations want to leverage. Corporations might have access to technology or technical skills that can advance or scale a development program.

The most effective development partnerships then are based on mutual commitment for mutual benefit. In other words, they are based on sharing. They involve two parties coming together to pursue a goal or create impact that they could not accomplish independently. The key for partnership brokers and stakeholders is to recognize the prospect for shared value early on and capitalize on the competencies of each partner to achieve bigger and bolder results.

“We have seen that true partnerships with common objectives that share risks and rewards create more collaborative, effective, and impactful solutions to global problems.”

CHRIS JURGENS, DIRECTOR OF USAID’S CENTER FOR TRANSFORMATIONAL PARTNERSHIPS

But actually identifying and pursuing shared opportunity between corporations and bilateral donor agencies is complicated. It is not an ad hoc process and, because there are different drivers and interests, realizing shared opportunity will require significant commitment, resources and energy from both sides. Corporations can begin to identify shared opportunities by appreciating how the core business of the company can contribute to global development and understanding how bilateral donor agencies approach these issues. Once negotiations begin, it is critical that the parties co-design the partnership with shared opportunities in mind.
Corporations are accustomed to conducting rigorous market research and collecting and analyzing data about consumers, products and their bottom line to guide decision-making. Meanwhile, donors are often obligated by law or urged through foreign aid transparency initiatives to track and publish important financial and operations data. In order to positively influence and shape partnership agreements, corporations should apply their internal research and analysis capabilities to gather donor intelligence. The following are some basic suggestions and tools for corporations to collect relevant information about bilateral donor agencies that will help them identify, select, and engage the right partners.

### Identify Donors with Aligned Interests

- Conduct donor due diligence and assessment to identify compatible donors with shared and aligned interests.
- The Organization for Economic Cooperation and Development’s (OECD) Creditor Reporting System (CRS) is a helpful tool for researching and analyzing leading donors in specific sectors and/or regions.
- Develop long list of potential donors partners.

### Analyze Donor Funding Flows and Programming

- Most bilateral donor agencies publicly disclose funding and programming in different sectors and regions.
- For instance, the U.S. Government reports overseas spending through the website foreignassistance.gov and the U.K. government’s Development Tracker provides detailed aid data on the countries and sectors which DfID supports.
- Develop short list by ranking and prioritizing potential donor partners.

### Determine Points of Entry and Engagement Strategies

- Determine the right points of entry within the donor agencies to explore partnerships.
- For instance, USAID’s Center for Transformational Partnerships and DfID’s Business Engagement Hub can serve as initial points of contact.
- Start with informal conversations to better understand the donor’s operations, motivations and priorities.
- See donor profiles for contact details and engagement recommendations.
Partnerships are most effective when both sides are clear about what they want from the beginning. Negotiation is a critical component in brokering effective partnership agreements and involves considerable preparation and investment. Coming to an agreement requires two parties and a collaborative approach, thus it is important for corporations to understand the donor’s position and involve program counterparts throughout the entire process from negotiation to agreement signing. Here are some considerations to keep in mind when negotiating and finalizing agreements with donors.

**USE THE SAME LANGUAGE** Companies and governments often have a variety of meanings and definitions for the same issues. Employees with experience in both private and public sectors can help close these language gaps.

**HIRE PARTNERSHIP PROFESSIONALS** Through advocacy and negotiation, partnership professionals can help reduce miscommunication challenges and goal misalignment, while also helping partners understand one another’s needs and motivations.

**WORK WITH 3RD PARTY NGOS** Working with NGOs can help companies gain credibility and a better understanding of the international development space.

**SET MUTUAL GOALS** Together with the donor establish a clear vision and measurable goals for the partnership. This will help guide the partnership potentially for many years – so write it down.

**CLEARLY DEFINE ROLES AND RESPONSIBILITIES** Roles and responsibilities are defined according to each partner’s unique capabilities and what they bring to the table, and require trust and understanding. They may change throughout the partnership, depending on the performance of the partnership.

**FACTOR IN SCHEDULE AND TIMING** What might be impossible in a short timeframe can be attainable in the long term. It is important to keep available timeframes in mind and set goals and expectations accordingly.

**KNOW DONOR CONTRACT OPTIONS** Donors use different partnership agreements such as a Memorandum of Understanding (MOU) or Agreement (MOA), legal contracts, or contract awards. DFAT and USAID, for example, use legally non-binding MOUs to formalize their partnerships, while GIZ draws up a legally binding contract between the company and government.
How do organizations take the leap from talking about partnerships to actually forming them?

One way to make real progress during partnership negotiations is to get the ideas down on paper. This documentation, even if preliminary, can begin to form the basis of memorandum of understanding — a critical stage in the partnering process.

The business and legal communities loosely define an MOU as a formal agreement between two parties. An MOU generally expresses common intentions and actions between parties. It is more formal than a verbal or handshake agreement, but typically not legally binding.

At a minimum, an effective MOU should comprise the following:

- Purpose of the Partnership
- Partner Roles & Responsibilities
- Resource Commitments
- Implementation Issues such as Governance Structure, Monitoring, Evaluation & Reporting
- Partnership Timeline (Effective Date, Duration, End Date)
- Rules on Amendments & Termination

Read more on Devex Impact.
At the core of any partnership – no matter how formal – are interactions between people. These personal relationships are based on trust which forms the bedrock and foundation of well-functioning partnerships. Unlike any other factor, a shaky foundation can severely limit the size, success and impact of a partnership. To ensure that trust is established and maintained, partners should ensure formal governance and proactive communication. Here are the basics:

**LESSONS ON PARTNERSHIP HEALTH FROM THE PRIVATE SECTOR**

2. Early-stage partnerships need alignment and commitments, while implementation requires trust.
3. Strategic partnerships rely on trust, while shared value partnerships need alignment.
4. Established norms and proactive communication support relationship health.
5. Addressing partnership pain points is critical to success.

**INVEST IN PARTNERSHIP HEALTH**

**PROMOTE PROACTIVE COMMUNICATION**

Open, honest and respectful communication is critical to building trust. Without it, partners can end up in silos, mired and frustrated. To ensure proactive communication, partners need to meet regularly and establish a culture of coordination and inclusion. In the early stages, face-to-face meetings are particularly important while regular check-in calls and updates are essential to maintain the relationship.

**DEDICATE STAFF TO MANAGE THE RELATIONSHIP**

For donors and companies, limited resources and conflicting priorities can pose major challenges to a partnership. To guarantee the success of the partnership it is important for both sides to dedicate staff not only to the operations of the partnership, but also to the management of the relationship on a day-to-day basis.

**CLARIFY DECISION-MAKING PROCESSES AND STRUCTURES**

Effective partnerships rely on a common understanding of different responsibilities and decision-making processes. Considering that there are multiple actors involved on either side, it often makes sense to jointly establish written agreements and protocols that outline the essential elements of the partnership.
While communication and trust forms the underlying foundation of a healthy partnership, a successful partnership is ultimately measured by its impact on the ground. Partnerships can be an effective tool to help your organization scale its impact faster and more efficiently than taking the road alone, but partners need to think scale and sustainability from the start. Here are the basics:

**DEVELOP A LONG TERM STRATEGIC PLAN**

Strategic planning is an organizational process that establishes a desired future and translates a goal into broadly defined objectives and a sequence of steps to achieve them. To ensure that the partnership progresses smoothly towards its goals, partners should collaboratively develop a long term strategic plan that guides the partnership towards success.

**MOVE FROM PILOT TO SCALE**

No matter how much you plan, partnerships like any projects can fail. To minimize risks and benefit from lessons learned, a piloting phase can help transition to scale.

**GUARANTEE PROJECT SUSTAINABILITY**

Sustainability is critical to any development project and donors value sustainability planning. Early on, stakeholders should consider how the partnership will be managed and maintained, even after one or both parties moves on.
EMBRACE MONITORING AND EVALUATION

Some form of measurement is critical to define and communicate partnership value and results. Public calls for transparency and accountability and a relenting focus on value for money is pushing donors to implement rigorous M&E rules and systems and evidence-based evaluations. While M&E is an important discipline across the global development community and critical to assessing the impact of development interventions, some development stakeholders believe the emphasis has resulted in overly burdensome requirements that potentially compromise aid effectiveness and misdirect development funds. Corporations also understand the need for M&E, but generally adopt more balanced and flexible approaches that guide changes and behavior. An effective development partnership between a corporation and bilateral donor agency will embrace the value of M&E and co-design M&E frameworks, processes, and metrics that are acceptable to both parties.

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It’s important to have monitoring during the course of a program so there can be course correction if there’s an area that’s not working or the partnership can work to identify and seek new members, new participants in the partnership and other resources to ultimately support the goals of the initiative.

BARBARA SPAN, VICE PRESIDENT OF GLOBAL PUBLIC AFFAIRS, WESTERN UNION

- Clearly define measurable short-term milestones and long-term goals
- Determine fair and appropriate performance indicators
- Establish joint M&E frameworks to facilitate coordination among parties
- Orient the M&E system towards learning and improvement
- Build on existing M&E structures
- Measure the health of the partnership in addition to the results
- Use data one or both of the partners are already gathering
- Leverage data to inform decision-making about the future
- Solicit regular independent evaluations
- Communicate results effectively and involve all partners
- Change course as necessary and fail forward

USAID is increasing integration of monitoring and evaluations in its programs, including the African Diaspora Marketplace partnership with Western Union.
While much of this advice may seem like common sense, many partnerships have failed before even getting started because one or more of these key components was missing. Partnerships are most effective when both sides are clear about what they want from the beginning. Effective communication is paramount.

As you consider new avenues for partnership in your own organization, make sure to keep these strategies in mind:

**IDENTIFY THE SHARED OPPORTUNITY**
The best partnerships work toward a goal that no party could accomplish independently. All stakeholders should be able to demonstrate unique key competencies that other partners can build on to achieve bigger, bolder results.

**GATHER DONOR INTELLIGENCE**
Oftentimes donors are obligated to track and publish important financial and operations data. Leverage your internal market research and data analysis resources to identify opportunities to mutually maximize impact based on these findings. This will allow you to engage exclusively with new partners where shared opportunity exists.

**ADAPT NEGOTIATION AND CONTRACT APPROACHES**
This is where communication starts to play a leading role. Development has its own vernacular as does the corporate world. Make sure all stakeholders are using the same language as you are setting your mutual goals. Partnerships professionals and third party NGOs can be critical to moving this forward. Once you’re sure you’re on the same page, you can clearly define roles, responsibilities and a timeline to create a formal partnership agreement or MOU.

**INVEST IN PARTNERSHIP HEALTH**
No matter how well-intentioned, a partnership can only be as strong as its foundation. Each stakeholder should have staff resources with clearly defined responsibilities dedicated to the partnership. Proactive and honest communication between these point-persons fosters trust and a culture of inclusion. Decision-making processes should also be formally discussed and established with future scale and sustainability planning in mind.

**EMBRACE M&E**
Measurement is essential to define and communicate partnership value and results. Be sure to create measurable short-term milestones and long-term goals, and orient your M&E system toward learning and improvement. Data can tell a powerful story. Looking at it regularly can help you change course where necessary, and spark new ideas for the future.
Devex is the business intelligence platform for global development professionals who are serious about winning new business. With a Devex Business Intelligence Account, you can track new and emerging funding from 350+ donor sources, shifts in donor priorities, contract awards, information on existing and potential partners and broader industry funding trends all in one place.

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