European Centre for Development Policy Management
ecdpm

Discussion Paper

No. 190
May 2016

Sustainable rural employment or corporate social responsibility?

An analysis of dairy partnerships between business and civil society organisations in Tanzania and Kenya

by Karim Karaki and Bruce Byiers

www.ecdpm.org/dp190

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Key messages

To avoid partnerships becoming a catch-all term with little use for policy-makers, there is a clear need for an in-depth understanding of the drivers and key constraints to effective strategic CSO-business partnerships. In particular, more emphasis needs to be placed on understanding process and context.

This paper presents two CSO-business partnerships in the dairy sector in East Africa. While in the same sector and with similar overall goals, they differ strongly in terms of objectives and approach –one has philanthropic origins but is holistic in a specific place; the other is market based, building on existing firm efforts to promote system reform.

The analysis suggests that the strength of partnerships lies in their ability to exploit opportunities that evolve throughout their development, rather than following a strict planning. This in turn has implications for donors who wish to support partnerships, who need to adopt a differentiated approach to partnerships.

Above all, to be sustainable and effective, partnerships need to be embedded and developed within the local market and institutional environment. This suggests that donors' support to partnerships should be well coordinated with other business environment improvement measures, including spatial or territorial approaches.

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Acknowledgement

ECDPM gratefully acknowledges the financial contribution of the UK Department for International Development (DFID) which made this study possible.

The lead authors of this study are Karim Karaki and Bruce Byiers. The authors would like to thank their colleagues San Bilal and Fabien Tondel for their guidance and useful contributions.

This study was realised with the help and support of several people in Kenya, Tanzania, Italy and the Netherlands to whom we owe our gratitude. We would like to thank all the participants for dedicating their valuable time and sharing their experiences with great enthusiasm and transparency. Special thanks to Anton Jansen (SNV), Sara Laurenti and Dario de Nicola (CEFA) who contributed to the overall quality of the data gathered, by openly sharing information and helping coordinate the field missions - "*if one is not willing to share, it is hard to multiply*".

The authors would also like to thank for their comments the participants to the ECDPM workshop on *Multi-stakeholder partnerships: Implications for stakeholders*, 4 May 2016, Brussels, where the results of this case study were discussed.

The views expressed in this study are those of the authors only and should not be attributed to any other person or institution.

Acronyms

AMP	Africa Milk Project
CEFA	Comitato Europeo per la Formazione e l'Agricoltura
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
EAC	East African Community
ECDPM	European Centre for Development Policy Management
EU	European Union
GDP	Gross Domestic Product
IDC	Italian Development Cooperation
KMDP	Kenya Market-led Dairy Programme
MfSP	Milk for School Programme
MoU	Memorandum of understanding
NFC	Nundoroto Farm Company
QBMP	Quality Based Milk Payment systems
SNV	Stichting Nederlandse Vrijwilligers
SDGs	Sustainable Development Goals
SME	Small and medium-sized enterprise
USAid	United States Agency for International Development

Executive Summary

In a context where the development community aims to engage and work with the private sector for development, and given the decline of aid as a finance flow to developing countries and finance to civil society organisations (CSOs), CSO-business partnerships are gaining increasing attention as part of the development agenda. They offer a range of potential benefits for promoting economic transformation and addressing other development challenges. However these expectations stand in contrast to the literature on CSO-business partnerships results, which demonstrates the need to better understand of the drivers and key constraints to effective strategic CSO-business partnerships for development.

Starting from the view that partnerships are often a challenge to form, initiate and implement in practice, and building on a mapping study that highlight the four key dimensions to understand partnerships (Byiers et al., 2015), this paper looks in particular at two CSO-business case studies in the dairy sector following the question: *What are the main partnership characteristics (core business, degree of engagement, nature of activities, governance) and institutional factors that drive and constrain the process of establishing and maintaining effective CSO-business partnerships?*

The first case study looks at the Africa Milk Project, a prize-winning partnership at Milan's EXPO 2015 between Italy's largest dairy cooperative - Granarolo, CEFA, an Italian CSO, and the community and diocese of Njombe in South-West Tanzania. The second looks at the Innovation Fund under the Kenya Market-led Dairy Programme (KMDP), implemented by SNV (a Dutch CSO[1]), that supports SMEs by co-financing innovative business cases to enhance the competitiveness of the Kenyan dairy sector.

Although they operate in the same sector in Eastern-African countries, the AMP and Innovation Fund partnerships strongly differ in terms of objectives, approach, actors and activities, following their different origins, leadership and external context.

The Italian CSO CEFA is at the very origin of the AMP, which focused on improving the dairy smallholder farmers livelihood and communities' nutrition of Njombe, through a market based approach. So the project follows a geographical focus - the Njombe region, which is isolated from the main dairy market, pushing CEFA to take a holistic approach integrating production, processing, marketing and market building activities.

On the other hand, although SNV is at the origin of the Innovation Fund, it is the private sector that initiates and leads the partnership in a rather developed Kenyan dairy market. The KMDP Innovation Fund objectives are therefore financially-oriented, and aim at fostering private sector innovations to address dairy sector systemic issues and contribute to the sectoral development. Whilst the AMP has a geographical focus, the Innovation Fund has thus a sectoral focus/system approach.

Such approaches therefore affect in turn the type and interests of actors involved in the partnerships and their role and activities, as demonstrated through these case studies. Among the main findings were the need for partnerships to:

1. **Be embedded in the market and institutional environment**
2. **Recognise the importance of informal aspects of partnerships**

[1] SNV is more precisely a not-for-profit contractor.

3. **Recognise the value of intangible resources (vs. financial resources)**
4. **Recognise the strength of partnerships, and thus their need for flexibility and adaptability**

This in turn affects the developmental outcomes of partnerships, and should thus be taken into account by policy-makers. These contribute to ensuring aid effectiveness (by avoiding duplication of efforts, and local ownership); heping balance power balance in partnerships between CSOs and businesses and; satisfy themselves of the additionality of their funding playing their role of providing financial and reputational support to the projects. But the case studies suggest that donors could go further by:

1. **Mitigating the "pressure for success" on partnerships**
2. **Going beyond philanthropy and financial contribution**
3. **"*Think[ing] sailboats, not trains*"**
4. **Adopting a differentiated approach for different partnerships**
5. **Implementing a coordinated/spatial approach**

Looking ahead, it will be important to see how donors can accompany and support CSO-business partnerships to maximise their developmental impact i.e. fostering transformative instead of reactive partnerships (Tennyson, 2016). This is therefore a key condition to promote partnerships as an important instrument to achieve the SDGs. The case studies clearly show the influence of the external environment, which at the donor level translate by a greater need to connect, link and coordinate better private sector engagement modalities such as partnerships to the business environment, infrastructures and systems.

1. Introduction

1.1. Context

Multi-stakeholders partnerships, including between private sector and civil society organisations (CSO), are gaining increasing attention as part of the international development agenda, not least with the recent adoption of the Sustainable Development Goals (SDGs) and the Finance for Development Conference in Addis Ababa in 2015. This reflects numerous trends in development policy, most notably the greater attention given to working with the private sector for development, the declining importance of aid as a finance flow to developing countries, and a similar reduction in finance channelled to CSOs.[2]

Business-CSO partnerships also offer a range of potential benefits for promoting economic transformation and addressing other development challenges. These relate to their potential to link commercially, market-driven investment projects and private sector know-how that can contribute to creating more and better jobs, with socially-grounded, networked approaches of CSOs whose primary aim is to promote inclusive development within a given location.

But clearly there is a wide range of partnership forms, motivations, activities, and practice. This opens up the risk that partnerships become a catch-all term with little use for policy-makers. As much as some partnerships may offer an innovative form of operating, this must be balanced with the possibility of their failing to address sustainably social concerns to focus on marketing and public relations purposes or being instrumentalised for non-developmental purposes.

Given the enthusiasm from development agencies to support cooperation between businesses and CSOs, be it through partnerships, or other forms of cooperation, including Corporate Social Responsibility (CSR) requirements, there is a clear need for more analysis and an in-depth understanding of the drivers and key constraints to effective strategic CSO-business partnerships for development. Given the growing interest in the dairy sector in East Africa, both from an employment and nutritional perspective, that is the focus of this paper.[3]

Building on a mapping study that looks at the literature on business-CSO partnerships more generally (Byiers et al., 2015), this paper looks in particular at two CSO-business case studies in the dairy sector. The first looks at the Africa Milk Project, a prize-winning partnership at Milan's EXPO 2015 between Italy's largest dairy company - Granarolo, CEFA, an Italian CSO, and the community and diocese of Njombe in South-West Tanzania. The second looks at the Innovation Fund under the Kenya Market-led Dairy Programme (KMDP), implemented by SNV (a Dutch CSO[4]), that supports small and medium-sized enterprises (SMEs) by co-financing innovative business cases to enhance the competitiveness of the Kenyan dairy sector.

This paper examines both partnerships and investigates the relations between the companies, CSOs and donors - when relevant local communities and institutions, and in particular the role, drivers and constraints of these 'inclusive' partnerships and how they fit in the broader context of the region.

2 See the accompanying literature review by Byiers et al. (2015) on CSO-business partnerships.
3 This paper is accompanied by a separate paper looking at business-CSO partnerships in the dairy sector in East Africa.
4 SNV is more precisely a not-for-profit contractor.

The main question addressed is as follows: *What are the main partnership characteristics (core business, degree of engagement, nature of activities, governance) and institutional factors that drive and constrain the process of establishing and maintaining effective CSO-business partnerships?*

1.2. Approach

Rather than evaluating the effectiveness of partnerships, the focus is specifically on the *processes* of establishing and operating CSO-business partnerships and the best practices of such partnerships in terms of governance. Building on an in-depth literature review on the topic (Byiers, Guadagno and Karaki 2015), we use an analytical framework that includes four key dimensions and dynamics, outlined in Table 1.

Table 1: The four dimensions of partnership

Areas	What	Details
Type of partnerships	Whether a philanthropic or strategic partnership	Balance of development/commercial goals, alignment with core business, CSR etc.
Activities	Nature of partnership activities	Advocacy, sponsoring, training, designing, buying, marketing etc.; together or apart; cooperation required or just desirable.
Degree of partner engagement	Frequency, type of interactions; resources brought	Arm's length or strategic joint decision-making and implementation; levels and types of resources brought by partners; power balance within the partnership.
Governance structures	Mechanisms to define and shape roles and responsibilities	Formal Memorandum of Understanding (MoUs), contracts etc. on roles, objectives and governance of partnerships; and informal practices.

Source: Author's own elaboration

To examine these dimensions we use a 'political economy approach' to organise the discussion and findings from desk-work and semi-structured interviews. The framework applied builds on the five lenses proposed by Byiers, Vanheukelom and Kingombe (2014, 2015) to systematise information on:

1. the influence of *structural or foundational factor*s to the partnership;
2. the specific *sectoral characteristics* that affect political economy considerations in the partnership;
3. the influence of *external actors and factors*, not least external finance but also on-going changes in the national or global context that affect the partnership.
4. the role of *institutional factors*, including both formal and informal 'rules of the game' that define partner roles and responsibilities;
5. the *power and interests of different 'actors'* and groups operating within that context.

As such, across the four partnerships dimensions we also analyse how the history of the partnership plays a role, in terms of initial motivations and objectives, and the influence of external factors i.e. location, market dynamics and institutions, play out to affect the partnership's dimensions.

The framework therefore combines the partnership literature with a political economy understanding of interests and external factors. This in turn allows us to capture the complexity of partnerships in terms of drivers and challenges, providing insights on moving from policy to practice - the common ECDPM underlying theme.

The ambition is that these findings serve as a basis to understand and reflect on the key roles that donors and other policy-makers might play in facilitating and improving the development impact of CSO-business partnerships. This will then feed the dialogue among donors and other partners in Europe and in Africa with a view to making development policy more effective and inclusive.

The following section examines the above six areas for the partnerships under analysis. Section 3 summarises and concludes.

2. The history, origins and partners' motivations for the partnerships

This section summarises the original underlying motivations for partnership in the two cases of the Africa Milk Project and the KMDP Innovation Fund. This already begins to underline how, even in the same sector and with similar overall objectives, partnerships can vary widely.

2.1. Africa Milk Project origins

The true origins of the Africa Milk Project partnership are quite circumstantial, based on some chance meetings and meeting of minds between specific individuals. Through on-going work in the Southern Highlands of Tanzania, the Italian CSO CEFA was made aware of the situation of the Njombe district by the Roman Catholic Diocese of Njombe and the need for intervention. As in much of the country, poverty and undernutrition were major issues causing illness and death in children as well as affecting education, productivity and economic indicators of the country, especially in rural areas. Undernourished children do less well at school and have a more important absence rate; adults are not able to be as productive, with estimated costs to Tanzania of 2.65%[5] of its GDP. Undernutrition particularly touches girls and women.

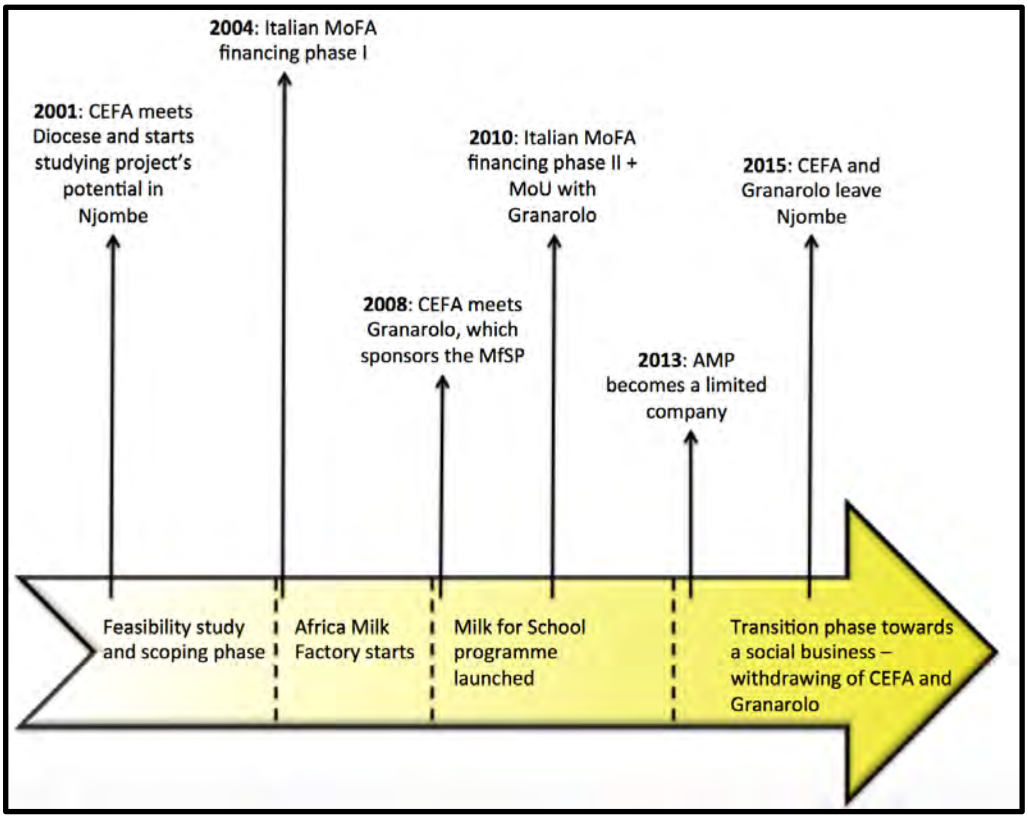
[5] https://www.usaid.gov/sites/default/files/documents/1860/FTF%20Fact%20Sheet%20Jan%202015.pdf

Figure 1: Location of Njombe

Source: from www.mapsofworld.com/tanzania/

The Africa Milk Project started in 2004 and developed for over a decade, which can be divided into four main phases, as shown in the graph below. Each phase therefore represents a change in the objective and/or composition of the partnership managing the Africa Milk Project.

Figure 2: Chronological perspective on the AMP



Source: Author's own elaboration

1. **Phase I: A humanitarian project… (2001 - 2003)**

Following the encounter with Njombe Diocese, CEFA set up a humanitarian project in Njombe in 2001 to support a dairy farmers' cooperative, NjoLiFa, composed of the majority of the smallholder farmers present in Njombe district rural areas. This project aimed to increase their productivity and consequently its members' incomes. The choice of location for the Africa Milk Project therefore came from a request rather than from CEFA's plans.

Although the productivity of farmers increased, the cooperative still had difficulties reaching out to the market. So CEFA also used this two-year period to study the feasibility of establishing a more sustainable project, in the form of a milk/dairy factory (though the initial idea was to set up a simple milk collection facility) - reflecting the *modus operandi* of CEFA, of transforming humanitarian projects to financially sustainable and inclusive companies.

Following a call for proposal from the Italian Development Cooperation (IDC), CEFA sent an application to get sufficient funding to continue the project in Njombe, accepted in 2004.

2. **Phase II: … combining social and financial aspects… (2004 - 2008)**

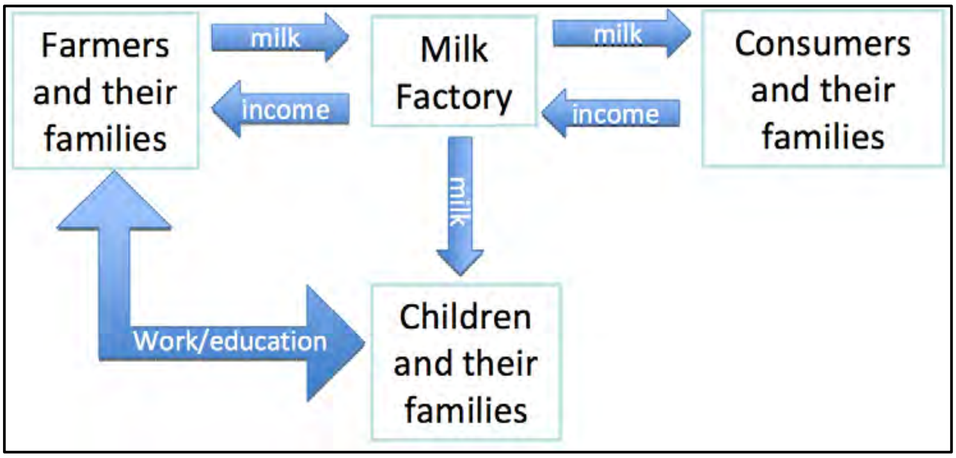
With the financial support of the IDC, CEFA was able to pursue the project and build the milk factory, responding to the shortcoming observed in the first phase - and so the Africa Milk Project was born. The main technical innovations lay in the use of pasteurisation process, which ensured the quality, safety and longer conservation of the milk. In turn this guarantees the nutritional impact of the project and the sustainability of the factory, as it offers the market an innovative product.

However, some issues still needed to be dealt with: the consumption of dairy products, which were now available in quantity and quality, was low, limiting the nutritional impacts of the milk factory. Besides the lack of dairy expertise and technology prevented the factory from exploiting further business opportunities (development of new products) and expanding to bigger markets in Tanzania.

3. Phase III: … with increased scope and ambition… (2008 - 2013)

In 2008, a ceremony organised by Granarolo and rewarding CEFA's president as 'people of value', provided a great and improvised opportunity for CEFA and Granarolo presidents to meet - Granarolo is the largest dairy cooperative in Italy. Following that encounter, Granarolo decided to support the AMP as part of their CSR policy - and motivated by the idea of replicating their own cooperative model. The Italian dairy cooperative contributed with its knowledge and financial resources to the project with the idea of making it economically sustainable on the long-term. Granarolo's engagement allowed the AMP to enlarge significantly the scope of the milk factory (new products development and market reach) and the MfSP (more schools); improve and professionalise the milk factory (technological) processes, and employees' skills. Here the economic focus came strongly to complement the primary social objectives of the AMP.

Figure 3: Impacts of the AMP and relations between the main stakeholders



Source: Burchi, De Muro, Kay, Vicari (2011)

In parallel, the IDC renew its financing in 2009 to 2013 to ensure the financial sustainability of the project, based on its confidence in the technical solidity of the project, and further reassured by the presence of Granarolo (in terms of expertise especially) as a partner. The AMP impacts were measured by the University Roma Tre in 2011, and demonstrated the significant socio-economic progress achieved by the AMP. These fulfill the expectations placed in the project by the partnership's stakeholders, and greatly helped in facilitating the relationship with the Tanzanian government. Although the latter was involved at the local level, its engagement grew as far as the AMP project reached its promises, until involving the central government. The Africa Milk Project is even mentioned in the Tanzanian government document "School Milk Feeding Programme" (January 2010) as an example of "best practices" towards developing a nation-wide school milk feeding programme.

As the milk factory reached the break-even point, it was decided that the project would become a limited company with a set of shareholders composed mainly of the present partners of the project. So while the initial objective of the project was to fight malnutrition and improve livelihoods by increasing milk productivity, the AMP later became a (quality) milk supply project, and then a limited company processing dairy products.

This transition was accompanied by a formalisation of the governance structure, which ultimately became a board of directors - composed of all the shareholders plus CEFA. This also meant that the company would be handed over and managed by local partners ("*a project managed by Tanzanians, for Tanzanians*"), and with a gradual retreat of CEFA and Granarolo (although Granarolo would continue supporting the MfSP programme). This process is proving to be a challenge as described below.

4. Phase IV: … becoming an (inclusive) limited company… caught up by reality (2013 - until date)

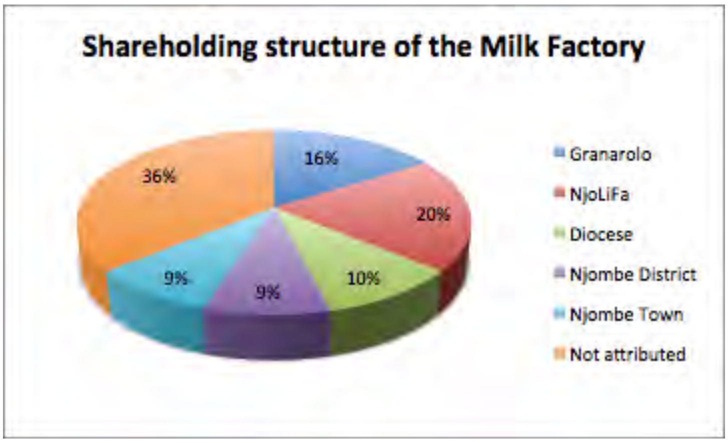
CEFA and Granarolo started a transition phase from social project to company. This means that shares were divided between investors among which figures the diocese, NjoLiFa, the district and town councils of Njombe, Granarolo and 36.5 percent of the shares of the company still need to find buyers (see Figure 5).

Figure 4: The AMP milk factory

Source: Author's, 2016

CEFA cannot be part of the limited company since they are non-profit organisation, but they are nevertheless part of the Board of Directors to ensure a smooth transition from project to company.

Figure 5: Shareholding structure of the Njombe Milk Factory



Source: Author's own elaboration

The process is nevertheless far from being straightforward: first, the project has relied on expat knowledge, expertise and leadership to sustain the milk factory. The present capacities of the local partners do not allow the milk factory to develop commercially in a sustainable way, and attracting skilled Tanzanians in Njombe is very challenging. A solution could be to sell the remaining shares to industrial/private sector actors who could fill up the gap in terms of knowledge and expertise. However the local partners are reluctant as they are afraid that the limited company would lose its social mission, and would only focus on financial profits making - ignoring the needs of the local community. The question is then how to ensure long-term sustainability otherwise?

2.2. KMDP Innovation Fund origins

The dairy partnerships set up through the KMDP Innovation Fund, though similar in some respects, have quite different origins.

Following SNV work in the Kenyan dairy sector, which started in 2008 to 2011 as part of a core subsidy scheme from the Dutch Ministry of Foreign affairs, the Netherlands embassy in Nairobi, Kenya awarded in 2012 a proposal from SNV Kenya for a five year programme in the dairy sector. This programme would fit with the embassy's policy priorities with regards to food and nutrition security, but even more importantly with the policy promoting a shift '*From aid to trade*' (B2B) relations, the new Dutch policy framework. This puts emphasis on market-led, private sector driven interventions - the idea being twofold: (i) to foster sustainable and inclusive trade relationships between Kenya and the Netherlands, by combining trade and development; and (ii) to tap into the Dutch dairy sector expertise and agricultural technology while promoting development.

SNV therefore designed the Kenyan Market-Led Programme 2012 - 2016 (KMDP), to contribute to the development of a vibrant dairy sector with beneficiaries across the dairy value chain. As part of the programme an Innovation Fund was set up to fast-track commercially viable innovations by lowering the initial risks of such investments. This was done by co-funding the costs of hardware and technical expertise required for the successful project implementation.

The fund thus helps tackle systemic issues in the dairy sector such as (i) skills and knowledge gaps; (ii) milk quality; and (iii) fodder supply chain management among others. Though the KMDP includes a streamline of activities focusing on smallholder dairy value chains, the Innovation Fund targets stakeholders across the dairy sector, including input and service providers, medium and large-scale farmers, processors and knowledge institutes where Dutch dairy expertise and technology is relevant (*From Aid to Trade* policy), and is demand driven. Private sector actors apply for the fund based on a sound business development plan, as this is a guarantee for sustainable projects. These projects, if successful, will be used as model projects to be replicated and scaled up, leading the private sector to take the lead on asking for change at the institutional level.

The Innovation Fund thus adopts a system approach where it aims at removing the systemic barriers preventing the local and international private sector to invest in the dairy sector. The fund's activities are commercially oriented, with social/institutional indirect impacts even if some of the activities financed by the fund have an inclusive business model, where they want to contribute to social good. But as phrased by an interviewee when evoking the Innovation Fund: "*It's an economic development project… Investments have to make economic sense otherwise they are not looked at*".

For this case study, we looked at a sample of four out of 12 activities from the Innovation Fund (see Table 2), which tackle different systemic issues characterising the Kenyan dairy sector.

Table 2: Four partnerships using the KMDP Innovation Fund

Applicant	Project objective	Type of project/sector	Systemic issue targeted
Gogar Farm Ltd	Packaging and sales of maize silage and TMRs in 50 kg briquettes, palletisation of roughage	Business case/Commercial fodder production	Fodder supply chain management
Nundoroto Farm Company Ltd	Agricultural Contracting Services for enhanced fodder production/ preservation (maize/grass train)	Business case/Commercial fodder production	Fodder supply chain management
Roodbont Publishers Ltd	Contextualised Cow Signals Publications for the Kenyan/EA Market	Business case/Training and practical skills development	Skills and knowledge gaps
Happy Cow Ltd	Milk quality tracking and tracing System and QBMP-pilot	Pilot project/Milk quality	Milk quality

Source: Adapted from SNV's report

Gogar Farm Ltd.

Gogar Farm Ltd.'s (hereafter Gogar) owner learnt about the KMDP through his social network and contacted SNV which came to visit his farm, discuss the Gogar business development plan, and provide further explanations about the Innovation Fund.

Figure 6: Picture taken in Gogar Farm Limited

Source: Authors, 2016

This led Gogar to design a proposal for the Innovation Fund to tap into the market for commercial fodder supply by buying a pelletizer for forage-based pellets and a maize-silage baling and packaging machine to supply small and medium sized dairy farmers with quality forages. The maize-silage briquettes produced will be of relatively small sized bales with a maximum weight of 50 kgs. This size was chosen as it is the same weight as a churn of milk. Therefore smallholder farmers who bring milk to market on a bicycle in a churn will be able to return with one bale for every empty churn.

By doing so, Gogar would develop its business; help farmers increasing milk production per cow, and and milk provision to Gogar Farm; and contribute to the local community development of the region (besides his business, Gogar's owner is also engaged in development - he set up a few schools in the area). Integrating Gogar within the local community is therefore crucial in terms of business development.

KMDP and the dairy sector would on the other hand benefit from the project by contributing to the modernisation and commercialisation of the fodder-sub sector, which is one of the many challenges faced by dairy smallholders – access to affordable good quality feed and fodder.

Nundoroto Farm Company Ltd.

The Nundoroto Farm Company Ltd. (hereafter NFC) is an agricultural contracting firm and social enterprise, providing services to farmers while also promoting social and economic development activities in a rural remote area close to Eldoret. In 2012, KMDP went to visit the NFC and was impressed by the results achieved, and discussed ways to improve further the operations of the firm by investing in new innovative equipment, professionalising and scaling up activities.

The proposal aims to enhance NFC's current service model into a professional and reliable agricultural contracting service, with a focus on fodder production, harvesting and silaging, to ensure enhanced access for small, medium and large-scale dairy farmers to quality feeds for increased and constant milk production. This allows NFC to increase the financial sustainability of its business model (which still relies on external funding) and reach higher social impacts. On the smallholder (which is the main focus of NFC) and medium and large scale dairy farmers' side, they would benefit from such service given that current poor practice of maize production and silage making show losses up to 30 percent of the silage pits, which represents for a medium scale farmer with 20 acres of fodder maize or 300 tons of silage a value of KES 300,000 in feed value; and almost double that amount in reduced milk production and sales.

Roodbont Publishers Ltd.

SNV/KMDP in 2013 invited Vetvice Cow Signals – a international dairy training company - from the Netherlands to explore the Kenyan market, and it facilitated and co-financed a number of Cow Signals trainings. This led to the first Cow Signals certified trainers in Africa and resulted in a proposal to KMDP Innovation Fund from Cow Signal's publisher Roodbont BV to write and publish - in a joint venture with Olive Publishing and Marketing Ltd from Kenya - two handbooks for dairy management (Cow Signals Advanced and Cow Signals Basics) for the Kenyan and East African market. In this process there was an important role for one of KMDP's local consultants (Perfometer Agribusiness) in the birth of this idea and the writing of the proposal document, as well as linking up Roodbont with the local partner Olive.

Professors from Nairobi University and Egerton University were contracted as content editors to assure the quality of the product, especially as regards to local context. Besides commercial interests, the willingness to contribute to better knowledge and skills through a product tailored for the need of the locals is an important factor explaining their motivations.

For SNV, this project allows to tackle the skills gap issue, which is one of the main contributors to low productivity and profitability at the farm level, seasonality of supply and high cost of production, and milk quality issues. There is huge interest of farmers and landowners with well-paid formal jobs in other sectors (telephone farmers) to invest in dairy and pay for skills development. Yet an adequate infrastructure for the supply of skills and knowledge as required by the market is lacking.

Happy Cow Ltd.

In 2012, SNV/KMDP initiated a feasibility study for milk Quality Based Milk Payment systems (QBMP) in Kenya in collaboration with the Kenyan Dairy Board. The study was implemented by a Dutch dairy consultancy firm The Friesian BV, in-team with other international and local experts.

After a presentation by the external consultants, and explanation of the KMDP Innovation Fund[6], SNV invited the interested processors to apply for a follow-up study on part of their supply chain, to assess the feasibility of implementing a QBMP in their daily operation. Four processors applied and were assisted, and one out of these – Happy Cow Ltd. in Nakuru - requested SNV and The Friesian BV, to help with the preparation of a proposal for a two year QBMP-pilot project.

The project aims to install first of all a credible milk quality tracking and tracing system from the farmer to the dairy cooperative that delivers milk to Happy Cow, and from the cooperative to the factory gate. This is paralleled by many interventions and improvements in the milk collection and the cold chain, and by payment based on quality of raw milk delivered. The parameters measured by Happy Cow are bacterial count, antibiotic residues and added water.

[6] The Innovation Fund is financed by the Netherlands embassy in Kenya as part of the KMDP, and aims at fast-tracking innovation in the dairy sector by co-financing it up to 50 to 60 percent of maximum €100,000 investment. Proposals are assessed by SNV, and if satisfactory are sent to the Netherlands embassy which should decide to which extent they will be financed.

Happy Cow is co-investing in this project to improve the quality of its product and to increase exports in the EAC. It wishes to establish the company as a sound leader in the quality dairy products segment, and it has a strong social drive to create awareness of the need and opportunity for the industry, government and the donor community, to mobilise resources and design and implement effective policies and strategies to address the issue of milk quality and food safety. The project and partnership with SNV started end 2014 and includes two of Happy Cow's most loyal suppliers as part of KMDP's activities with dairy smallholders value chain.

Here again though the commercial objectives are prominent, Happy Cow's willingness to contribute to the dairy sector development in Kenya, and to manage an inclusive business that cares about dairy cooperatives and smallholder farmers was important; whilst other entrants in the dairy market with a milk quality orientation would be more inclined to start sourcing at the top of the pyramid with large scale farmers).

For SNV, such a project allows tackling the milk quality issue, which will in the long term impede the Kenyan dairy sector growth, and thus the role of the dairy industry as an engine for development.

2.3. Key lessons

Although the partnerships present similarities, they strongly differ in their focus, approach and objectives. The AMP was initiated and led by the CEFA-CSO and targets the poorest and the smallholder farmers. It thus focuses primarily on social objectives, using economic means to reach higher and sustainable social and nutritional impacts.

In contrast, KMDP Innovation Fund partnerships are led by businesses, motivated to expand their activities by developing new services/products, and secondarily contribute to social/institutional development. The fund therefore focuses on providing business opportunities to local SMEs working with medium and large scale farmers and the Dutch private sector (and not directly the poorest as in the AMP), to reach a sustainable impact on development of the Kenyan dairy sector. Yet a key-criterion for approval by SNV of Innovation Fund applications, concerns the impact of the projects to smallholder dairy farmers and other stakeholders in the Kenyan dairy industry.

These differences are therefore key to understand partnership's operating processes.

3. External factors affecting the partnerships

3.1. Sector level

The dairy sector is growing in the economies of Kenya and Tanzania, representing on average 3.5 percent and 2 percent of their GDP respectively, fostered by commercialisation activities, a growing urban and middle-class population; and by government's actions in promoting dairy products consumption to fight malnutrition and poverty (Makoni et al., 2013).

Behind this encouraging picture of the dairy sector in these East-African countries, three main systemic issues remain unanswered, limiting the potential of the dairy sector as a motor for development:

- **Soft and hard infrastructures are weak**: There is very limited provision of high quality input suppliers and services providers, limiting the technical and commercial development of dairy actors such as farmers and processors. The lack of (access to) knowledge, skills, technology and finance in turn affect their productivity, and contribute to making dairy products pricey and of low quality. The lack of information on the demand side (market) in regard to with dairy products importance in daily diets and the health risks of raw milk consumption also affect the formal dairy sector - limiting the demand for high quality dairy products. In parallel, hard infrastructures - e.g. transport such as roads, which are of prime importance for fresh dairy products - impede dairy business expansion scope, affecting the productivity and sustainability of dairy processors.
- **Sector's regulations are ineffective**: Though policies and standards are set up, they are poorly enforced, due to a lack of interests of various actors in the dairy sector. In turn this affects the dairy market: the market buys low/cheap quality products which may endanger their health; processors selling good quality dairy products may either face fiercer competition from actors selling e.g. raw/low quality milk; either suffer from buying low quality milk when providing/exporting products to the domestic/other East African countries.
- **The dairy sector is to a great extent informal**: Partly as a result of the two systemic issues above, the dairy sector remains mostly informal. This impacts greatly the quality and safety of dairy products, and impedes the implementation of quality standards in the dairy sector. In turn, this may impact government actions to support the dairy sector.

These structural issues seriously affect the development of the objectives and processes of partnerships. Table 3 illustrates how they play out along the dairy value chains in Kenya and Tanzania.

Table 3: Main issues in the dairy value chains

Dairy Value Chains	Issues
Production and Collection	● Low productivity, and poor milk quality ● Low skills and knowledge level of smallholder farmers and to a lesser extent of medium and large scale ● Weak/inappropriate animal care, lack of awareness about heirs ● Lack of high quality inputs suppliers (e.g. fodder) ● Inefficient (thus high cost) of milk collection and cold chain development (hence: high cost and low quality of milk at factory gate).
Processing	● No milk quality checks and/or low milk quality ● Lack of technology and expertise ● Lack of hard and soft infrastructure (laboratory, machinery, information…) ● Oligopolistic nature of the processing industry (in Kenya) ● Processing of dairy products needed to expand business beyond immediate geographical area
Marketing	● Low level of commercialisation of smallholders (dairy not as core business but for personal consumption) ● Dairy products on the formal markets are expensive and hardly accessible to low-income households => informal dairy products (will) remain(s) important ● Informal sector important - no law enforcement - difficulty to implement safety/quality standards ● Seasonality: High cost and seasonality of raw milk production due to low ability/skills to produce and preserve quality fodder. ● Weak consumption though improving with raising middle class ● No awareness of the importance of dairy product in diets, and the danger of adulterated milk

Source: Author's own elaboration, based on Makoni et al., (2013), Bingi and Tondel (2015) and SNV Kenya Milk-led Dairy Programme background information

3.2. Location of the projects

In addition to sectoral factors, institutional and market dynamics also related to location influence and shape CEFA and SNV partnerships and how they work on the ground. Mentioned in the presentation of the CEFA and SNV partnerships, Table 4 sums them up.

Table 4: Institutional and market dynamics influencing the Africa Milk Project and KMDP Innovation Fund

	Partnership	Factors	Implications
Market	**Africa Milk Project**	• Limited market (closest processor at over 200km from Njombe) • Low demand for dairy products in Njombe • Main demand for dairy products located in Dar Es salaam i.e. 12h drive from Njombe, and Zanzibar	• These factors come to question the sustainability of the milk factory: transport costs (reliability & length) and low, though increasing, local demand for dairy products make it challenging for a market-based approach to be viable.
	KMDP Innovation Fund	• Majority of very small-scale producers, with one or two cows, with low productivity and high milk collection costs • Dairy market growing and developing • Oligopolistic processing market, with large operators linked to the ruling elite • Strong political and economic interests in the dairy sector from domestic and foreign actors • Hard infrastructures are well developed • Demand for milk is more important than the offer (so cooperative know that they will sell their milk) but market concentrated at the processor level	• As the market develops, the barriers preventing the private sector to enter the dairy market lower - and the Kenyan dairy market being advanced in comparison to the Tanzanian market, it is more private sector driven. • Barriers for dairy processor to enter the Kenyan market are high • Infrastructures are reliable, and provides processors with the opportunity to export more easily to East African countries at the condition that their products fit the East African Community (EAC) requirements. • Bargaining power between cooperative and processors are balanced, and depends on the competition, and on the size of the cooperative/ processor
Institutions	**Africa Milk Project**	• Weak capacities of local authorities • Weak capacities of local dairy cooperative • CEFA history in Njombe (over 25 years)	• CEFA benefits from its reputation among the local population, as their work in less about assisting than empowering Tanzanians, by including them (authorities, dairy cooperative, diocese…) in the partnership to ensure its sustainability. Though necessary, working with weak partners is challenging and resource/time consuming
	KMDP Innovation Fund	• Weak yet developing institutional framework, with limited capacity to tackle	• The political interests in the dairy sector are strong and influence to some extent the

		systemic issues in the dairy sector ● Kenya as the donors' darling	dairy sector development - in terms of e.g. agenda priorities setting
Geography	**Africa Milk Project**	● Climate ● Rural area	● Though the climate favours dairy activities, being in a rural area can be a challenge to attract skilled human resource on a long-term basis. Often trained employees tend to go to Dar Es Salaam to enjoy its infrastructure
	KMDP Innovation Fund	● Climate - seasonality	● Depending on the season, the level of supply and demand may change, affecting the bargaining power of processors vis a vis cooperative; i.e. bargaining power in dry season is in the advantage of cooperative and inversely in the rainy season

Source: Author's own elaboration, based on Makoni et al. (2013).

3.3. Key lessons

The AMP and KMDP Innovation Fund have different origins and objectives and this influenced the location choice.

The AMP is located in the remote rural area of Njombe and started as a purely social project to improve rural communities livelihoods - following CEFA's mission. While at this point the market and institutional framework did not hinder the development of the project, they came to matter when the social project was transformed into a social enterprise, i.e. the milk factory. For an enterprise, being isolated from the main market - in addition to facing the sectoral issues of the Tanzanian dairy sector - represents a major challenge to its development. In the same time, the social impacts engendered by the enterprise, which are the '*raison d'être'* of the AMP, are great in terms of poverty and malnutrition reduction (Burchi et al., 2011).

So the question is: can commercial approaches sustainably address poverty when the poorest households are often the most isolated from markets?

The KMDP Innovation Fund does not focus on the poor, but on the dairy private sector development. The market institutions, infrastructures and dairy sector development were therefore key aspects taken into account, as they provide a sound basis for dairy enterprises to invest in new business activities. This is not to ignore the challenges the KMDP Innovation Fund partnership faces evolving in a highly politically-sensitive and not yet (fully) developed dairy sector.

Partnerships are therefore complex tools where actors need to understand better the external contextual factors (market and institutional frameworks), influence on partnership's objective and progress. Analysing the external context allows us to understand what, how and why partners do what they do. The following sections will take into account and discuss the impacts (among other things) the external environment may have on the four dimensions.

4. The type of partnership: philanthropic vs. strategic

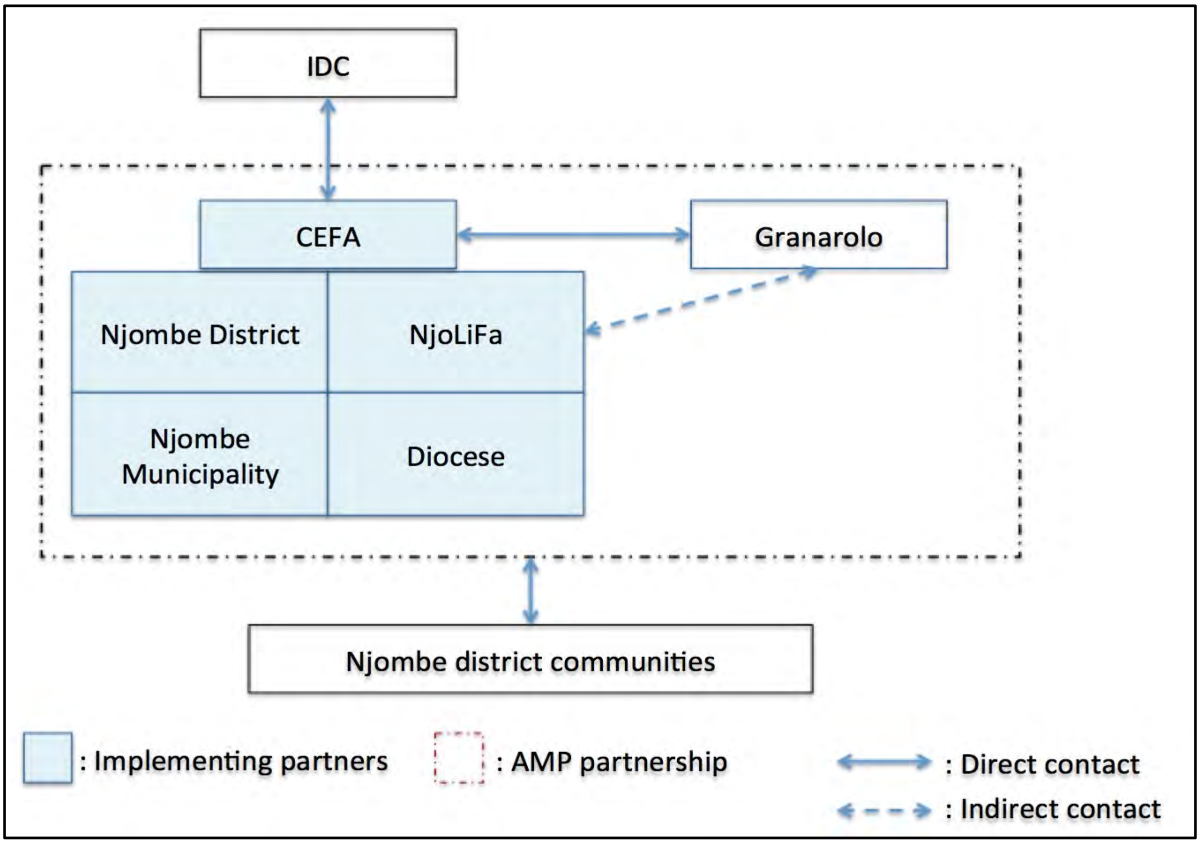
Often misunderstood and/or overlooked, the interests of each actor in partnering/partnership, and whether they involve their 'core business' activities, is key to understand the type of partnerships they are part of - philanthropic or strategic. This in turn impacts the degree of engagement, activities and governance of the partnership and more generally the sustainability and developmental impacts of the partnerships.

4.1. The AMP partnership

Overview of the partnership

The AMP includes a set of diverse stakeholders centered around CEFA. Contrary to the IDC (which is only in touch with CEFA and the Tanzanian authorities) and Granarolo (which is directly in touch with CEFA and to a lesser extent with the Tanzanian stakeholders), CEFA is in permanent contact with all the partnership's stakeholders, as illustrated in Figure 7.

Figure 7: AMP stakeholders



Source: Author's own elaboration

Organisation's interests in the AMP

Although at first glance the Africa Milk Project might be considered as a part of Granarolo's strategy to enter the East African milk market, it is a purely philanthropic, developmental CSR partnership - referred as a social investment (Tennyson et al. 2008). This was always the goal of Granarolo: the discussion on external factors highlights that it could hardly be otherwise, because of the market and the institutional landscapes, which make it almost impossible for Granarolo to think about the Tanzanian market as a potential short-term investment.

From **Granarolo's** perspective, this partnership is therefore **an opportunity to build their CSR policy by participating in a project in the dairy sector which is their field of expertise and which reflects their belief in the cooperative model and its subsequent values.** As a developmental CSR partnership, the AMP helps Granarolo building/strengthening its brand and marketing activities, its human resource policy and its relations with the Italian institutions (Ministry of Agriculture). Partnering with CEFA was necessary as they did not have the needed experience and skills in social project management nor knowledge about Tanzania.

In contrast with Granarolo, the AMP is **strategic** to **CEFA** and in line with its mission, which is about rural community development and poverty and malnutrition reduction. That said, partnering with the private sector was needed, especially when the project started switching focus from social to economic objectives. This allowed the AMP to fill in for CEFA's lack of expertise in the dairy processing and dairy business development. Besides, partnering provided additional and diversified source of funding whether in cash or in-kind donations (machinery and equipment). Therefore the partnership is perceived as an opportunity to combine actors with complementary expertise in the economic, social and environmental spheres, to create inclusive and self-sufficient projects while serving the CSR-marketing ambitions of a large firm.

Another underlying interest of CEFA is also to promote socially responsible model to business, to foster inclusive business model in developing countries, and collaboration between CSOs and private sector actors. Proving that such partnerships work shows that CEFA knows how to work with the private sector and with market-based approach, which ultimately helps them getting further funding from the private sector.

For the **Italian Development Cooperation**, the AMP complied with its policies and priorities: Tanzania was a priority country when the agreements were signed in 2004 and 2009, while the agricultural sector including dairy sector has been part of the top priority in order to ensure food security and encourage sustainable agriculture; and with national priorities - fostering the agricultural sector and livestock activities (which are the main sources of employment). Further it responded to IDC's main concern - additionality: i.e. using public funding to invest in CSO working in areas which would hardly attracts private sector investment. Though the general interests of Italian Development Cooperation are integrated in the project and can be considered as close to the core business, the AMP was not strategic to the IDC, suggesting that such investment is closer to **philanthropy**.

For the local dairy cooperative **NjoLiFa**, the AMP is a key project that allows them to access sustainably the dairy market, and improve the farmers' productivity and incomes. So the AMP is a strategic project which belongs to their **core business** - which is about milk production. Today they sell the milk produced to the milk factory, which is the main buyer (although they can alternatively sell - but not as sustainably the milk to other processor in the region especially during the dry season, and to the street market if they can get a better price). The main motivation of NjoLiFa is therefore financial, but also social as they know[7] that the milk factory is theirs and aims at enhancing their family livelihoods and nutrition.

[7] At NjoLiFa leadership level, this awareness seems present, but much less at the farmer's level.

To facilitate dialogue within the partnership, farmers elected representatives who are usually the most educated individuals with an extensive social/political network/connexions in Njombe. They are in charge of ensuring that the needs and demands of farmers are taken into account. That said, it would be hasty to think that the process is straightforward: representatives' interest may differ from the smallholders farmers interests, the latter not being always aware of their rights (Burchi et al., 2011), nor of what is going on in the milk factory.

In regards to the **local authorities**, they have been involved in the project from the beginning. Though they are sensitive to CEFA's approach to development and empowering the local population, this project also fits their political agenda/interests. Indeed, supporting CEFA's project is a way of increasing their popularity and reputation towards the local population, which is supportive towards CEFA's actions[8]. So the AMP can be considered a **strategic** project that belongs to some extent to the core business (as regulators) of the local authorities.

The central authorities, with the visits of the prime minister/president to the milk factory has also ensured further commitment from the local authorities. The project contributed to regulations changes and indirectly make the Southern Highlands the dairy pole of Tanzania.

Finally the diocese is at the very origin of the project - fostering rural community development is at the heart of their mission, in parallel with its very religious purpose. So the AMP aligns with the **core objectives** of the Diocese and is strategic as it helps the communities in Njombe town and district.

The interests of each stakeholder of the AMP are summed-up in Table 5.

Table 5: Interests of the AMP stakeholders

Stakeholder	Short term interests	Long term interests	Relation to the organisation's core business
Granarolo	• Foster cooperative values and principles • Use the AMP for communication purposes	• Build a strong brand synonym of quality and inclusivity	• Core business (dairy sector); but philanthropic motives
CEFA	• Improve farmers' incomes and communities livelihood • Improve Njombe communities nutrition, especially in regards with children • Empower NjoLiFa cooperative and the women working in it	• Promote socially responsible business model • Promote CEFA's ability to cooperate with the private sector • Strengthen CEFA's action in Njombe	• Core business (rural community development - though no experience in the dairy sector); strategic motives

[8] The local communities sees the concrete benefits of their projects (jobs creation, provision of regular incomes for farmers) and appreciates its model: the idea behind every CEFA's project is to transform social projects into companies on the longer term (between 7 to 10 years). So that is is not about aid/assistance projects, but empowering project characterised by local ownership.

IDC	• Use public funding to invest in CSO working in areas which would hardly attracts private sector investment	• Ensure food security and encourage sustainable agriculture • Foster the agricultural sector and livestock activities	• Core business (support policies); philanthropic motives
NjoLiFa	• Provide farmers with a sustainable access to market • Improve farmers' productivity • Improve communities livelihood	• Improve farmers' incomes and communities livelihood	• Core business (dairy sector) strategic motives
Local authorities and diocese	• Improve communities livelihood	• Promote their added-value to Njombe communities - to get further support	• Core business (communities livelihood) strategic motives

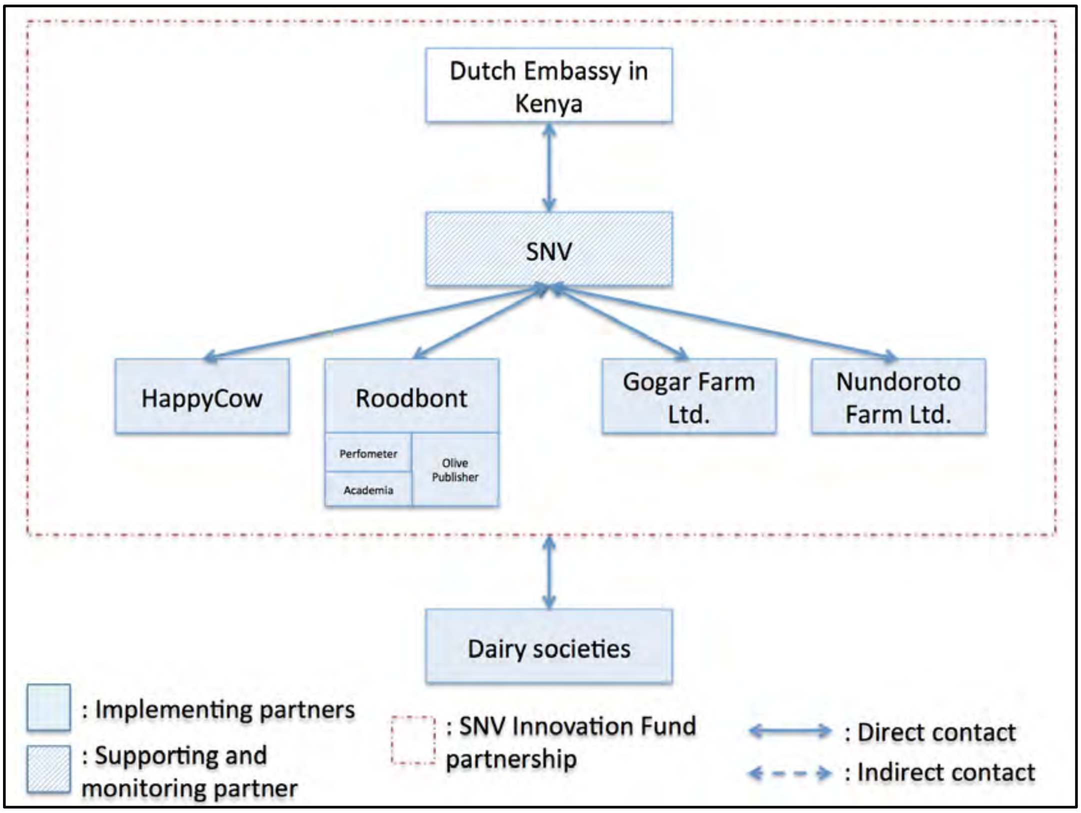
Source: Author's own elaboration

4.2. The KMDP Innovation Fund partnership

Overview of the partnership

The KMDP Innovation Fund configuration is slightly different to the AMP, representing a partnership platform between the local private sector, SNV and when relevant the international (Dutch) private sector. The platform is supported by the Netherlands embassy in Kenya through regular contact with SNV though not necessarily with the Innovation Fund's beneficiaries, as illustrated in the graph below. Instead, they provide the necessary financial resources for the fund to invest, besides other services.

Figure 8: KMDP Innovation Fund stakeholders



Source: Author's own elaboration

Organisation's interests in the KMDP Innovation Fund

The KMDP Innovation Fund is a strategic and profit-seeking partnership. As they involve bringing products or services to new markets (e.g. low-income consumers) or to new geographical areas (e.g. rural areas), SNV's partnerships are **strategic 'new commercial activities**' (Tennyson et al., 2008). It is demand-driven with local private sector actors developing a solid business plan (proposal) that fits within the fund's objectives, and with the collaboration of SNV. The proposal is then reviewed and assessed by SNV and external experts - which also exploits potential links between the proposal and Dutch dairy expertise and technology, and finally and if relevant, the proposal is financed at a maximum of 50%. In this way, all the interests of the partners converge: the local private sector can expand its business, which allows SNV to contribute to solving systemic issues in the dairy sector, permitting the Netherlands embassy to create business opportunities both for the Dutch and the local private sector fitting its agendas to transition From Aid to Trade relations and its Food and Nutrition Security policies.

Contrary to the more project-based approach of the AMP, **SNV** aims to contribute to the dairy sector development by encouraging private sector investments to address systemic issues such as skill gaps or milk quality. This fits its mission to *"equip communities, businesses and organisations with the tools, knowledge and connections they need to increase their incomes and gain access to basic services - empowering them to break the cycle of poverty and guide their own development*". For example, partnering with Happy Cow to facilitate the implementation of a QMBP through the Innovation Fund helps Happy Cow developing further its business - strengthening Happy Cow's innovative and quality brand, and export to other East African countries - while SNV, by supporting such process contributes to the overall milk quality issue in Kenya. The interest of SNV is to document such experience, whether a success or failure, to share the lessons learnt and (if successful) scale the project. Ultimately this approach aims to better inform policy-makers' choices and impact on the development of the dairy sector. The Innovation Fund therefore contributes to the core mission of SNV, and is of **strategic** importance for SNV Kenya.

Partnering with the private sector serves multiple goals/interests: first it allows SNV's programme to use existing business initiatives in the dairy sector - thus avoiding reinventing the wheel; second it ensures ownership and sustainability so that even after SNV programme, the private sector will continue its business or even expand it further; and thirdly it allows SNV to tap into their partners' resources and mobilise private sector leverage and create client ownership.

Following the focus on food security as one of the spearhead themes for Dutch development cooperation, **the Netherlands embassy in Nairobi** increasingly worked on the Kenyan dairy sector, combining this with contributions of expertise, knowledge and technology. In addition, a policy transition was started From Aid to Trade - "*The idea is that after the embassy phases out its current development programme, it will make way for a sustainable and inclusive trade relationship between Kenya and the Netherlands. In the meantime the Netherlands embassy focuses on economic development by trying to combine trade and development*[9]". The Netherlands embassy therefore aims to foster a business enabling environment; inclusive business innovations; linkages between Kenyan stakeholders and Dutch private sector/knowledge institutes; and private sector/market-led development model. The KMDP was the first programme answering to the new From Aid to Trade policy, and is often referred to as the '*jewel on the crown*', which led to projects in other sectors (horticulture) following the same model. The KMDP, including the Innovation Fund, can be considered of **strategic** interests for the embassy in achieving their mandate – contributing to private sector development in Kenya and developing business opportunities for the Dutch private sector.

Being demand-driven, **all private sector actors** applying to the Innovation Fund formulate a proposal according to their business development needs, which are then judged based on SNV's interest in fast tracking innovations tackling dairy sector's systemic issues. All the companies without exception were commercially motivated - interested in lowering their investment risks. That said, the picture of the private sector interests would not be complete without mentioning their objective of linking this with approaches that can contribute to social, and/or institutional changes, thus contributing to the wellbeing of the society and the development of the dairy sector.

Besides NFC which puts social impacts first - while economic ones are rather seen as a means, the three other cases clearly advanced financial motives to justify their collaboration with SNV. Overall, these projects are **strategic** and belong to the core business of the private sector.

Though the KMDP programme was agreed with the Kenyan government to fit within their food security, private sector/market-led development policies, the **local authorities** did not get further involved in the KMDP, which anyway focus on private sector actors rather than on institutions. This oversight was voluntary: though involving authorities was highlighted as important, they are also perceived as a potential factor impeding project implementation progresses as they lack the necessary capacities.

The interests of each stakeholder of the KMDP Innovation Fund are summed-up in Table 6.

9 http://www.thebrokeronline.eu/Articles/Sow-before-you-reap

Table 6: Interests of the KMDP Innovation Fund partnerships' stakeholders

Stakeholder	Short term interests	Long term interests	Relation to the organisation's core business
Netherlands embassy	• Foster linkages between Kenyan and Dutch private sector • Design private sector/market-led development model for sustainable growth	• Provide a business enabling environment • Foster inclusive business innovations	• Core business (support its own policies); strategic project (the first Aid to Trade programme)
SNV	• Equip businesses with the tools, knowledge and connections they need to increase their incomes and gain access to basic services - empowering them to break the cycle of poverty and guide their own development • Foster inclusive business model	• Contribute to solving the dairy sector's systemic issues/challenges • Contribute to a vibrant private sector led dairy sector • Building long-term relations with the Netherlands embassy • Attract other donors to invest in the dairy sector in Kenya	• Core business (support its own mission); strategic project
Happy Cow	• Get (cheap) source of funding • Lower business risks • Build strong reputation as innovative and high quality dairy processor	• Expand the business within and outside Kenya • Contribute to the Kenyan dairy sector development	• Core business; strategic
Gogar Farm Limited	• Get (cheap) source of funding • Lower business risks	• Expand the business within Kenya • Contribute to local communities development by providing farmers with better silage	• Core business; strategic
Nundoroto Farm Limited	• Get (cheap) source of funding • Lower business risks • Get additional expertise and knowledge	• Contribute to local communities development by providing farmers with better s ilage • Expand the business to make it even	• Core business; strategic
Roodbont Publishers	• Get (cheap) source of funding • Lower business risks	• Expand the business to the Kenyan market, with view on East Africa • Contribute to better farming practices - benefiting to both farmers and cows	• Core business; strategic

Source: Author's own elaboration

4.3. Key lessons

Although engaged in the same sector, the partnerships studied differ in their nature: while the AMP is a '*philanthropic social investment*' partnership, the Innovation Fund is a '*strategic new commercial activities*' one, reflecting the interests of their members.

The organisation leading the partnership determines in both cases the nature of the partnerships. In the AMP, CEFA originally set up a social project in the remote area of Njombe, isolated from the main market. In such context, private sector actors cannot sustainably invest in such areas and thus cannot make strategic investments. Granarolo's motivation for the partnership was therefore not strategic but philanthropic as:

- they are not interested in the limited Tanzanian market; and
- as was expressed in one interview, even if they were, they would not start in Njombe.

So already we can see that the location of the project is a key factor determining the nature of the partnership, by influencing whether or not CSO and the private sector will involve their core business activities as part of the partnership.

In KMDP Innovation Fund, businesses are leading the partnership - so the latter involved their core business activities, and is considered of strategic importance for their business expansion. Such a scenario is possible because the Kenyan dairy market and infrastructures are more developed, allowing commercial-oriented projects to be viable/profitable. On the other hand, the social aspects are secondary[10] and related to the dairy sector development, and not (directly) to poverty.

5. The activities of the partnership

This section analyses and compares the activities of CSOs, companies, donors, local associations and local authorities/institutions in both partnerships, trying to highlight why these organisations do what they do. This helps highlight the range of different types of roles played by different partners, even when engaged in the same sector.

5.1. CSO Activities and roles

Description of CSOs activities

In the partnerships studied CSOs play different roles.

CEFA, as the main responsible for the project design and implementation, initiated, led and managed the partnership. In terms of activities, besides facilitating community relations, the CSO worked along the whole dairy value chain from:

- Production & collection of milk: farmers training; skill transfers and institutional building programs; milk collection management;
- Processing: milk factory technical, administrative and business management; employee training;
- Marketing: sales and marketing training; marketing of milk factory products.

[10] Except in the case of Nundoroto Farm Limited.

In other words CEFA's activities are related to **capacity-building and business activities** (Byiers et al., 2015) and are both part and outside its core business activities and expertise.

Two factors help explain CEFA's key role in the partnership: first as the dairy market is underdeveloped in Njombe, CSOs can have an important role as an expert in social project management - more market-based approaches/private sector expertise will get more relevant as the market develops. Secondly, as local stakeholders lack capacities to manage their future role in the project, i.e. managing the collection, processing and marketing of dairy products, CEFA had to assume their roles - e.g. milk collection, milk processing etc., while training them. In other words CEFA took its space of activities, and the one of local stakeholders (though this was meant to change on the longer-term) to implement the Africa Milk project effectively.

SNV's formal role was generally more reactive. Though it set up the Innovation Fund, the contact is initiated by the private sector, which sends a business proposal to SNV. If the business idea fits in the fund's criteria the KMDP Team usually assists/advises in developing the concept and the business plan. Others in SNV's organisation (sometimes assisted by external experts) assess the proposal and this Investment Committee agrees or not to fund. Thereafter SNV/KMDP is mainly responsible for the fund administration and management. Depending on the complexity of the project funded, SNV goes beyond its role by helping designing a strong/high quality proposal; following closely projects and helped the private sector finding solutions to complex challenges; and facilitating contacts between Kenyan and Dutch firms. So SNV's activities are mostly related to **business development support**.

As the success of SNV's intervention in tackling the systemic issues of the dairy sector ultimately depends on the ability of the private sector to succeed, the Dutch CSO extended its role whenever necessary to increase chances of success.

What is the key role of CSOs?

Although the CSOs contributed enormously to achieving the partnership's sustainability objectives, the approach taken strongly differs: CEFA leads the AMP and uses the partnership as a market-based approach to reach and ensure sustainable social and nutritional impacts. Its role is thus prominent in the partnership. If Granarolo's investment was strategic and not social, we could imagine a different scenario where the private sector would lead the partnership focusing on financial objectives, which is the case of the Innovation Fund. In such partnership, businesses lead motivated by commercial objectives, while SNV tries to help broaden the benefits - solve the dairy sector systemic issues - by supporting the design of private sector's proposals. So contrary to CEFA, SNV's role is mainly supportive.

These differences in terms of approaches are also expressed through the risk sharing models of the partnerships. In the AMP, CEFA carried a substantial share of the risks should the partnership/project fail to deliver on its promises. Granarolo let CEFA manage all the activities and released itself from any direct responsibilities. In case of success, its reputation would benefit from it, and in case of failure, it would not be held responsible - so that its reputation would be intact at worst, and improved at best. On the other hand in the Innovation Fund, risks are equally shared between SNV and their private sector counterparts - which reflects SNV's supportive role.

5.2. Private Sector Activities and role

Description of private sector contributions

The contributions of the private sector to the partnership also varies depending on whether or not they lead the partnership. In the Africa Milk Project, Granarolo was mainly in charge of supporting CEFA (and indirectly NjoLiFa) by providing in-kind donations of machinery, dairy-processing expertise including traineeship for the milk factory staff in their facility in Bologna, and financial support. Such support would be monitored and assessed - as donors would do. Beyond the implementation of the project, Granarolo also participated in marketing/communication activities linked with the AMP, by organising contests or promoting the AMP on their milk tetra pack; field missions in Tanzania and training of Tanzanians in their factory in Bologna - serving both their own and the partnership interests/purpose. Granarolo's activities are mainly related to **sponsorship** and **marketing** activities, and to a lesser extent capacity-building and business activities. Today, although the Italian cooperative is withdrawing from the project, it plays a key role in ensuring the transition of the Africa Milk project from project to company.

While Granarolo played a relatively passive role, the private sector is the motor and beneficiary of the Innovation Fund. They play a key role in the project's activities as they are in charge of the project design, implementation and management, in other word they are responsible for the **business** activities.

What is the key role of the private sector?

Private sector actors, through their knowledge, expertise and business/result-oriented culture, contribute to the financial sustainability of the project. That said, the differences between the AMP and KMDP Innovation Fund highlight how the motivations, external environment and lead of the partnership have an impact on their role:

- When the motivations to enter a partnership are philanthropic, their role is mainly supportive; whilst on the other hand, when partnerships serve their core business, they tend to be heavily involved and lead the partnership
- While in Kenya, the (developed) market and institutional framework allows the private sector to lead the partnership, the external environment prevents Granarolo to invest strategically and play a key role in pursuing the partnership's objectives
- When the partnership is led by CSOs and directed towards social objectives, private sector resources, knowledge and expertise are secondary; while when the partnership is led by the private sector and aiming at financial objectives, its resources are most relevant.

This impacts the sustainability of the project: the Innovation Fund partnerships are strategic to the private sector, so it is reasonable to believe that even in the case where SNV would withdraw, they will keep developing the project undertaken in the context of the partnership. Additionally, SNV partners are all motivated by economic but also social return: "taking care of the local communities", "giving back something to Kenya"; so there is an awareness of their institutional/social role, though it is not explicitly emphasised in the partnerships. In that regard, it seems that the Innovation Fund found a way to engage business in development.

In the AMP, and as acknowledged by some interviewees, Granarolo should ideally pursue the project, i.e. invest in the Tanzanian market, even when the CSO is withdrawing - the company being profitable, CEFA's role is not as necessary as it used to be. This is therefore where philanthropic partnerships such as the AMP show their limit in terms of sustainability.

5.3. Donor activities and role

Description of the donors activities

As donor and main founder, the Italian Development Cooperation supervised, monitored and evaluated the progresses of CEFA project assessed the quality and satisfaction of local authorities. Their direct role in the partnership is thus limited, although the project could not have been done without their support, as highlighted by an interviewee. They also brought credibility and reputation to CEFA's project, and that is also indirectly their role – to create trust and attract attention. For example Granarolo admitted that they trusted the quality of CEFA and the project because it got support from the IDC.

Besides, the IDC through their relations with the central and local authorities facilitated to some extent the partnership activities and process in regards with their institutional environment, but also ensured that the partnership's interests were well in line with the interests of the central and/or local authorities. Following the Declaration of Paris on Aid Effectiveness (2009), donors should act in a coherent manner to avoid duplication of their interventions - so involving public donors should potentially ensure coordination between the different development initiatives. So the IDC activities are mainly related to **sponsorship** activities.

The functions of the Netherlands embassy differs in the sense that they are based in Kenya; and they are more involved in the project (the KMDP Innovation Fund) than their Italian counterpart. Therefore they play a sparring partner role where they discuss regularly with SNV (rarely with the beneficiaries of the fund) about the programme and how they can improve, adapt and better support it - "co-creation". They also play a brokering role where they facilitate linkages between the Dutch Private Sector and SNV, so as to indirectly foster collaboration between the Dutch and Kenyan private sector. So the Netherlands embassy played a broader role, encompassing **sponsorship**, and (to a lesser extent) **business** activities.

What is the key role of donors?

Donors therefore finance projects which would not take place otherwise. This is the case of the IDC, where no actors besides CSOs could work in Njombe as there is a very limited market; and of the Netherlands embassy where it is unlikely that the SMEs (often missed by donors focusing on the smallholder farmers and/or large companies) would innovate that fast in new sectors such as fodder, skills gaps and milk quality. So donors satisfied themselves with the additionality of their funding playing their role of providing financial and reputational support to the projects, while ensuring the respect of the effectiveness principle of the Paris Declaration.

Comparing the IDC and the Netherlands embassy activities, the motivations to support partnerships affects the role of donors - though the location of donors may matter in this case. The Netherlands embassy had a more strategic thinking about its investments following its own (more explicit) interests, by reflecting on how the overall partnership fits within their policy priorities – From Aid to Trade; what they can offer to the partnership – going beyond financial resources; and how they can facilitate the partnership progress (at the institutional level and internally by opening a frank dialogue between parties). The partnerships are therefore seen as a knowledge and technology bridge between the Dutch and Kenyan private sector.

Therefore the more strategic the project is to the donor, the more relevant their role can be to respond to partnership's needs (without a close involvement, the Netherlands embassy would not know how to best support SNV).

5.4. Local associations activities and role

Description of the local associations activities

Though the KMDP Innovation Fund indirectly impacts dairy cooperatives and farmers (e.g. through their work with input suppliers or processors), local associations appear more relevant in the context of the AMP. The role of NjoLiFa role in the partnership is crucial as they act both as partnership members but also as beneficiaries as most of them are farmers. They provide the necessary milk for the milk factory, and receive training to increase milk productivity and/or to manage the milk factories administration and processing activities. During the partnership's committee meetings and whenever, the elected representatives of NjoLiFa are responsible to ensure the communication between the farmers and CEFA - to ensure the relevance and sustainability of the AMP.

Their role radically changed in 2013 when they become a shareholder of the limited company, and the main party - together with the other local stakeholders managing the milk factory technical and business operations. As of today, their scope of activities focuses on **business** activities.

What is the key role of local associations?

Local association's main role is to ensure that partnership's objectives respond to the needs and demands of the beneficiaries, i.e. the farmers. In this way, the level of local ownership and sustainability of the project will increase.

Their role depends on the focus and objective of the project: the objective of the AMP is to design a rural community development project for Tanzanians by Tanzanians. This means that including NjoLiFa is needed to ensure the relevance of the project, but also to ensure that in the future the local associations can take over the project, assuming the primary role in the project.

5.5. Local institutions activities and role

Description of the local institutions activities

The Njombe town and district councils provided the project with an enabling environment. They accompany the AMP activities and responded to the AMP needs such as providing veterinarians to vaccinate the cows, or supporting NjoLiFa. Gradually, and as the AMP gained in visibility and reputation and as trust was established, their involvement in the project increased: visits of ministers, and donation of a cooling tank to conserve the milk. Today the local institutions are shareholders of the project. So their activities can be assimilated to **sponsorship** and **marketing** activities (as providing support to successful projects ultimately benefits their reputation and legitimacy).

The diocese, as an informal institution, ensures the necessary social buy-in from the rural communities for the project. All together they are shareholders of the AMP but their responsibilities and value, beyond ensuring the social purpose of the factory, remain not entirely clear.

In the KMDP Innovation Fund, the involvement of local authorities was limited beyond the initial green light given by the local authorities for the KMDP. Though the role of authorities in ensuring sustainability and ownership of the project is acknowledged, their lack of capacities would have impeded the project's progresses, so it was decided it was better to not involve them (at least not at this stage).

What is the key role of local institutions?

Local institutions therefore facilitate the progress of partnerships - directly by supporting projects and/or indirectly by providing a stable institutional environment around the project. This in turn affects the sustainability of the project.

That being said the approach taken by the Innovation Fund and the AMP are contrasting, following their own objectives and leadership. For social projects involving communities, local institutions need to be involved to ensure that the institutional framework around the project remain stable, which in turn ensures the sustainability of the project. Their political interests are also at play: the AMP delivering on its promises (job creation, farmers' livelihood), their support to the AMP increases their reputation within the community.

Although the Innovation Fund is embedded within the Kenya dairy institutional framework (e.g. contact with the Kenya Dairy Board), it does not involve the local authorities as businesses have the necessary resources to carry out their projects. Besides in a financial-oriented partnership, the role of local institutions is naturally limited as playing a key role in the partnerships would fall out of the scope of their core business.

5.6. Key lessons

This section presented the roles that each actor plays within the AMP and Innovation Fund, following their different approaches. What comes back is that the partnership's leadership (CSO or private sector), objectives (social or commercial) and the market and institutional dynamics influence the activities of each actor, which often go beyond what was initially planned/agreed.

In the context of the AMP, CEFA is lead partner in a socially-oriented project and thus plays a key role in developing and implementing the partnership, involving local institutions and associations to ensure the sustainability of the project. Granarolo comes to support the CSO, whenever its knowledge and expertise are relevant - so mainly in a passive mode, reflecting its philanthropic motivations. On the other hand, the KMPD Innovation Fund presents a case where the private sector leads partnerships focusing on economic return. In this context, businesses play a prominent role with SNV supporting them when needed, while local institutions' involvement is limited. These different approaches have implications in terms of impacts, but also therefore for policy makers.

The market and institutional dynamics also influence the activities of the partnerships. Building a market-based project in an area where the market does not yet exist is challenging and shapes the activities carried out in partnership. CEFA had to address the market deficiencies to sustainably address poverty and malnutrition issues in Njombe, leading them to focus on the whole dairy value chain - combining dairy production, collection, processing and marketing activities. Beyond that, they also contributed to build the local demand for dairy products. Contrary to CEFA which takes care of the whole value chains in one area, the KMDP Innovation Fund let the private sector implement the project (though they support and monitor project implementation and progresses). Following its demand driven approach, the fund targets part of the value chains in certain areas. Without coordination, this approach could fall short: working on milk quality with processors cannot be done without the involvement of dairy cooperatives, but the KMDP integrates operations along the whole value chains. So in the case of its collaboration with Happy Cow, SNV also worked with its suppliers to improve their capacities.

Additionally, it is worth highlighting that contrary to the common perception, partners' roles are not always based on their core business but are also driven by needs based on the partnership's gaps or inefficiency. Though roles and responsibilities are clearly defined, partners sometimes undertake roles beyond their own to reach partnership's objectives or respond to its needs - whether it is to increase the scope of activities which was underestimated (CEFA worked along the whole value chains), or to fill up the gap left by weaker stakeholders which may not have the necessary capacities to play properly their role (SNV's support varies depending on the complexity of the project and the capabilities of the private sector). These new roles may be out of the scope of the organisation's core business, which may impact on the resources engaged in the partnerships, as we will see the next section.

6. The degree of engagement of the partners

One driver for partnerships is based on the observation that to tackle complex issues and challenges, a single player alone would not make a difference. Multi-stakeholder partnerships are therefore a way to pull together a set of complementary and reinforcing resources, capabilities and knowledge. So this section will look at the resources exchanged by partners in the AMP and Innovation Funds, analysing the degree of engagement of each stakeholder.

6.1. Each partner engagement

CSOs

CEFA and SNV, because of their very different roles, did not invest the same amount and type of resources. CEFA contributed significantly to the AMP with a wide range of resources from financial and human capital (expats), to reputation (both in Njombe and Italy), social networks and local knowledge. For example, CEFA's reputation for solid and sustainable development project made the local authorities willing to provide adequate support (so that they are well seen from the local inhabitants who elect them); they have built solid and trustworthy relations with the authorities and Njombe communities.

These investments in terms of resources were needed in view of the activities CEFA was responsible for. But as mentioned earlier CEFA's engagement went beyond its own core business to implement a whole value chain in Njombe, in collaboration with (weak) local stakeholders for which they organised capacity building activities. This in turn demands a high amount of resources and time, which can be challenging. For example, CEFA invested an important amount of resources to develop, manage and market the factory, which diverted them from building NjoLiFa institutional capacities - ultimately causing an over reliance on the knowledge and expertise of CEFA' staff (expats), and threatening the technical and financial sustainability of the milk factory.

SNV did not lead the partnership, and did not need to invest a large amount of resources - they finance up to 50 percent of the project, provide knowledge to the local private sector with their dairy expertise, and share their social network when relevant by linking their business partners with the Dutch private sector. Besides the Dutch CSO partnered with stronger local partners and used its resources strategically, based on the complexity of the projects: so while they invested a consequent amount of resources (time, information and finance) and had close and intense collaborations with Happy Cow, the flow of resources was less important in the case of Gogar.

Private sector

Following the private sector role and motivations in the partnership, its investments in terms of resources differ. In the AMP, Granarolo was not directly involved in the implementation of the project, and invested resources such as knowledge and expertise in the dairy sector, business management competencies and skills, and human capital. Though limited especially in comparison to its turnover, Granarolo's resources were precious for the AMP long-term financial sustainability as they came to complement CEFA's gaps in terms of knowledge and skills. As mentioned by a CEFA volunteer we interviewed: "In any project you need professional people managing the project with the right set of skills; if you want to manage for profit, you need people from private sector who are results-oriented."

For example, Granarolo provided in-kind donations and the necessary knowledge and expertise to develop new product lines - yoghurt and cheese such as mozzarella, ricotta or provolone, which in turn allowed the milk factory to reach distant markets in Dar Es Salaam or Zanzibar. That said, Granarolo's engagement remains purely philanthropic.

In the Innovation Fund, the private sector actors play a key role in the partnerships and invested at least 50 percent of the needed finance, and provided the necessary human capital, knowledge and expertise for the project. This comes to reflect the strategic nature of SNV partnerships, where the private sector invests to contribute to their own commercial-oriented objectives.

Donor

As mentioned, donors support differed between CEFA and SNV. While they provided them with the needed financial support and through that credibility/reputation, ostensibly widening scope, impacts and visibility of the AMP and Innovation Fund, the Netherlands embassy engaged more closely with SNV, dedicating time to exchanging and discussing openly about the projects.

Such communication channels offered room for the Embassy to provide the most relevant and needed resources, i.e. it shared its Dutch/Kenyan networks with SNV, providing solutions to SNV's challenges. Whilst financed CSOs or private sector are often reluctant to share their challenges, this was not the case of SNV, which informed transparently the Embassy about their ongoing challenges. This contrasts with the IDC where the dialogue was mainly limited to monitoring and assessing activities - this is not to ignore that the SNV programme was the first under the From Aid to Trade policy[11], there is certainly a stronger pressure to foster its progression.

Local associations

NjoLiFA participated in the project with its own (limited) resources and capabilities. The dairy cooperative provided the land necessary for the project (though it was officially given later than agreed), and the human capital needed to produce the milk and assist in the daily activities of the milk factory.

Today, while they became shareholder and manager of the AMP (**though they still need to fully pay their share in the company) with the other local stakeholders**, their capacities to handle the business operations of the AMP seem limited.

Local institutions

The local institutions facilitated the project by limiting the administrative burden, providing financial support for the costs of the veterinarians, and ensuring the social buy-in of the project among the local

[11] As presented in "A world to gain: A New Agenda for Aid, Trade and Investment."

communities. They also provided CEFA with the necessary social networks and capital - which is needed to work in Njombe (though CEFA had already a great reputation in the area).

Table 7 gives a detailed overview of the resources exchanged between the partners of the AMP and Innovation Fund partnerships.

Table 7: Flow of resources provided by the AMP partners

Organisation	Provided...	To ...
CEFA	• Financial resources (coming initially mainly from MoFA and Granarolo)	• NjoLiFa and the project
	• Human capital (expats in Tanzania, and admin. support in Italy)	Directly to the project
	• Expertise and skills in social project design, management and implementation	• NjoLiFa • Granarolo
	• Trainings (in e.g. business management - sales and marketing)	• NjoLiFa and the project
	• Reputation (CEFA recognised in Njombe for its expertise)	• NjoLiFa • Local authorities
IDC	• Financial support	• CEFA
	• Reputation (support from MoFA is a guarantee that AMP is a high quality project)	• CEFA • Granarolo
Granarolo	• Financial support	• CEFA
	• Human capital	• CEFA • NjoLiFa and the project
	• Dairy knowledge, skills and expertise	• CEFA • NjoLiFa and the project
	• Training in dairy processing management	• CEFA • NjoLiFa and the project
	• Reputation (Granarolo recognised for the quality of its product, and its business strength)	• CEFA • IDC • NjoLiFa
NjoLiFa	• Land for the milk factory	Directly to the project
	• Human capital	Directly to the project
	• Financial capital (to acquire the share)	Directly to the project
Diocese	• General support - community relations & social network	Directly to the project
Njombe District	• General support - community	Directly to the project

	relations & local buy-in ● Financial support for veterinarians ● In-kind donations	
Njombe Municipality	● General support - community relations & local buy-in	Directly to the project

Source: Author's own elaboration

Table 8: Flow of resources provided by the KMDP Innovation Fund partners

Organisation	Provided...	To ...
SNV	● Financial support ● Technical support – knowledge	● Happy Cow Limited ● Gogar Farm Limited ● Nundoroto Farm Company Limited ● Roodbont Publishers
	● Administrative support (help writing high-quality proposal)	● Gogar Farm Limited ● Happy Cow Limited ● Nundoroto Farm Company Limited
	● Social network	● Nundoroto Farm Company Limited ● Gogar Farm Limited
	● Close working relations	● Nundoroto Farm Company Limited ● Happy Cow Limited
Netherlands embassy	● Financial support ● Social network ● Close working relations	● SNV Kenya/KMDP
Happy Cow Limited	● Human capital ● Financial support ● Close working relations ● Laboratory	Directly to the project
Gogar Farm Limited	● Financial support ● Human capital ● Machinery	Directly to the project
Nundoroto Farm Company Limited	● Human capital ● Financial support	Directly to the project

	• Close working relations	
Roodbont Publishers	• Human capital • Financial support • Close working relations	Directly to the project

Source: Author's own elaboration

6.2. Key Lessons

This section looks at the exchanges of resources between partners in the AMP and Innovation Fund partnership, and underlines that **resource complementarity is** key for successful multi-stakeholder partnership, as all the skills and competencies should be present in the partnership (not necessarily in each partner).

It also highlights three lessons: first the degree of engagement of partners varies following the role and responsibilities they have in the partnerships (i.e. who leads the partnership) and whether these are aligned with their core business/interests. Secondly, although financial resources are perceived as the most valuable ones, intangible resources such as expertise, reputation, social networks/capital seem to play a key role in partnerships. Finally committing resources as planned and agreed is certainly a material engagement but is even more a demonstration that partners understand and agree with the purpose of the partnership, in other words this is a proof of trust - both in the partnership's mission and in the partners.

All in all partners need to remain flexible when committing resources, to reflect the complex and unpredictable nature of partnerships, which implementation phase often differs from the initial planning - as any other developmental and/or commercial instruments.

The degree of partner's engagement varies following...

The role/responsibilities partners have in the partnership

Though it is quite obvious, the leaders of the partnerships invest a larger amount of resources in the partnerships than the other partners. This reflects the roles and activities they play in the partnerships: CEFA and the private sector in the case of SNV, are the key actors and implementers of their respective partnerships.

That said and as mentioned earlier, roles may change - whether it is planned or not, and this impacts the degree of engagement of partners. For example SNV adopts a flexible role, where it engages more resources when the project is complex and vice-versa; while CEFA assumed roles that were not initially theirs and invested in consequences the necessary resources to manage the AMP effectively.

The lesson here is that partners need to remain flexible in terms of resource management to respond to these changes. If not this can threaten the effectiveness of the partnership: because CEFA invested time and resources to implement the AMP, they could not sufficiently train NjoLiFa, and in turn the farmers' association did not have the sufficient resources (knowledge and expertise) to undertake its new role as manager of the milk factory.
Another lesson drawn from these case studies linking activities with the degree of engagement, is that partners engaging in roles falling out of their scope of expertise need additional resources and time to

play them properly. For example, CEFA had to learn from scratch how to develop and manage a business in the dairy sector.

The relation of the project to the core business of partners

When the partnership's objectives are in line with the core mission of the partners, the latter are willing to spend a significant amount of resources to achieve their goals. This is where philanthropic partnerships may be less interesting considering partnership's sustainability and (long-term) developmental objectives. For example although the AMP social, nutritional, economic impacts are great, Granarolo does not want to invest more in, and pursue the AMP as they are not interested in the Tanzanian market, or as phrased by one of our interviewees "*If a company wanted to invest, they wouldn't do a solidarity project, they'd just find a company to buy*".

On the contrary, the KMDP Innovation Fund being demand-driven, private sector actors only send proposals matching their business interests so that even in the event where SNV would stop the Innovation Fund, they would most likely pursue their objectives because that benefits their core mission.

Going beyond financial resources

Partnerships allow tapping into existing resources and skills. Often overlooked, intangible resources such as reputation, social network/capital are of prime importance for partners.

For example, the brand and reputation of the Italian partners affected the involvement of other partnership's members: e.g. CEFA's reputation for solid and sustainable development project made the local authorities willing to provide adequate support (so that they are well seen from the local inhabitants who elect them); Granarolo's involvement relied to some extent to the participation of the IDC - and its subsequent brand image/reputation in the project (as the latter is guarantee of the quality of the AMP); the IDC renewed its agreement notably because Granarolo (strong expertise in dairy - adding value for money for the IDC) was part of the AMP. Brand/reputation are therefore essential benefits of partnering by lowering risks of failure, transaction costs, and ensuring the visibility and credibility of the partnership.

Reputation is also linked to the social networks/capital of partners… but tapping into them is challenging and resource consuming. In the words of some of the people we interviewed: "Actors need to be well-aware of local knowledge and local reality"; "social networks and local [cultural and social] knowledge are key to success, more than technical knowledge"; "Right people who know each other, at the right place, taking the right decision".

These are statements which came back regularly in interviews. To exploit these resources, CEFA collaborated closely with NjoLiFa and with the local authorities/diocese, whose main asset is their actual social network including political connections, which ensures the project buy-in from the communities; and the local knowledge, which ensures the relevance of the project. That said, as mentioned above, dealing with stakeholders with limited capacities is demanding in terms of resources. To quote another person interviewed: "Partnerships allow making connections with policy makers and regulators, which are crucial besides having access to the needed market and infrastructure".

In the case of SNV, tapping into social networks and social capital of partners to reach more Kenyan businesses was one of their main challenges in the sense that they received a limited number of applications for the fund. That said, they collaborated with stakeholders in their network, including local consultants like Perfometer Agribusiness and Eldosirikwa, which brought in their social network in connecting for example Roodbont and Nundoroto to the KMDP project and with local partners (Olive Publishing and Marketing). At the same time KMDP's international staff used their networks in the Dutch dairy sector to interested parties in theNetherlands to explore business opportunities in Kenya.

This was key because establishing a common and easy understanding and reducing the risks of failures of the partnerships are necessary to conduct business properly. This is not to ignore the fact that building and exploiting social networks/capital needs time and resources.

Resource commitment for trust

Committing resources as agreed within the partnership demonstrates that partners are reliable, understand the purpose of the partnership, and contribute to building trust within the partnership. So committing resources is not only a material issue.

For example, Nundoroto Farm Limited service model guarantees good quality silage to smallholder farmers at a price perceived high. The price was a barrier for farmers who did not understand the reasons why good quality silage is needed and what extra profit it can bring; but not for the ones who understand the need for such product for their business development, in other words business entrepreneurs (vs. necessity-based entrepreneurs).

On the other hand, CEFA offered numerous training and capacity strengthening activities, without pushing NjoLiFa to contribute for such services. Similarly, the contribution of NjoLiFa (land) to the project came later than agreed. Today, though NjoLiFa is a shareholder and one of the responsible for the milk factory activities (along with the other local stakeholders), it still needs to fully pay its share in the company. This lack of commitment shows at least two things: first, NjoLiFa does not seem to understand the partnership's objectives and values - if it was not for them, there would not be a milk factory at the first place; and secondly, not committing resources as agreed means not being fully reliable/accountable which impedes the trust building process within the partnership.

7. The formal agreements and governance structures among partners

7.1. Objectives

Both partnerships differ significantly in terms of design and objectives, which therefore influences the governance structure. While CEFA focus primarily on improving smallholder farmers' milk productivity and income, and communities' livelihood - better nutrition which improves education; the KMDP Innovation Fund does not focus on the poor but on SMEs. It aims to boost their businesses and – through the inclusive business models co-financed by KMDP – to create positive impact for smallholder farmers and consumers of milk.

However their objectives changed following the influence of the context, but also on the opportunities that partnerships were able to leverage. In that sense partnerships, whilst following a strict plan, were capable of improvising and taking advantage of opportunities, which usually came from their social network - proving once again their importance. So the different support CEFA and SNV received influenced the partnership's objective, and/or enabled the project to move on and to gain strength and scope, as shown below.

Objectives are shaped by the opportunities encountered by the partnerships…

The AMP was at first a pure humanitarian project, aiming at improving the livelihood of Njombe communities. Following the support of the IDC in 2004 (renewed in 2008), CEFA received the needed financial support to make the AMP a sustainable social project, i.e. a type of social enterprise. Granarolo, driven by its cooperative model and values, decided to contribute with its knowledge (business and result-oriented culture) and financial resources to the project, where the economic focus came strongly to complement the primary social objectives of the AMP.

Starting through a random encounter, CEFA and Granarolo succeeded in shifting and/or complementing the social objective of the AMP to transform the AMP into a profitable business. And today with CEFA withdrawn and Granarolo on the process of withdrawing, it is up to the Tanzanian stakeholders to develop further their business - which is the final objective of the AMP: a project managed by Tanzanians, for Tanzanians.

In the KMDP Innovation Fund, such opportunity arose when the Netherlands embassy created synergies with the Ministry of Economic Affairs of the Netherlands, which meant to invest in the Kenyan dairy sector. Instead of launching a separate programme, the financing of the Ministry was channelled through an existing initiative - the KMDP Innovation Fund. This top-up notably allowed the collaboration between SNV and Happy Cow. So although the objective of the fund did not change, its scope was widened, and the fund's conditions slightly changed[12] to fit in Happy Cow's project (e.g. the financing ceiling usually limited to €50,000 was increased). This opportunity allowed SNV to foster innovation improving milk quality.

… but changing them along the way is a challenging process

Transforming these opportunities was challenging for the AMP. For CEFA, including a new partner in the AMP meant changing first the roles and responsibilities within the partnership; second the focus of the project towards (including financial return; and finally the governance in terms of leadership. These changes were iterative processes, which took time to be implemented.

Changing the objective of the partnership affects the roles and responsibilities of the partners within the partnership and this only works if roles match the resources and capabilities of partners. With Granarolo on board, the AMP succeeded its transition towards a financially sustainable company with great social impacts. Roles and responsibilities were clear and communication between the Italian was easy (they share the same culture, speak the same language, and can meet physically easily). When they withdrew, roles and responsibilities were redistributed to ensure a smooth but effective and sustainable transition towards a milk factory managed by Tanzanians. But the local partners and especially NjoLiFa's lack of capacities and resources has so far prevented them from playing their new business manager role. The issue was acknowledged by the Italian stakeholders who suggested some alternatives, for example to hire a milk factory manager or sell the remaining share to an industrial partner. These were either not taken into account, or refused by the local stakeholders. This leads to our following point.

Although the shift from a social project to an inclusive profitable company was agreed by all the stakeholders in the partnership, what it meant in practice was not well-captured and understood by the local stakeholders. As a result, all the local partners refused the suggestion from CEFA and Granarolo

[12] The criteria for deciding on what to fund and how much funding was needed were used in a flexible way. For instance, during the course of KMDP the Innovation Fund charter also allows demo/pilots and feasibility studies, rather than only full-fledged business cases as was initially the case. It also made an exception for the Happy Cow project as regards to size of the grant (much more than €50,000 and % own contribution: less than 50 percent for Happy Cow).

to sell the 36.5 percent share of the AMP to an industrial partner (where Granarolo's 15 percent share would support this partner giving it the required decision-making power). They justify their decision by arguing that with an industrial partner, the social focus of the factory would get lost. They are therefore afraid that including industrial partners would shift the focus of the company and solely takes financial profits into account - although the presence of Granarolo has been mentioned as an element guaranteeing the social mission of the factory, based on its history and experience as cooperative.

This misunderstanding also highlights some lack of trust between the stakeholders, where the local partners suspect e.g. CEFA to have other incentives than making the milk factory sustainable. So the transition from the project to a company managed by the local stakeholders is far from being easy. As one interviewee said, "*It is important to set in stone the terms of a partnership since the very beginning. One of the reasons we faced difficulties when passing from project to company was because we hadn't been clear since the beginning on what partners were supposed to expect once the project would end and the company would be in place. Expectations were not met and this created a difficult situation, especially with NjoLiFA*". It led some to conclude that *"The partnerships would have probably gained if it had been established right at the beginning - without any organisation integrating it on the way. Setting clear objectives, with the right amount of financial and human resources are crucial to make partnerships sustainable and effective".*

Although the role is in some sense constantly changing according to needs, the Innovation Fund's objective, governance and responsibilities, roles of partners remain the same, and in that sense no additional challenges arose.

So changing the objective and thus the roles and responsibilities within the partnership is a difficult process, where communication, trust and coordination matter. Though possible, such decision may question the long-term sustainability of the partnership.

7.2. Legal basis of the partnerships

To formalise partnerships is key… but informal relations matter

While the literature emphasises the need for partnerships to be formalised, i.e. based on contracts, "many partnerships at the BoP are based on trust and remain informal, which is a critical factor in the partnership management" (Heuer, 2016). In that regard, two different pictures emerge from these case studies.

SNV would not engage in a project before the proposal and contracts were agreed and signed. Formalising the partnerships allows clarifying roles and responsibilities, and lowers risks in case one of the parties is not respecting the terms of the contract. That said SNV and its business partners often went beyond the contracts to offer additional technical support to the funds' beneficiaries to facilitate project implementation. To this end SNV closely follows the progresses of its partnerships, and opens a communication channel to foster informed discussions. Besides benefiting building knowledge and lessons learnt, such discussions allowed adjusting the contract (its milestones and timeline) to the reality on the ground which is often more challenging than assumed in a theory of change. Working in such a formal way also brings the partnership closer to a form of service agreement.

On the other hand CEFA engaged first informally with the local stakeholders and Granarolo. Instead of focusing on formal aspects, CEFA built strong personal relationships, to be able to gain trust and work with its partners. For example, the personal relationships that CEFA established were key to push the local authorities to assume the costs of veterinarians (personal relationships fostered communication and understanding between the organisations). Therefore the level of informality of the partnership allowed CEFA to remain agile and effective in working out challenging situations. On the other hand, though the commitment of partners was high, responsibilities and roles were not as clearly defined as in the KMDP Innovation Fund contract.

However, as the project moved towards a company, the partnership starting formalising. This was done to ensure the commitment of its partners in the project - and thus the sustainability of its operations, and to professionalise the working relations within the partnership. For example in 2010, CEFA formalised partnership with Granarolo through a Memorandum of Understanding (MoU) – which was useful for both parties. For CEFA, a MoU with Granarolo was a way to secure resources and commitment for this project, while for Granarolo, this MoU represented a way to professionalise the partnership, limit risks by clarifying responsibilities, and allow the future company to run on its own legs.

Since 2013, the AMP is a limited company. Although the original idea was to set up a cooperative, the legislation on cooperatives (Ujumaa) entitles the government to have its representative in the cooperative management board. As this could ultimately affect the objectives of the milk factory, the partners agreed to transform the AMP in a limited company with several shareholders: NjoLiFa, the local authorities (the town and district councils), the church diocese, and Granarolo (with CEFA part of the Board of director) while 36.5 percent of shares remain to be sold. At this point, a common contract united all the partners making this partnership formal.

Therefore formalising partnerships is key to clarify roles and responsibilities and thus accountability. But what is not on a contract, i.e. personal relations, trust and all the unplanned actions undertaken beyond the contract, should not be overlooked either as this impacts resource use, the role of partners and ultimately partnership's effectiveness.

Involving the right person with the right assets

Looking at who the focal points were in each partnership reveals that only persons from the management board of the organisations, i.e. in charge of making decisions, were involved.[13] Although this is logic in cases where the partnership is strategic to the partners, the choice of interlocutors mattered even more when the partnership is philanthropic such as in the case of Granarolo. Having the top management ensures the credibility and sustainable commitment of partners, which impacts the effectiveness of the partnership as described by an interviewee: "*A letter written by the President or a field mission carried out by top management is several-fold times more effective than the words or actions of a simple representative*".

In this regard, CEFA always targeted the most relevant and top management person in the organisations. That said, the title of the interlocutors is sometimes not enough, their skills, competencies and social network are critical assets.

For example the current business manager of the milk factory, who was formerly the assistant of the Italian (Granarolo) milk factory business manager, was chosen following his title and social network as a highly credible person with excellent relations with the diocese and local authorities. However, he was/is lacking critical skills to manage the factory, which is his responsibility. CEFA did not remove from his function to avoid impeding the short-term development of the AMP, and/or the trust within the partnership. Besides, interfering in NjoLiFa's internal affairs would clearly put at risk the ownership and

[13] Except the IDC.

credibility of the organisation within the partnership so CEFA never went down this road and mitigated the problem (having an Italian expat managing the factory's operations) until it withdrew.

In SNV as well, having the right people with the right personalities onboard was key for the success of its Innovation Fund. But generally speaking, such process would not be as challenging as it is with the AMP because they involve rather solid organisations with strong capacities.

So involving the right persons with the right set of assets of partners' organisations is key for effective partnerships. Such a choice may be challenging when partner's organisations are weak, and trade-off may be needed when the person chosen does not have the necessary skills to play its role - as this would affect the partnership's ability to deliver on the middle and long-term.

7.3. Governance structure

The partnerships were managed differently in the case of the AMP and Innovation Fund. Though partners emphasised the need to keep governance structure simple, the coordination of the partnerships and hence the interactions between partners interactions significantly differ. In that sense the role, commitment/trust, and complexity of partnerships influence the partnership structure.

Formal vs. informal governance structure

Very early in the project implementation, CEFA organised a committee composed of representatives from CEFA (3-4 people – Project Manager, Administrator, Chairman of CEFA Tanzania, Country Director of CEFA Italy), Njolifa (Chairman and Secretary of the association); Roman Catholic Diocese (1 representative who has always chaired the Committee); District Council (1 representative from the Livestock Office); Municipal Council (1 Representative from the Agricultural Office); set up with an advisory function with a view to determine the AMP strategy and actions. This committee and the quarterly meetings they hold allow partners to analyse progress concerning the implementation of project activities, evaluate their congruity against set objectives and expected results. Once the company was established, the committee was replaced by a Board of Directors. All shareholders have a Director sitting in the board, including CEFA, although the latter does not own shares in the company.

At a practical level, this meant that all steps and decisions concerning the upcoming company were the result of a joint agreement of all the parties involved. Therefore CEFA's coordination of the partnerships was formalised to push local stakeholders to better understand their role and responsibilities in the partnership, and empower them in the context of the newly formed limited company. Besides, formalising governance structures becomes necessary when the number of stakeholders (and thus the level of complexity) increases and when there are several combined objectives (social, nutritional and economic).

SNV on the other hand did not set up a partnership committee, but rather kept the governance structure informal: SNV delivers very prompt and effective response in case of queries raised by their private sector partners so SNV was available - in person or through the phone, to discuss any matter, as long as it is to facilitate the project implementation. This communication style allowed building trust by showing partners that they are committed to the project's success - SNV needs its local partners to succeed to be successful and vice versa. Besides, such informal structure is allowed by the low number of stakeholders involved and/or the role itself of SNV, which does not implement the project but rather supports it when needed. In this sense and contrary to CEFA, it adopts an arm's length relation with its partners.

Therefore the degree of formality of governance structure should be adapted to the nature and complexity of partnerships and always aim to be as simple as possible. It becomes clear that the more complex the partnership is - be it related to the number of stakeholders, or decision making process (joint agreement in the AMP vs. private sector lead in the Innovation Fund) the more formal governance structure such as governance committee is needed.

Inclusiveness vs. effectiveness of governance structures

Choosing which partner to include and how in the decision making process of a partnership is influenced by the objective, timeframe of, and the power balance within, the partnership. This trade-off between effectiveness and inclusiveness was found in every partnership: whether it is in the design of the partnership - focusing on the poorest or on medium-scale farmers and SMEs, and at the governance level - whether and how local stakeholder's voice is included.

In the AMP, CEFA managed to include NjoLiFa, the diocese and local authorities in the decision making process of the partnership, to facilitate the project implementation in an area where institutions and market are limited. Inclusiveness for the AMP was a prerequisite to also deliver a project managed by Tanzanians for Tanzanians, so the (social) objective of the project impacts therefore the degree of inclusiveness of the partnership’s governance.

But this can be challenging as demonstrated with the example of NjoLiFa. As to ensure the partnership’s effectiveness, the dialogue with NjoLiFa took place with their representatives – and not all the farmers. As the representatives’ interest and needs were not always in phase with the farmers’, dealing with the representatives could only impede the partnership’s ability to respond to the beneficiaries’ needs and fail delivering on its objectives.

This risk was mitigated to some extent through the project’s phase before the AMP, where CEFA supported NjoLiFa building its capacities. Strengthening the capacities of weaker organisation can therefore represent a way of increasing to the greatest extent possible the inclusiveness of the partnership, and hence the sense of ownership and empowerment of local stakeholders. But such process demands time and resources, and may slow down project implementation.

That said, even though NjoLiFa and local institutions were included in the committee very early, the strategic initiatives in the AMP often came from CEFA as the local stakeholders had limited capacities and understanding of the milk factory business operations to lead strategically its expansion which is a major downside knowing that NjoLiFa is the leader of the AMP today. Therefore for inclusiveness to be meaningful, partners need to be able to understand, determine and raise their voices and concerns.

While it was key for the AMP to exist as part of Njombe landscape - collaborating with local institutions and associations, it was key for the Innovation Fund to exist as part of the dairy industry institutional framework - which is an important element contributing to the sustainability of the KMDP.
So the notion of inclusiveness in this case is slightly different as it would mean partnering and/or consulting East African and/or Kenyan dairy institutions, actors and platforms, which they did: they partnered with domestic and international private sector actors, and maintained contact with dairy institutions and platforms in Kenya and the region. That said, their partners were eager and capable to conduct innovative projects in line with the fund’s objectives. So the resource consuming capacity building part that was needed in the AMP appears limited in the Innovation Fund.

However, the governance on the other hand is not inclusive per se. The beneficiaries of the fund are responsible for project implementation and for the decisions taken. When needed, SNV supports and advises its partners at a technical/business level; but never forces them to follow their opinion. So there may be disagreement, but at the end of the day businesses choose the way they want to conduct their activities/projects - as long as they respect the terms agreed with SNV.

Therefore this section highlights that the meaning of inclusiveness differs depending on the objectives of the partnerships and role of the partners and thus inclusiveness should be tailored to the needs of partnerships. It also underlines the need to understand both formal and informal inclusiveness: having a steering committee which includes every stakeholder is meaningful if the latter are able to fully participate both in the debate and decision-making process.

7.4. Balance of power

Power relationship between members depends on their credibility, resources and competencies. But financial resources are usually perceived as of higher value than others, which often leads to the following observation: in CSO-business partnerships, the private sector tends to dominate, even though partnerships with shared control yield greater developmental benefits. Shared control/power could in turn impact positively the partnership effectiveness as it could mean greater engagement and commitment from its members.

The resources, competencies and credibility of partners influence the power balance in partnerships. In the case of the AMP, the power relationship between CEFA and Granarolo was rather balanced - though it evolved over time. On the one hand, CEFA has the necessary competencies and expertise, and credibility (through its experience and good reputation in Njombe) to develop solidarity projects in Njombe, Tanzania. These assets were recognised and enhanced by the support of the IDC, which allowed them to develop the project and to remain financially sustainable. And in 2015, the Expo prize came as recognition of their professionalism and expertise in sustainable development community project. On the other hand, some aspects came to question CEFA's credibility such as its lack of expertise in the dairy sector and in business management.

That said, Granarolo's contribution was crucial to ensure the financial and technical (thus social) sustainability of the project, and to increase its scope (e.g for the MfSP). It naturally gained power in the AMP partnership, where financial resources were perceived as more important than other resources. This allowed Granarolo to have its word on some of the AMP activities where it was involved (such as marketing). However, the interests of the Italian cooperative in this project are purely philanthropic (so their level of involvement is low), and the adequacy of CEFA's and Granarolo's (cooperative) values was such that there was a natural common understanding about the importance of the AMP social impacts. These last two aspects are key to understanding how this partnership worked over time.

Now, taking the case of the most involved local stakeholder – NjoLiFa - the picture is different. As previously explained, NjoLiFa lacks capacities, knowledge and credibility (both internally with its farmers, and externally with its partners) and this affected the power relationship they have with CEFA (they did not have direct contacts with Granarolo). Although CEFA trained NjoLiFa farmers, included its representatives to make strategic decisions, NjoLiFa did not "*earn its seat at the table*". Now that the local partners, including NjoLiFa, are in charge of all the factory operations, it will be able to regain some credibility - assuming that the factory remains profitable. So we can link the power balance with the resources, roles and governance (inclusiveness) of the partnership: with resources and competencies, organisations can play their role properly and gain credibility/reputation. This in turn affects the power balance of the partnership, and hence the trade-off mentioned above about inclusiveness vs. effectiveness of governance structures.

In the KMDP Innovation Funds, though the power balance within the partnership was also affected by the resources, competencies and the credibility of the partners, the degree to which partnership's members' success depends on their counterparts, determines the power balance within the partnership.

So in the context of SNV's partnerships:
1. the Netherlands embassy needs SNV's success to promote its first (very innovative) programme led in the context of the From Aid to Trade policy;
2. in turn SNV needs its business partners to succeed in developing their programme to contribute to the dairy sector development and enhance its relations with the Netherlands embassy and/or other donors;
3. and the private sector needs to succeed its business expansion to enhance its financial sustainability - but is not dependent on SNV nor the embassy to succeed.

As a result, the private sector - as long as they respect their contract with SNV, leads the partnership while it is in SNV's interests to support it as needed to ensure their success, and document these initiatives to see what works, what does not, and why. So the Dutch CSO though it is administrating the fund - and hence managing the financial resources, has a weak leverage to influence its partners. So the power balance favours the companies over the CSO.

Looking at the (financial) risks, the private sector invests 50 percent of its own money in the partnership so there is very limited incentive from their side to neglect the partnership they have with SNV. On the contrary the relations they have with SNV are generally appreciated as they are provided with freedom in the contractual framework, together with the technical (knowledge and expertise) support of SNV. Furthermore, although KMDP Innovation Fund focuses on innovation, the risk sharing model becomes more complex due to the high, first-mover risks involved.

Often observed in partnerships, power imbalances - frequently seen in the unequal perception of resources (where finance are higher-valued than intangible resources, i.e. knowledge, expertise…) can affect their potential developmental impacts and outcomes. That said, the examples of the AMP and Innovation Fund illustrates several ways where power imbalances can be mitigated.
- Intangible assets such as reputation, knowledge and expertise are less-valued than financial money but if partners are credible (support of government; rewards…) then the power imbalance can be re-equilibrated.
- The Innovation Fund is designed in such a way that there is inter-dependency between the partners to achieve the partnerships (and partners') success. So while we could think of the Innovation Fund (and SNV) as having more "power" than its private sector partner, the reality is different because of the design of the fund.

8. Key lessons

The agriculture sector, including the dairy sector, is key to contributing to robust poverty reduction. This sector employs the majority of Africa's poor including women and supports the livelihood of 90 percent of Africa's population. So it is hoped that the GDP growth in the dairy sector in East Africa will be translated into wider socio-economic impacts - jobs creation and nutrition impacts among others, making it a motor for sustainable development. To this end, the Kenyan and Tanzanian governments have developed/are developing several policies to boost their agricultural sector including the dairy sector.

Although the dairy market and institutions are (slowly) developing, creating business opportunities for the private sector, barriers prevent it from investing remain high. In that sense, partnering with other entities - CSOs, donors, and/or local institutions can help address the market and institutional inefficiencies and therefore is one modality to engage the private sector in the development arena.

8.1. Lessons from CSO-business partnerships for development

Although they operate in the same sector in Eastern-African countries, the AMP and Innovation Fund partnerships strongly differ in terms of objectives, approach, actors and activities, following their different origins, leadership and external context. This in turn affects the four dimensions of partnerships and ultimately their effectiveness and developmental outcomes, and should thus be taken into account by policy-makers.

CEFA (CSO) is at the very origin of the AMP, which focused on improving the dairy smallholder farmers livelihood and communities' nutrition of Njombe, through a market based approach. So the project follows a geographical focus - the Njombe region, which is isolated from the main dairy market, pushing CEFA to take a holistic approach integrating production, processing, marketing and market building activities.

On the other hand, although SNV is at the origin of the Innovation Fund, it is the private sector that initiates and leads the partnership in a rather developed Kenyan dairy market. The Innovation Fund objectives are therefore financially-oriented, and aim at fostering private sector innovations to address dairy sector systemic issues and contribute to the sectoral development. Whilst the AMP has a geographical focus, the Innovation Fund has a sectoral focus/system approach.

Such approaches therefore affect in turn the type and interests of actors involved in the partnerships and their role and activities, as demonstrated through these case studies.

From these two case studies, some tentative lessons can be drawn.

- **Partnerships need to be embedded in the market and institutional environment**

As the AMP and KMDP Innovation Fund are both market based approach, being embedded in the dairy industry was crucial to develop effectively and sustainably. In the case of the Innovation Fund, partnerships were always part of the dairy system: they exist and are embedded within the dairy institutional framework and industrial landscape, which is necessary to tackle systemic issues and develop a sustainable dairy sector, building trust among stakeholders.

On the other hand, because of its initial geographical focus and social objective, the AMP needed to be embedded within the Njombe landscape and the population and to be recognised as theirs to ensure the sustainability of the project. But turning into a market-based approach meant that the AMP needed to be embedded not only in Njombe but more especially in the Tanzanian dairy market, which remains a12 hour ride away from their location, thus representing a major challenge.

- **Recognising the informal aspects of partnerships**

Although formal governance and/or formal legal basis are useful to clarify the objectives of the partnership, and the responsibilities and roles of partners (important for the partner's accountability), these are just the surface of partnerships. Many aspects of partnerships remain informal and nevertheless contribute significantly to the effectiveness of partnerships: personal relationships; the additional engagement (resources, time); and roles that are not laid down in a contract. Partners therefore often (need to) go beyond what is formally agreed - whether they choose it or not, to ensure the success of the partnership. In such (common) cases, personal relations and trust play a key role - so governance structures comprehend more than their formal basis to encompass informal aspects. While the formal part of partnerships is more about how to limit risks and enforce partner's commitment, the informal part focuses on making the partnership working.

- **Recognising the value of intangible resources vs. financial resources**

Intangible resources, i.e. technical and local knowledge, expertise, social network, and social capital, tend to be overlooked and under-valued vis a vis financial resources. Although challenging to assess financially, intangible resources are key to develop partnerships effectively and sustainably. In that regard, core business partnerships allow partners to fully exploit their intangible resources (core expertise, knowledge, social network). Therefore they seem to be one of the most relevant type of partnerships. It is therefore key to better understand the value of intangible resources as the focus on financial resources is one of the reasons that negatively affects power balance in partnerships. In doing so, it is also important to recall that it is often the case that partnerships based on core business are often more solid foundations than those relying on philanthropy, including in relying on intangible resources.

- **Recognising the strength of partnerships and thus their need for flexibility and adaptability**

Effective partnerships are flexible. Adapting and changing roles and/or objectives' scope to leverage on external/internal opportunities is key to partnership's development. For example Granarolo entered the AMP officially in 2010, bringing its resources and expertise to the project; missing such anopportunity could have impeded the project implementation and sustainability.

While the (traditional) market-based approach follows a linear process based on strict business planning, partnerships differ and follow to some extent an effectuation model (Sarasvathy, 2008) where the notions of leveraging on external/internal changes is key to develop further the business. As this may demand additional resources and time, partnerships need to remain flexible and adaptable.

This ability to leverage on changes often depends on the informal governance structures of partnership as cited above.

8.2. Implications for policy-makers and donors

1. What donors do

In these case studies, donors' contributions to partnerships are at least threefold: to ensure aid effectiveness donors consulted the local authorities to make sure that the partnership(s) supported fit with the domestic national and sectoral policies. In the case of Kenya where other donors (USAid, the EU…) are supporting the dairy sector, the KMDP Innovation Fund was also designed so as to avoid aid duplication.

Besides, donors satisfy themselves of the additionality of their funding playing their role of providing financial and reputational support to the projects: without their support, the dairy activities in Njombe would not be existing - or be very limited in terms of scope and value chains development (production vs. processing or marketing activities). Without SNV's support to innovation in the dairy sector, would good quality silage become a growing sub-sector?

Finally, their support directly affected the partnerships: in the AMP and SNV, it is the CSOs which were awarded donor's support - and that helped balancing power inside the partnerships between the CSO and the private sector, whose voice is usually dominant in such venture. More than financial resources, donor's support contribute to make the capacities and work of CSOs credible and professional to the eyes of the private sector.

2. Where donors could adapt

- **Pressure for success**

Both partnerships also highlighted few challenges when dealing with donors among which was the pressure on partnerships to succeed. This pressure affects the development of partnerships as they may adopt a risks adverse attitude and shift their focus from long to short term objectives. In the cases of partnerships operating in an environment where market and institutions are weak, focus on results rather than change/progress may impede their development.

For example it took CEFA over ten years to build a whole/sustainable dairy value chain in Njombe, but the IDC commitment never lasted more than four years. On the one hand there is a question of practicality/realism: is it realistic to expect partnerships to build a sustainable market-based solution sustainability in remote areas in four years? This is turn questions partnerships about what they can sustainably achieve in four years and for which impacts.

As argued by a stakeholder interviewed, "*The role of donors should be in facilitating this incremental [institutional change], and on analysing more carefully proposal and focusing on long term objectives, and on contributing to expertise strengthening in the sector*".

Following KMDP Innovation Fund experience, we would recommend partnerships to not be communicated/promoted until they have achieved concrete results and build credibility. And if partnerships are strategic to donors, the learning dimension will take precedence on 'marketing' aspects.

- **Going beyond philanthropy and financial contribution**

The degree of engagement and role of donors impacts the partnership's chances of success, especially in an environment where the market and institutions are weak and the project complex. As shown in the Innovation Fund partnership, donor's engagement goes beyond providing the necessary financial resources for the partnerships, to dedicate time and resources to dialogue and support SNV in the most relevant way possible. Donors provided partnerships with their social network, their political connections and/or their reputation to the partnerships, which in turn provided crucial opportunities for the partnership to develop. That demands more commitment and involvement from the donor side, which will come mainly if the partnership funded is strategic and core business to their organisation.

- **“*Think sailboats, not trains*” (Kleinfeld, 2015)**

Partnerships follow a process approach, which means that donors need to have adaptive and flexible means of supporting such partnerships. These need to be iterative and based on learning where the risks of failure should be accepted. This therefore means thinking out of the box and moving away from the traditional change/logframe approaches, which may be limited or even counter-productive when supporting partnerships.

This way donors will leverage fully on one of the greatest strengths of partnership, which is their ability to capture new opportunities while developing. In turn such involvement is likely to benefit donors (as seen in the Innovation Fund) in terms of reputation, knowledge and experience.

- **Differentiated approach for different partnerships**

Commercially-driven partnerships should be thought of distinctly from social ones, and this should be explicitly reflected in policy-makers approach to partnerships: what policies can better help BoP partnerships; social investment partnerships and/or; philanthropic investment?

Such differentiated approach should take into account the location of partnerships, to decide on what partnerships they want to support and how they can do that best. As shown in the Innovation Fund, SME’s market-seeking investment is based on the long-term perspective, and create/exploit new markets. As the East African market still provides limited opportunities to attract large European MNCs investments, the KMDP Innovation Fund shows that strategic investments in the dairy sector could come from the local private sector - though capacities would need to be strengthened - or European SMEs, and nevertheless have an impact on the national dairy market. As the market matures and grows, the involvement of large MNCs could be more relevant.

Furthermore, in relation to the incentives, it may be relevant to think about the different alternatives donors can use to facilitate partnerships: for example by de-risking investments such as in the cases of the Innovation Fund and AMP, but they could also “pay for success”, i.e. finance the project according to the (social) impacts achieved. This could be particularly relevant in the case of social oriented projects, while the de-risking instrument could well fit economic projects led by the private sector.

- **Coordinated/spatial approach…**

The case studies clearly show that the external environment, including market and institutional framework, influence partnerships’ progress and outcomes. Therefore donors which led programmes to ease the business environment improve infrastructures should coordinate these initiatives jointly with their private sector development programmes, including partnerships. Better linking the business environment and infrastructures with partnerships and/or other private sector development programmes will ultimately contribute to their success in solving systemic issues and reach greater impacts. In this regard, thinking on a spatial-based/territorial approach such as a corridor could prove to be most relevant.

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ECDPM was established in 1986 as an independent foundation to improve European cooperation with the group of African, Caribbean and Pacific countries (ACP). Its main goal today is to broker effective partnerships between the European Union and the developing world, especially Africa. ECDPM promotes inclusive forms of development and cooperates with public and private sector organisations to better manage international relations. It also supports the reform of policies and institutions in both Europe and the developing world. One of ECDPM's key strengths is its extensive network of relations in developing countries, including emerging economies. Among its partners are multilateral institutions, international centres of excellence and a broad range of state and non-state organisations.

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- Addressing food security as a global public good through information and support to regional integration, markets and agriculture

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In addition to structural support by ECDPM's institutional partners Austria, Belgium, Denmark, Finland, Ireland, Luxembourg, The Netherlands, Portugal, Sweden, and Switzerland, this publication also benefits from funding from the Department for International Development (DFID), United Kingdom.

ISSN 1571-7577

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