

Models for Trade-Related Private Sector Partnerships for Development

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Based on a research report written by
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The North-South Institute

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- **Three themes**
 - Governance for Equitable Growth
 - Fragile and Conflict-Affected Fragile States
 - Governance of Natural Resources

- **Aid and the Private Sector**
 - Investing in the business of development
 - Trade-related private sector partnerships for development



Introduction

Context

- Declining aid
- Aid for trade
- Increasing focus on the private sector as a partner in development



Key Findings

- Hybrid partnership models for sustainable development
- Motivations, roles and comparative advantage varies across actors creating opportunities and challenges
- Monitoring, evaluation and better communication of results needed
- Spectrum of market-based approaches with varying impact exists
- Scalability and replicability potential varies across models
- Partnerships could be better linked to the broader trade and policy context

Methodology

Project Inclusion

- 30 projects
- Criteria: buyer, seller, development intermediary

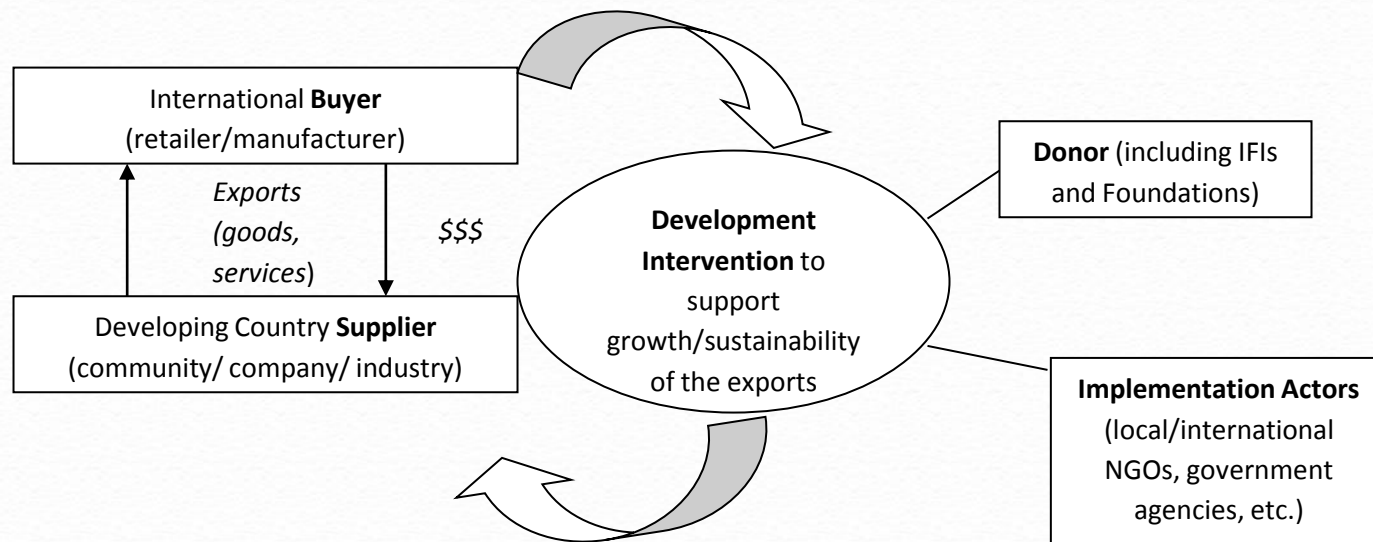


Figure 1: Project Criteria

Key Activities

- Improving quality (26 projects)
- Improving productivity (all projects)
- Training or technical support (all projects)
- Improved business models (23 projects)
- Added value explicitly targeted (13 projects)
- Fair trade, organic or other certification (20 projects)
- Services or programming beyond improving export capacities (15 projects)

Roles of Donors

- Specific initiatives and *ad hoc* support
 - 15 projects “donor-led”
 - Van Houtte, CARE, Honduran coffee farmers
- Financial and advisory support
- Risk sharing
- Leveraging core business practice and supporting innovative business models
- Convener and knowledge sharing
 - Bill & Melinda Gates, UK-Sweden knowledge sharing platforms

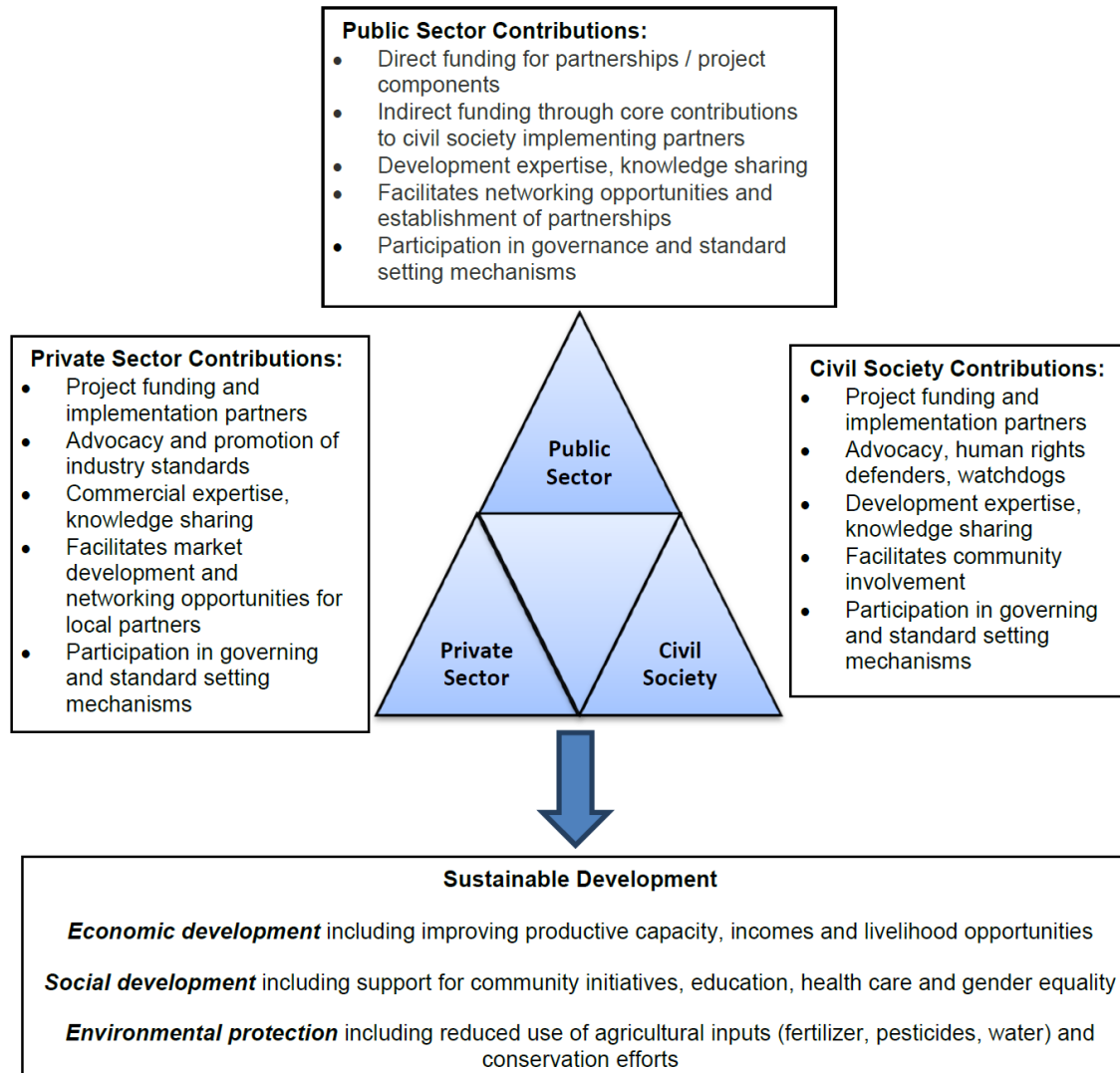


Role of Private Sector Partners

- Funders and buyers
 - All cases
- Implementing partners
 - Tim Hortons
 - Biotropic
- Governance (coalition)
 - Cocoa Livelihoods Program – Steering Committee
 - Sustainable Trade Initiative
- Establishment and promotion of industry standards
- Creating demand
 - Macy's Heart of Haiti and Rwanda Peace Baskets



Figure 2:
Hybrid Model for Trade-Related Private Sector Partnerships for Development



Challenges: Expectations

- Speaking the same language?
- Sainsbury and Twin

| Table 1: Conceptualizing Sustainability in Trade-related Private Sector Projects | |
|---|--|
| Term | Definition |
| Project Sustainability | Refers to the sustainability of activities on the ground once the development intervention has ended, often by shifting responsibilities to national organizations. Can also refer to the long-term funding model necessary for the initiative to continue with less reliance on public funding. |
| Sustainable Results | Refers to results that continue following the development intervention. |
| Sustainable Supply | Refers to international buyer(s) securing access to more and often better quality inputs. |
| Sustainable Supply Chains | Refers to creating sustainable procurement mechanisms by improving supply chains from both social and environmental perspectives. |
| Sustainable Demand | Refers to the creation of sufficient demand to ensure long-term stability of commercial and development outcomes. |
| Environmental Sustainability | Refers to the mitigation of negative and enhancement of positive environmental outcomes that occur as a result of various stages in the value chain. |



Challenges: Motivations and Comparative Advantages

Opportunities derived from shared interests and comparative advantage

Private Sector

- Securing supply and meeting company commitments
- Commercial expertise

Donors and development intermediaries

- Leveraging expertise, financing, and innovation to sustainable development
- Development expertise

Challenges: Motivations and Comparative Advantages

But...

- What counts as support for CSR versus core-business?
 - Market-based approaches
- Power dynamics play a role!
 - CLP - Steering Committee; tensions between producers and buyers
 - Sainsbury and Twin – commitments made?

Scalability and Replicability

- Determined by the partnership model and market-based approach
 - Sainsbury and Twin – additional funding received for expansion
 - CLP – reducing reliance on public funding
 - Tim Hortons Coffee Partnership – challenges accessing donor funds
 - PROMEXPORT I and II – creating dependency?



Development and Commercial Results

- Commercial results lacking / sensitive
- Quantitative development results for outputs
- Qualitative development results available
- Exceptions exist
 - Tim Hortons Coffee Partnership
 - Sustainable Trade Initiative



Conclusions and Reflections

- Recognize and harness the different skills and expertise of partners but be aware of tensions and conflicts that may arise
- Goals, including those related to scaling up and replication, will determine the appropriateness of different partnerships models
- Questioning the ‘hero model.’ What other tools are in the donor’s tool box?
- Ownership?



Thank you

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