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GLOBAL PARTNERSHIPS FOR INCLUSIVE AND SUSTAINABLE AGRICULTURAL DEVELOPMENT

PBL Policy Brief

Global partnerships for inclusive and sustainable agricultural development

Using partnerships to achieve Sustainable Development Goals

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**Global partnerships for inclusive and sustainable agricultural development.
Using partnerships to achieve Sustainable Development Goals**

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Executive Summary

The use of public–private partnerships in international cooperation has increased. In addition to providing financial leverage, increased private-actor involvement widens the scope of activities and is thought to increase impact. However, after decades of partnership design, implementation and operation, it has become clear that partnerships are no panacea, especially not where complex public tasks, such as food security and sustainable agricultural development, are concerned. This policy brief summarises PBL’s policy-relevant findings on the potential of public–private partnerships for sustainable food production and agricultural development. It highlights the limitations of partnerships, and discusses the options available for addressing them, in light of the important role partnerships are expected to play in achieving the Sustainable Development Goals.

In 2015, the global community committed itself to the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). The 2030 Agenda and the SDGs call for cooperation and multi-actor partnerships, worldwide, in order to realise more inclusive and sustainable growth. Stimulating inclusive and sustainable growth requires that the market and governance failures underlying non-inclusive and non-sustainable pathways are adequately addressed. This implies attention for the factors causing the poorest to be excluded from economic development, and for those causing degradation and depletion of the natural resource base. Bouma and Berkhout (2015) explores the potential of partnerships for Inclusive Green growth. This present report zooms in on the possible interventions by such partnerships to stimulate inclusive, sustainable agricultural development, and how inclusiveness is defined, safeguarded and stimulated within them.

We find ample evidence of interventions that successfully address market and governance failures that constrain inclusive and sustainable agricultural development. The establishment of farmers' cooperatives, the strengthening of local councils, the improvement in the public sector's capacity to enhance public service delivery, and the provisioning of access to microcredits, inputs, improved seed varieties and agricultural extension services are examples of interventions that have been proven to work. Partnerships can use this evidence to improve the effectiveness of their interventions and make sure that partnerships have systemic impact, with sustainable outcomes. However, it is important to note that the private sector has limited incentives to provide public services when access to these services has to be inclusive, and that civic society partners lack the funds to invest in local institution and capacity building, in the long term. Here lies an important public responsibility, a responsibility that remains poorly defined in most partnerships in the domain of food production and agricultural development, with half of the partnerships co-funded by the Netherlands Directorate-General for International Cooperation (DGIS) having no local public partner on board.

Defining the public objectives, roles and responsibilities of partnerships is not easy, and given that there are often public accountability issues, institutional complexities, political interests and problems of limited administrative capacity in the recipient country, the cooperation with public partners is often complicated. Although simple solutions are not available, this study suggests that the first step in overcoming these difficulties is to involve local partners in the early stages of partnership development. This could be a local non-governmental organisation (NGO), farmers' cooperative or regional government, but may also be the Dutch embassy or consulate; the important thing is to have the local, context-specific knowledge available that is needed to diagnose the main institutional issues that need to be addressed by the partnership, and to target partnership activities such that they contribute effectively to the Sustainable Development Goals.

With regard to the safeguarding of inclusiveness our findings suggest that efforts to improve and facilitate inclusiveness are poorly documented and often not evaluated, resulting in a limited evidence base. Also, while assessing how NGOs define, safeguard and stimulate inclusiveness in partnerships, we found little attention for organisational learning, such as shared understanding of effective interventions. Inclusiveness often seemed to be defined rather pragmatically, in line with the interests of the partnership partners, and interventions promoting inclusiveness often lacked an underlying theory of change. For example, inclusiveness would be defined as 'involving the top 30% of farmers in value chains instead of only the top 10%', but also as 'making sure the poorest of the poor benefit' – two clearly different goals. Generally, in the current set up of the partnership facility, partnerships do not seem to be the most effective instrument for alleviating extreme poverty, which also has to do with the focus of most partnerships on global supply chains. However, even in other cases, the focus on agricultural productivity makes it difficult for partnerships to reach the extreme poor, as the poor are often subsistence farmers or households with no access to land.

This is not necessarily a problem, as other types of policies are available and being implemented to alleviate the poverty of these stakeholders, but even when focusing only on smallholder, commercial farmers, inclusiveness requires that access to the services offered by the partnership is also available to the remaining 70% of smallholders. Here, the tension between efficiency and equity becomes visible, efficiency requiring public services delivery, with beneficiaries contributing to the costs of public services, and equity requiring access for all. If the Netherlands Directorate-General for International Cooperation is serious about wanting to use partnerships to stimulate growth that is inclusive, it should more clearly acknowledge this tension in formulating partnership requirements and the conditions for co-funding.

Overall, our study suggests that it is important to make sure that the outcomes of partnership interventions are documented and evaluated, in order to learn from partnership experiences and build a shared evidence base. It is important to note that the key reason why partnerships are expected to be more effective than governments alone in facilitating sustainable development is that they know the context in which interventions are undertaken, and can thus target their activities more effectively. Thus, knowledge of the local context is essential for partnership effectiveness, and as we have argued in this report, an understanding of the institutional context is key. After all, inclusive and sustainable agricultural development requires that the market and government failures constraining development are tackled. Without institutions to maintain local infrastructure, initiatives to enhance agricultural productivity have limited impact, since, once the partnership ends, the infrastructure is likely to fall apart. Similarly, when marginalised stakeholders are not empowered and represented in local decision-making, efforts to stimulate inclusive development remain short-lived. Finally, when resource use remains unregulated, initiatives to voluntarily promote sustainable resource use fall short. This brings us back to the core potential of global, public-private partnerships, which is to align public and private interests by combining core competences and knowledge of the partners involved. Partnerships clearly have the potential for doing so, and now is the time to make sure they deliver, and contribute to the Sustainable Development Goals.

1 Partnerships for inclusive and sustainable agricultural development

1.1 Why partnerships?

In a globalised world, national governments lack the influence, capacity and mechanisms to coordinate actions across different levels and to thus effectively stimulate sustainable development (Pattberg, 2012). Partnerships are more flexible and by combining roles of private, public and civil society actors they would, in principle, be able to be more effective than governments, non governmental organisations (NGOs) or private companies alone. In fact, achieving sustainable development through global partnerships is in itself a sustainable development goal. More specifically, the UN states that: ‘Urgent action is needed to mobilise, redirect and unlock the transformative power of trillions of dollars of private resources to deliver on sustainable development objectives. Long-term investments, including foreign direct investment, are needed in critical sectors, especially in developing countries. These include sustainable energy, infrastructure and transport, as well as information technologies’.

In Dutch development cooperation, the interest in partnerships was partly inspired, or at the very least propelled, by an influential report (WRR, 2010) that framed development cooperation as ‘enlightened self-interest’, in a world where, due to global issues such as climate change and migration, economic interests become increasingly interdependent. In addition to that, the WRR report questioned the normatively informed criteria for starting the traditional aid projects in a rapidly changing world. Many traditional developing countries already got rid of their pure ‘developing’ label and had become middle income countries, with new more trade-related priorities. In line with this changing context the WRR proposed more focus in development policy, more bundling of means and more professionalism to compete with the new international players in the development cooperation domain (WRR, 2010).

In acknowledging this changing world, the 2013 policy agenda ‘A world to gain’ adopted large parts of this new perspective to development. The Netherlands Directorate-General for International Cooperation (DGIS) subsequently adopted the view that development cooperation should no longer only go through NGOs, but could better fit the new reality and be made more interesting for business and trade in recipient and donor countries. PPPs could function as an instrument for generating profit *and* stimulating development (NCDO, 2012). The new agenda specified three objectives: 1) to end extreme poverty for the coming generation; 2) to contribute to sustainable, inclusive growth; and 3) to strengthen the position of the Dutch private sector in the global market economy. With this new agenda, the former financing arrangement through which NGOs competed over funding was replaced by other arrangements, including public–private partnerships. Also, partnerships themselves were regarded as a source of funding: through partnerships, the private sector started investing in development cooperation, thus creating important leverage for scarce public funds.

Currently, partnerships in Dutch development cooperation are used in several domains, including renewable energy, health insurance, value-chain management, food production, water supply, management and sanitation. In this report, we focus specifically on partnerships in the domain of food production and agricultural development. We do this for two reasons: First, DGIS started a facility to co-finance partnerships in this domain, the Facility for Sustainable Entrepreneurship and Food Security (FDOV)¹. A similar facility was started in the domain of water and sanitation², but given the widespread experience with global partnerships in water and sanitation², it seemed more relevant to focus on the innovative use of partnerships in the food domain. Second, it is especially in the domain of food production and agricultural development that inclusive growth and sustainable development is needed most: the demand for food is projected to increase starkly, whereas the supply of land is limited and current land use is not sustainable. Hence, more efforts are needed in the domain of food production and agricultural development, and it seems relevant to here explore the potential of public–private partnerships.

Bouma and Berkhout (2015) explored the potential of partnerships for stimulating inclusive green growth, concluding that partnerships definitely have potential but that in order to reach sustainable outcomes, certain pitfalls need to be addressed upfront. One of these pitfalls is that the roles, risks and responsibilities of partnership partners are often not clearly defined and allocated, resulting in partnership agreements that can hardly be enforced or self-enforced. Bouma and Berkhout (2015) found that especially in the domain of food production and agricultural development this was a problem, in particular with regard to the public objectives of partnerships and the role for local government. Also, the study found that in most partnerships the objective of inclusiveness was not defined clearly, and that it remained unclear how inclusiveness was safeguarded and addressed.

We conducted two follow-up studies to address these matters: the first study assessing how inclusiveness is defined, safeguarded and stimulated in public–private partnerships, the second study reviewing the evidence on effective interventions for promoting inclusive, sustainable agricultural development. It is important to define what we refer to when we talk about partnerships. Given our focus on the partnerships co-funded by DGIS, this report also focuses on government-funded partnerships. We define these partnerships as public–private partnership, although the public partner role may be confined to the financing of the partnership alone. The facility requires NGOs to be part of the partnerships, and the private sector partner to contribute 50% of the costs. We talk about *global* partnerships because their activities are conducted in other parts of the world.

Before presenting the findings of the different studies, we will use the last part of this chapter to further discuss the public objectives, roles and responsibilities of partnerships in the domain of inclusive and sustainable agricultural development, and the efforts required to make sure that partnership outcomes can be sustained. We do this to clarify how attention for the local institutional context, and local government, is essential for achieving the public objectives and responsibilities of partnerships and also for ensuring that partnership outcomes are sustained. With institutional context we refer not only to the formal government, with its national bureaucratic systems that form the state and govern the nation towards national interests (e.g. see Acemoglu et al., 2012; Painter and Peters, 2010) but also to informal, local institutions such as village councils, customary regimes of property rights, and traditional leadership (e.g. see Voors and Bulte, 2008). Institutions, thus, include the ‘long-lasting behavioural patterns in society that create trust and decrease transaction costs’ (Acemoglu et al., 2012; North, 1990; Rodrik et al., 2004).

1.2 Defining public objectives, roles and responsibilities

In a recent publication by PPPlab³, Balt (2017) discusses how partnerships in water and food can effectively work with the public P. She indicates that about half of the partnerships under the FDOV facility included a domestic public partner, most often a representative of the central government or state-owned enterprise, and that all of the FDW water partnerships included a domestic public partner, usually a water board or public water company, as this was an explicit requirement of the FDW facility. Balt (2017) then discusses why partnerships would include a public partner, giving four reasons why: 1) because of the public good character of the partnership activity; 2) because of requirements of the recipient country; 3) to gain a licence to operate for partnership activities and 4) to sustain and scale partnership efforts. With regard to the first reason, Balt suggests that given the public good character of investments in water and sanitation, inclusion of a public partner is mandatory in the FDW program, but that for the FDOV program this is not the case, as public good issues play less of a role. However, sustainable agricultural production involves many public good aspects (see Box 1.1),

Box 1.1 Key public responsibilities in stimulating inclusive, sustainable agricultural development

At a national scale, a key public interest lies with providing a stable, just and competitive production environment. Competition between traders, as opposed to a monopolistic or strongly oligopolistic setting, typically results in better prices for farmers, creating better incentives for production-enhancing investments. But stimulating competition requires the existence of adequate arbitrage mechanisms. Next, investments – by traders and farmers alike – require clear delineation of property rights and mechanisms to uphold enforcement. Each of these necessitate the existence of a well-equipped and trusted judiciary. Public interests are also present at a lower scale. We consider three key interests in detail below, whereby possible interventions to address these locally are described in Chapters 2 and 3.

Knowledge and information provision

Exchange of knowledge on new technologies, improved chemical inputs or application of new agronomic practices often form the basis of increases in productivity. But it is difficult for private actors to supply knowledge and innovation profitably in rural agricultural settings. There exist strong market externalities which are difficult for private suppliers to internalise in prices. For example, farmers have been observed to delay experimentation on new crops/technologies to free-ride on the knowledge generation of other farmers (Bandiera and Razul, 2010). A private supplier cannot possibly charge all end-users of knowledge. Such issues also shape more fundamental generation of knowledge, such as the development of new varieties. Development costs could be high and a single company, operating in a competitive environment, may have difficulty in fully appropriating the returns from such investments. Altogether, these arguments explain why private traders and processors will undersupply knowledge generation, and necessitate public involvement.

Infrastructure

Infrastructure is a necessary precondition for agricultural development. Improvements in both national roads, railroads and ports and the ‘last mile’ rural roads brings down transport and transaction costs. Such improvements bring farmgate prices closer to those prevailing on world markets and stimulate agricultural development (Zhang and Fan, 2004; Moser et al., 2009). Again, private actors have limited incentives to supply roads, because of strong market externalities. The benefits from road building accrue to a wide range of actors, many of whom may work outside agriculture altogether. This serves to explain why private road building typically takes the form of toll roads, or is jointly developed in public–private partnerships, or is confined to singular resource extraction activities (e.g. mining and forestry) in regions without any other significant economic activities (no externalities).

Inclusiveness

Finally, a key public task pertains the measures to guarantee inclusive and equal development outcomes. Such public interests often do not reflect a need to supply public goods, per se, but rather reflect ethical and distributional considerations. There exist strong information barriers to reach these groups effectively: which are key constraints faced by these groups etc. The incentives for private actors to break down such information barriers are probably slim: it is costly (it requires setting up or amending local institutions), it remains to be seen whether they would yield valuable information (constraints could be very 'public' in nature), and if it does how can one exclude competitors from using this information and would that be an ethical thing to do?

which justify a role for a domestic public partner in the partnership. That this does not necessarily need to mean the involvement of a central government representative is something we further discuss in the next sections: depending on the institutional context in which the partnership is positioned, the public role could be played by a regional or local level council, a semi-government organisation with public interests, or else.

Balt (2017) continues to discuss why including a public partner may be challenging, because of differences in norms of public accountability, political issues, institutional difficulties and limited capacities, and offers several suggestions of how these difficulties may be tackled. These are clearly important issues, and in Chapter 2 we also discuss how lack of accountability, elite capture, limited administrative capacities, failing institutions and other issues can be addressed. However, we would like to emphasise the importance of clearly distinguishing the public objectives and responsibilities of partnerships. Clearly, the choice of partnership objectives depends also on partner motivations, but it would be naive to suggest that partnerships aiming to contribute to the Sustainable Development Goals could actually decide to merely focus on the non-public aspects of inclusive and sustainable agricultural development. This because stimulating inclusive and sustainable development is *in essence* about tackling the underlying market and governance failures that constrain inclusive and sustainable development. When markets are failing, such as in the case of infrastructure development (where the costs of infrastructure development are difficult to recover from the beneficiaries, so private actors have little incentive to invest), there is a role for the public sector to coordinate transactions and ensure cost-recovery, so that the required investments can be made. This is also true for innovation and the environment, where governments need to help internalise market externalities to ensure that the required investments are made. When governments are failing, the private sector will not be able to adopt the government role and effectively deliver public good provisioning, at least not when inclusiveness is deemed important. Clearly, the private sector can provide some resources for public goods and recover some of the costs from

those who benefit from these goods, but only by excluding non-contributing actors, which is in conflict with the objective of inclusiveness.

Both government and market failures can be addressed by institutional interventions. Section 2.2 discusses the institutional interventions that have proven effective in tackling market and governance failures. Section 2.1 discusses how inclusiveness can be safeguarded and stimulated in partnerships.

Summarising, partnerships in the domain of inclusive and sustainable agricultural development need to consider the public objectives and responsibilities of their activities, especially if they want the partnership outcomes to be sustained. What public involvement should consequently imply is another question, which depends on the context in which the investment is made. In a country with a strong government, good legislation and well-enforced property rights the public role will be different from a setting with weak governance structures and unclear property rights. In defining the public objectives of and responsibilities in partnerships, these aspects need to be taken into account. Sometimes, this may result in the local government being included in the partnership, in other cases it may result in the non-governmental organisation being made responsible for public service delivery.

1.3 Sustaining partnership outcomes

As argued in the previous section, sustaining partnership outcomes requires that the market and government failures constraining inclusive and sustainable agricultural development are sufficiently addressed. Note that the term 'sufficiently' here is crucial, as it implies that the partnership partners know what is required for achieving sustained impact. In fact, this is precisely why partnerships are assumed to be more efficient and effective than governments, as they are expected to know the local context better than the government. In the case of international development cooperation this is especially important, as the Dutch ministry clearly does not know which interventions are locally required to make sure that partnership activities can be sustained. In fact, this is an important argument for involving local partners from the start: the informational advantage of including local partners has been shown to be crucial for effective targeting (Mansuri and Rao, 2004) and also helps to secure that partnership outcomes can be sustained.

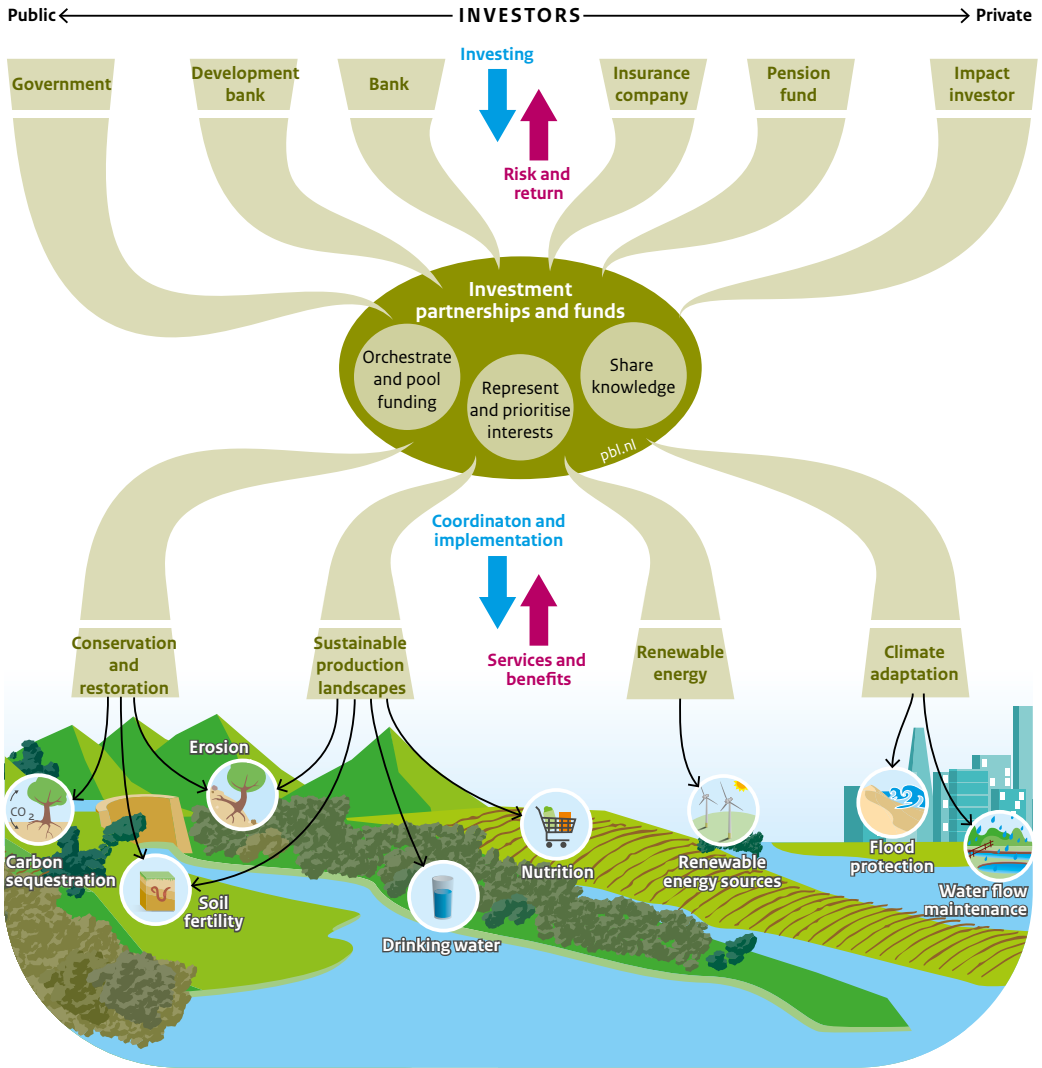
PPPlab frames this as the systemic potential of partnerships, such as in their capacity to deliver sustained change. We would like to argue that the systemic potential of partnerships depends on the institutional investments made. For example, when a partnership invests in improved agricultural extension services, seed and fertiliser availability, but fails to invest in the development of a cost-recovery mechanism, these services will no longer be provided once the partnership ends, or only to the farmers who are able to pay. Similarly, partnerships that promote efficient water use and

improved soil management may have an impact during the duration of the partnership, but if sustainable resource management is not institutionalised this impact will vanish once the partnership ends. Finally, empowerment of the poor without local institution building will fall apart once the partnership ended: if local decision-making mechanisms are not changed to include the marginalised, their voices will continue to be unheard.

Note that privatisation may be one of the ways in which costs are recovered, but one with implications for the poor. A multinational may for example start providing agricultural extension services, but only for farmers that sell them their products. This could actually increase the market power of the multinational, especially when the multinational starts demanding long-term contracts to ensure cost-recovery, as Bouma and Berkhout (2015) found to happen in one of the partnerships. For partnerships to contribute to inclusive, sustainable agricultural development it is of crucial importance that partnerships have a clear picture of the local factors constraining inclusive and sustainable development, and of the interventions required to tackle these factors, and what this implies for the composition of the partnership, including the role of local government.

When considering ecological sustainability, Bouma and Berkhout (2015) found that partnerships were not in the position to change the incentives or built the regulatory capacity for sustainable resource use. For example, several partnerships tried to create such incentives, for example by developing payment for ecosystem services mechanisms, but the institutional investments required for creating such mechanisms were huge. Overall, the partnership agreements studied included few enforceable, environmental objectives and environmental objectives were not an explicit part of the business case. Sewell et al. (2016) found that initiatives in the domain of ecosystem restoration, relevant for sustainable food production as they reduce soil degradation, struggle to scale up activities due to coordination and financing issues, a clear indication that partnerships could help to enhance ecological sustainability in the agricultural domain too. This would require, however, explicit attention for the financing of partnerships, as generating ecological returns generally takes longer than 7 years. In addition, part of the benefits of ecosystem restoration projects are non-monetary, and although in time societal benefits are found to exceed costs (Sewell et al., 2016), the time period over which investments pay back may be considerable. All in all, partnerships could potentially play a role in ecosystem restoration, but this would require different funding arrangements and increased attention for the regulatory issues associated with sustainable resource use. Given the global interest in climate change mitigation, global partnerships linking the global demand for ecosystem services to the level where ecosystem services are provided, and aligning private and public interests for stable food systems and resilient ecosystem services could be the next step for global partnerships in the agricultural domain.

Figure 1.1
Linking the global to the local level and aligning public and private interests



Source: PBL 2017

Source: People and the Earth- International cooperation for the Sustainable Development Goals in 23 infographics (PBL, 2017, p. 36)

Notes

- 1 For more information see: <https://english.rvo.nl/subsidies-programmes/facility-sustainable-entrepreneurship-and-food-security-fdov>.
- 2 See for example the Worldbank Group's center on public private partnerships in water and sanitation (ppp.worldbank.org/public-private-partnership/sector/water-sanitation).
- 3 PPPLab Food & Water is a four-year action research and joint learning initiative (2014 - 2018) to explore the relevance, effectiveness, and quality of Dutch supported public-private partnerships (PPPs). PPPLab is commissioned by the Dutch Ministry of Foreign Affairs and is driven and implemented by a consortium of the Partnerships Resource Centre, Aqua for All, the Centre for Development Innovation at Wageningen UR and the Netherlands Development Organization (SNV). (source: <http://www.ppplab.org/about/>).

2 Safeguarding and stimulating inclusive and sustainable development

Partnerships co-funded by DGIS have one explicit requirement, and that is that they contribute to inclusive growth. In the domain of food production and agricultural development, this often implies that interventions should benefit smallholder farmers and contribute to food security objectives, although Bouma and Berkhout (2015) concluded from their assessment that in most partnerships the objective of inclusiveness is not really defined. Also, in the partnerships studied, the responsibility of ensuring inclusiveness seemed to be delegated completely to the NGO. Hence, we decided to conduct a follow-up study to better understand how NGOs define, safeguard and stimulate inclusiveness in partnerships, consulting all Dutch NGOs working in partnerships in the food and agriculture domain. (see Table 2.1, and Hospes et al., 2016).

2.1 Safeguarding inclusiveness

Non-governmental organisations (NGOs) are traditionally occupied with societal interests such as supporting marginalised groups or giving voice to the poor. DGIS specifically supports partnerships of companies partnering with NGOs to stimulate and safeguard inclusiveness in agricultural development. The 'public' in these public-private partnerships is represented by the Dutch Government in the design and funding of the partnership, and is thought to be represented by NGOs addressing more 'public' values, such as the representation of minority groups.

Conceptually, inclusiveness may involve many issues: voice, representation, decision-making, rights, access to resources, or inclusion in a fair share of the benefits of an intervention or business (growth). To systemise these facets of inclusiveness, we follow the idea of Fritz Scharpf (1999) in its distinction of three forms of societal acceptance of interventions: *input* acceptance, *throughput* acceptance, and *output* acceptance¹, where output gains societal relevance in terms of the partnerships' outcomes.

Table 2.1
NGOs in the food and agriculture domain

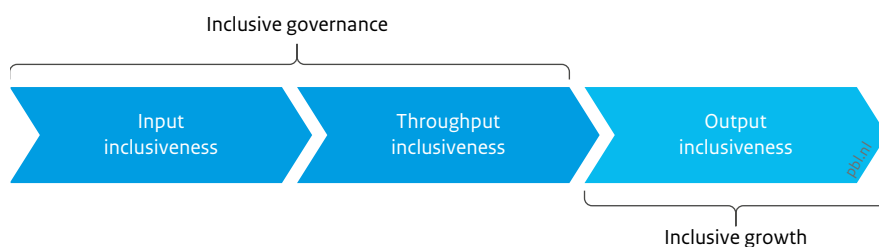
	Organisation	Number of interviewees
NGOs that exclusively work in food and agriculture	Agriterra	1
	Fairfood	3
	Heifer	1
	Ileia	1
Bigger NGOs that consider food and agriculture as one of their principle domains	ActionAid	2
	Cordaid	1
	Hivos	1
	ICCO	1
	Oxfam	1
	Plan	1
	SNV	2
Total number	11	15

Source: Hospes et al. (2016), and the CIDIN database ²

For *input* acceptance inclusion is required in the design or problem definition phase of the partnership activity. Society will accept the design once their concerns are included. Throughput and output acceptance are determined by inclusion in the decision-making phase, and the sharing of benefits in the end-phase of the partnership intervention, the partnership outcome. Hence, in working towards inclusive green growth NGOs in the partnership can work on the inclusion of actors in the design of the interventions (input), the decision-making process (throughput) or the actual benefits of the intervention (output). Logically these forms of inclusion cannot be seen independent from each other.

Input inclusion can lead to inclusive outcomes if the interests of the actors included in the design phase are properly taken on board in the intervention. However, this is not guaranteed; input inclusion (voice or representation) does not necessarily lead to inclusive outcomes or a fair share in benefits. Participation at the design phase suggests that a wide array of interests is taken into account, but whether this results in inclusive outcomes depends on other factors too (e.g. power differences, technical possibilities). When discussing interventions for stimulating inclusive growth and development, input and throughput inclusion are about inclusive *governance*, and output inclusion is about the inclusive *growth*. Inclusive governance might lead to inclusive growth, but how inclusive governance leads to inclusive growth is a complex question, allowing for a wide variety of theories of change (see also Hospes et al., 2016, and Figure 2.4).

Figure 2.1
Forms of inclusiveness and their causal relation



Source: Hospes et al. 2016

Different partnerships, different theories of change

Zooming in on the NGOs that actually take part in partnerships the interviews revealed a variety of partnership types. Each partnership type does different things and focuses on different types of inclusiveness. NGOs involved in global round tables for example tend to focus on input inclusiveness alone, whereas in the public–private partnerships co-funded by the FDOV facility, NGOs tend to focus on input and throughput inclusiveness (inclusive governance). There are few partnerships where NGOs actually involve themselves in guaranteeing output inclusiveness (inclusive growth). In most cases NGOs employ *theories of change* on how safeguarding inclusive governance will lead to inclusive growth. This might be because output inclusiveness is difficult to safeguard, and NGOs see their predominant role in guaranteeing output inclusiveness through input and throughput inclusiveness. Again, how input and throughput lead to output is defined differently by different NGOs, as each has its own ‘theory of change’ on how input and throughput will lead to output inclusiveness.

Complex accountability relationships and unclear target groups

A second thing we found that complicates the safeguarding of inclusiveness is the complex accountability issue towards partners and stakeholders, and ambiguous focus on which societal group to include. Traditionally, NGOs focus on a wide variety of target groups, of which NGOs are free to choose when the developmental context and their main NGO goal points them to. In terms of inclusive growth this raises the question of who is included in the activities of the partnership. In most cases NGOs are simply too small to focus on all poor, marginalised or underrepresented. In partnerships this is no different. NGOs have their target audiences, which are sometimes more generally framed as ‘the poor and marginalised’, or more specifically as ‘the landless widows of a specific village in Zambia’. In addition to the variety of operationalisations of ‘inclusiveness’, in global partnerships, this target group might shift due to pragmatic reasons. Partnership activities may be more efficient or lucrative when focusing on the

Table 2.2

Type of partnerships and their role in safeguarding inclusiveness

Role of partnership type	Discussion platforms	Global roundtables	One-to-one NGO-business partnerships
Discussion partner	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Co-designer of standards	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Voice of the poor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Capacity builder	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Business manager	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Source: Hospes et al. (2016)

slightly better-off farmers than the poorest of the poor. This might lead to NGOs having to shift their original focus in order to stay in business with the partnership. In line with the ambiguous focus on target groups, the accountability relationships become more complex; in traditional settings, NGOs can set up rather linear accountability relationships with their donor and target group. In public-private partnerships, the NGO becomes accountable to the private-sector partner, too, which adds a layer of complexity. In addition, the pragmatic nature of doing business might lead to changes in partnership activities, target groups or business partners, which forces NGOs to become pragmatic, too; possibly jeopardising other relationships of accountability, especially with their traditional target groups. NGOs consider this a threat to input and throughput inclusiveness – and, therefore, possibly also to output inclusiveness – of partnership activities. Most NGOs, however, take a pragmatic stance on the inclusiveness definition; primarily, to stay in business.

NGOs and inclusiveness in view of changing funding arrangements

The role NGOs play in stimulating and safeguarding inclusiveness in partnerships is different from the role they traditionally played before the DGIS funding arrangement changed. In the previous type of arrangement, most large Dutch NGOs active in development cooperation received funding based on their independently developed programmes of development cooperation activities. Although NGOs developed these programmes in what they refer to as ‘partnerships’ with organisations in recipient countries, Dutch NGOs did not have to take the interests of private-sector partners or other benefiting organisations into account. With the new FDOV arrangement partnering with a private-sector partner became a precondition for receiving governmental funding. Our results show that, on the one hand, this new approach made NGOs feel they were becoming more adaptive and more capable of finding and developing business cases in recipient countries. On the other hand, NGOs also consider themselves less independent in deciding over priorities and allocations for strategic, long-term investments.

In summary, the balancing of ambitions and practicalities of the different partners in partnerships has favoured ad-hoc pragmatism over strategic, long-term focus. This has led to more complicated relationships of accountability and questions about who is included in inclusive growth. In addition, the new funding arrangement jeopardises the strategic long-term investments that NGOs would make in local institution and capacity building – investments that are still required to safeguard and stimulate inclusive governance and growth, as for example working on inclusiveness might require ongoing focus on institution building, stretched over decades rather than a couple of years. This question of whether the new funding arrangement is most effective in allowing NGOs to work on inclusiveness calls for further discussion and analysis.

For further details and information about the study, please see Hospes et al. (2016). Annex B includes the report of the workshop we organised to present and discuss the study's findings.

2.2 Stimulating inclusive and sustained agricultural development

So far, the discussion has emphasised the need for institutional investments to tackle the market and governance failures constraining inclusive and sustainable agricultural development. However, investing in institutions is difficult and complex, so is this not requiring the impossible from partnerships, and what is it that partnerships can really do?

With this question in mind, we conducted a systematic literature review and consulted the impact evaluation literature, which is a fast-growing body of literature, given the international interest in evidence-based policies.³ We focused our review on statistically rigorous evaluations of interventions directed at the building or changing of local institutions in rural development and agricultural production, mapping the available evidence in a so-called evidence gap map (EGM). Details on the methods used to construct this EGM are provided in the study by Berkhout et al. (in press). Figure 2.2 presents the best available evidence on effective interventions for local institution building across the developing world.

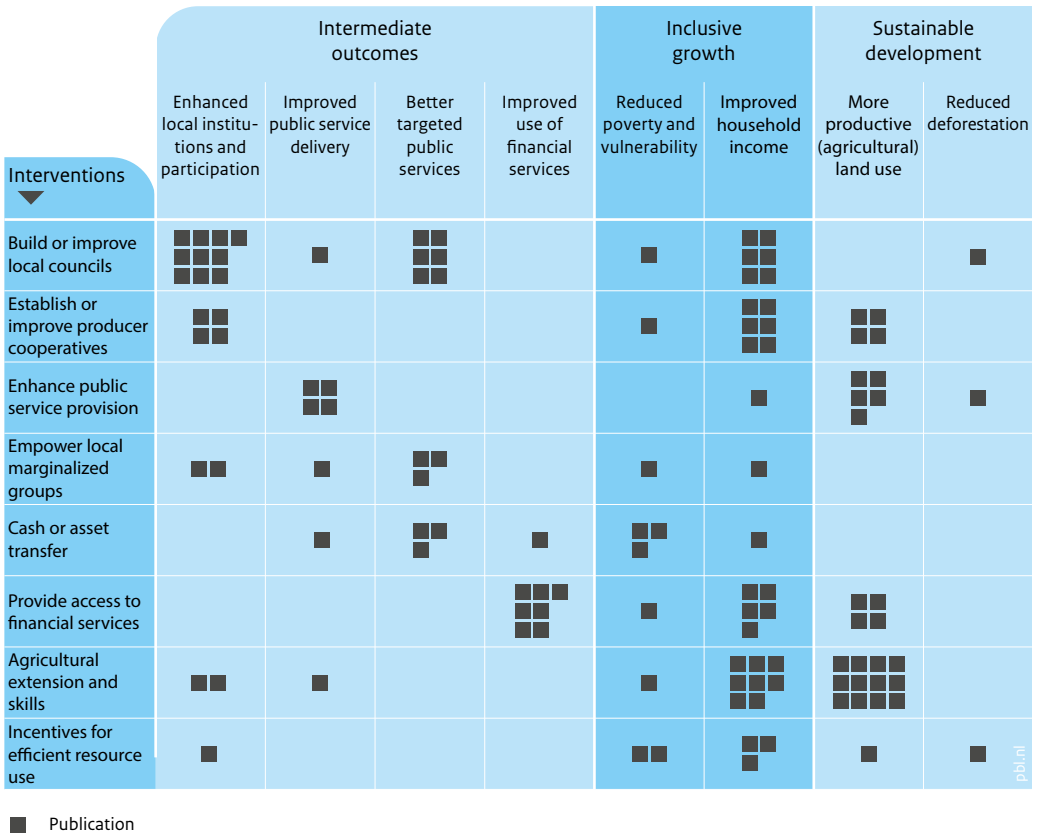
Many of the interventions describe village-level interventions whereby specific institutional changes or mechanisms are developed and propagated in order to overcome specific market and governance constraints. Sometimes, these are geared towards the supply of public goods, such as knowledge and information (for agriculture) or other failing input markets. In other instances, institutional arrangements are sought to make local policy-making more inclusive, by linking it to disadvantaged groups. Interventions related to the impact of land tenure arrangements and the changes therein, have already been reviewed in detail by Lawry et al. (2016) and, therefore, were not included in this review.

Institutional development or change is not a goal in itself, but rather a means to achieve various development outcomes. The need to tackle structural underlying institutional constraints, as a means for achieving inclusive and sustainable development is well-recognised. The Netherlands' policy strategy for international cooperation in food and agricultural development (Ploumen and Dijkma, 2014) stresses the need for strengthened local institutional arrangements, such as farmers' cooperatives, value-chain approaches and tenure arrangements, in order to facilitate inclusive development. Moreover, the policy strategy highlights the need for safeguarding the supply of national and international environmental public goods, the actual management of which typically takes place on a regional level.

The rows in Figure 2.2 categorise various types of development interventions geared at developing local institutions. The columns list outcome indicators against which the various interventions have been evaluated. Each dot represents a combination of intervention and outcome indicator evaluated. A single study may appear through multiple dots, when either multiple interventions, sub-interventions or multiple outcome indicators were analysed. We further distinguish intermediate outcome indicators, which typically assess impact on a measure in close relation to the specific constraints targeted at the perceived performance of local councils take up of financial products, and final outcome indicators assessing the eventual impact on poverty, income and the environment. While these indicators reflect the diversity encountered in the relevant studies, they also closely relate to indicators used by DGIS to measure the scope of their policies (see Ploumen, 2017). For instance, the final indicator on *improved household income*, relating to the DGIS indicator (DGIS, 2017) on increased productivity and income. Similarly, the final indicator on *more productive (agricultural) land use* encompasses outcomes, such as increased crop yields, greater input use or enhanced knowledge on agricultural practices, which is related to the indicator of eco-efficiency selected by DGIS.⁴

The evidence gap map reveals some clear clusters, providing evidence that some combinations of interventions and outcomes have been investigated more frequently, while also displaying some evidence gaps. First, relatively many evaluations are placed in the first row (building or improving local councils), which considers efforts geared at improving local policy-making platforms, often tasked with developing local infrastructure and public service delivery. Such councils are either built from scratch, or existing ones are modified, for instance, by stipulating the inclusion of representatives from disadvantaged groups. But, most studies evaluate the impact of such interventions only at an intermediate level, with only few assessing impact on household income or indicators of sustainable development. A reverse finding holds for the interventions in the bottom two rows, containing evaluations on various ways to organise agricultural extension and training and the provision of better incentives for more efficient resource use. Most of these studies only evaluate outcomes at income or productivity level. For some types of interventions, such as those aimed at empowering marginalised groups, few rigorous studies exist altogether, as the evidence gap map shows.

Figure 2.2
Evidence gap map of interventions for inclusive and sustainable agricultural development



Source: PBL

Clearly, tracking the impact of institutional interventions to the final, inclusive and sustainable outcomes is difficult. Only few chose impact indicators that allow for a meaningful assessment of whether the outcomes were inclusive or sustainable ('green'). For instance, the majority of evaluations report only mean income changes or changes in crop yields. The ones that do report on the distribution of incomes, stress the difficulty of engaging the most vulnerable groups. For example, the most marginalised and poor farmers are often not included in farmers' cooperatives. In addition, the short timeframe at which impacts are typically evaluated limits inference of long-term impact. After all, the process of laying the right foundation takes time to 'institutionalise'.

Figure 2.3
Studies reporting final outcomes



Source: PBL

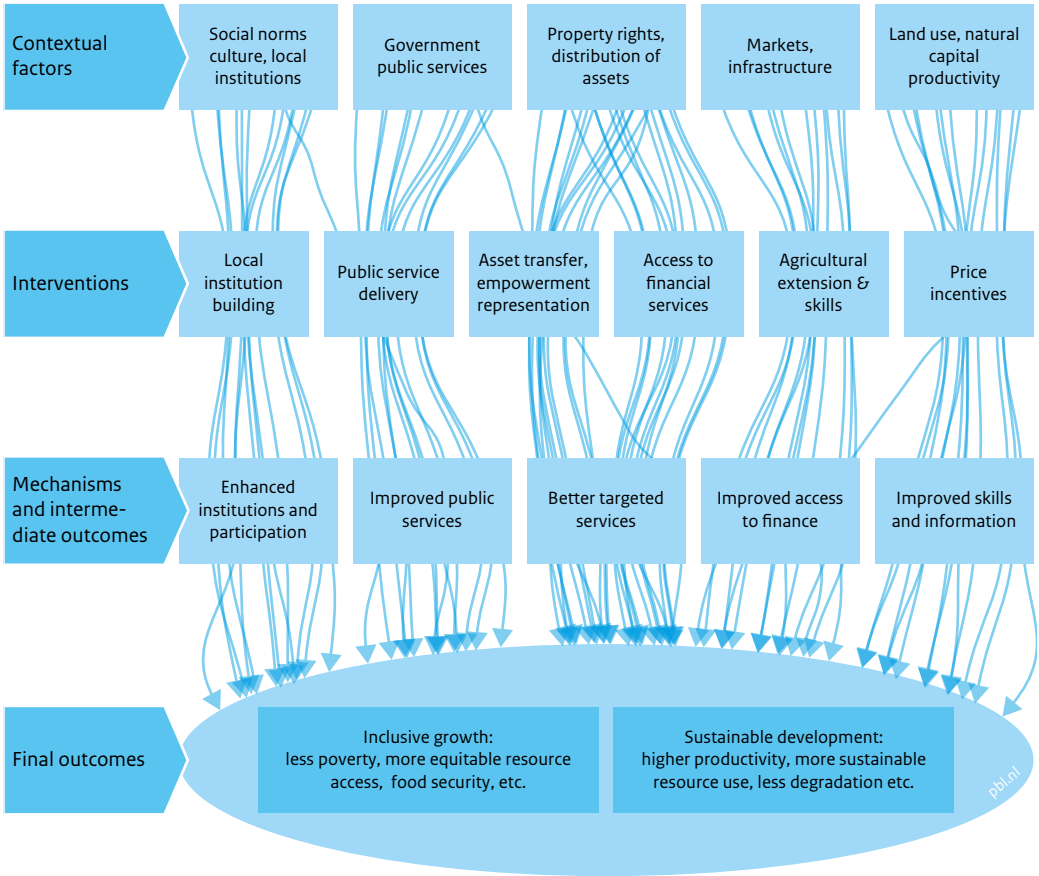
The total number of studies displayed exceeds fourteen since some studies evaluate multiple combinations of intermediate and final outcomes. The outcome indicators result from different interventions, information on which has been suppressed in this figure for clarity.

Hence, the impact of institutional interventions on household income, crop yields and poverty alleviation may not be captured in the evaluation yet. Only 14 studies in our evidence base pay attention to both intermediate and final outcomes, as illustrated in Figure 2.3.

In Figure 2.4 we visualise the way in which institutional interventions are expected to contribute to inclusive and sustainable outcomes. Clearly, this is not a blueprint of how interventions contribute to inclusive and sustainable development, it is merely an illustration of the underlying theory of change. Whether an intervention has the desired impact depends on whether it has properly diagnosed the main constraining factors ('contextual factors'), a process which we further elaborate in Chapter 3.

By only focusing on rigorous statistical evidence a considerable number of studies was excluded from the review. Most notably, we excluded studies reviewing the effectiveness of community-based approaches, as these are typically conducted with lesser statistical precision (Mansuri and Rao, 2004). From the perspective of policy-making these studies may be useful⁵ still.

Figure 2.4
Theory of change; interventions for sustainable food production and agricultural development



Source: PBL

Knowledge and information provision

In Figure 2.2, the row *agricultural extension and skills* contains various studies that document the impacts, and costs and benefits, of institutional arrangements for organising the public supply of knowledge and information on agricultural practices. Several studies assess the impact of more formal arrangements. In Mozambique (Cunguara and Moder, 2011) studied the impact of national public agricultural extension, using a so-called Training and Visit Model combined with a participatory approach to identify key priorities. The causal impact of this agricultural extension led to an increase of 12% in participating farmers, but since agricultural extension tended to select wealthier farmers it could exacerbate local inequalities. A study by Cole and

Fernando (2012) investigates the impact of supplying tailored information on weather and crop cultivation to farmers in India by telephone. While such an approach does not change the existence of market externalities, the low costs per farmer (USD 0.6 per farmer, per month) could make the supply of information more remunerative to private actors.

Other institutional arrangements more actively seek ways to internalise the market externalities associated with agricultural extension; for example, the so-called farmer field schools, in which a group of farmers jointly learns about the best way to adapt new technologies to local circumstances. All participants are encouraged to actively share all relevant information, minimising free-rider behaviour (i.e. benefiting from costly experimentation/innovation by others without paying), thus internalising much of the learning externalities. Various studies assess the impact of this institutional arrangement. In Ecuador, an FFS with potato farmers, combined with an effort to integrate them in high-value markets, raises potato yields with 1.5 tons/ha from an average of 7.7 tons/ha (Cavatassi et al., 2010). In China, farmer field schools significantly increase rice farmers' knowledge on improved cultivation practices, but the result is most prominent amongst young and better educated farmers (Guo et al., 2015).

Finally, some approaches are built on the notion that market externalities are intrinsically good for the rapid and widespread dissemination of information on new technologies. These approaches use social networks to maximise market externalities on the presumption that people are more willing to share information with close friends and family (BenYishay and Mobarak, 2014; Cai et al., 2015). There are various, typically partially disconnected, social networks, and by targeting these social networks rather than individual farmers, the spread of information and return on public investments are maximised. This key insight is likely to hold in a variety of settings and makes local knowledge dissemination more effective as well as cost-effective.

Infrastructure

While the supply of infrastructure is a critical precondition for development, and largely a public task, the question on the prioritisation of infrastructure investments remains open. In Figure 2.2, these interventions are grouped in the first row (build or improve local councils) and the third row (enhance public service provision). Various approaches have sought to strengthen local institutional structures with the aim of guiding such decisions, locally (e.g. Beath, et al., 2012; Casey, et al., 2012; Fearon, et al., 2011; Nguyen and Rieger, 2014). This is done, for example, by setting up local councils, or strengthening existing ones, typically by mandating the inclusion of representatives from marginalised groups. These types of councils, which fully represent local community, are placed better than project or government officials elsewhere to identify infrastructure investments that benefit the entire local community. Many of these studies found that the trust in and satisfaction with local governance improved, suggesting that such investments indeed served the interest of a broad fraction of society, rather than the interest of just a few.

Some studies experimentally assess the willingness of beneficiaries to contribute to public goods. This measure can be also viewed as people's willingness to pay taxes for the supply of local public goods. In nearly all instances, this willingness increased. Moreover, not only prioritisation may benefit from better local councils, they could also offer a means to reduce corruption on infrastructure spending. A study by Olken (2007) documents how public council meetings and mandatory reporting on infrastructure expenditure led to a significant reduction in the spending that could not be accounted for; thus, reducing the incidences of collusion between contractors and the local ruling elite. These studies thus identify solutions for improving the prioritisation of local infrastructure spending, and enhance the efficiency of actual spending.

Inclusiveness

In Figure 2.2, the fourth row (empower local marginalised groups) documents interventions aimed at making development more inclusive. Indeed, improvements in local councils are an obvious starting point for the voices of marginalised groups to be heard (Beath, et al., 2012; Casey, et al., 2012; Fearon, et al., 2011). Other studies provide additional evidence of how such improvements may contribute to the specific targeting of vulnerable groups within society. A study by Beath et al. (2013) shows that, in villages with democratically elected councils tasked with distributing food aid to the neediest households, the chances of such households actually receiving this aid increases, to a modest but significant degree. Overall, however, there is scarce evidence of these interventions having a measurable effect on the income levels of the most vulnerable groups. To begin with, only few studies measure the effects on economic indicators. Only one study finds a short-term positive effect on household income (Casey, et al., 2012). And only one other study explicitly assesses the impact on poverty levels, finding that the poorest households do benefit, economically, although this is sometimes to the detriment of wealthier households (Voss, 2008). Thus, while these studies do provide options for more inclusive local policy-making, the actual impact remains open for further investigation.

Geographical spread

Finally, a substantial geographical spread underlies the studies identified. Figure 2.5 illustrates this by grouping the studies per continent. The geographical spread may reflect research priorities; rigorous evaluations are often expensive and may be conducted more often in relatively stable countries. But, in many cases, the spread is a sign of the key differences in policy priorities. For instance, all the studies that evaluate farmers' cooperatives originate from Ethiopia, reflecting their dominant use in Ethiopian development discourse and policy. In other words, the spread depicted in Figure 2.5 reflects that countries vary with respect to the constraints they face and the priorities they set. A logical implication is that the impact of selected interventions varies across settings.

Notes

- 1 Scharpf (1999) actually discusses forms of legitimacy, which largely comes down to what we define as acceptance, or the acknowledgement that a business or intervention is 'right'.
- 2 <http://www.ngo-database.nl/index.php?&username=guest@cidin.nl&password=9999&lang=nl>.
- 3 See, for instance: Abdul Latif Jameel Poverty Action Lab (<https://www.povertyactionlab.org/>); International Initiative for Impact Evaluation (<http://www.3ieimpact.org/>) or the Campbell Collaboration (<https://www.campbellcollaboration.org/>).
- 4 DGIS defines eco-efficiency as the area under improved land management as a result of Netherlands' policy interventions. Such a measure only reflects the reach of interventions and conveys no insight into the size of their impact (like the average change in crop yields), an argument that also applies to their definition of the indicator improved productivity and income (Ploumen, 2017). Due to this structural difference between reach and impact, no studies identified for the EGM report on the area or number of farmers reached, but many do report more meaningful changes in impact like crop yields and other productivity measures.
- 5 For example, Behera and Engel (2006) show that the effectiveness of community natural resource management crucially depends on formal recognition of community rights, and Pagdee et al. (2006) indicate that the communities' ability to organise and enforce resource use restrictions is important, too. Adhikari et al. (2004) suggest that improved natural resource management may have adverse impacts on the poor, as the poor tend to depend most on the extraction of natural resources, extraction which is restricted under improved management (Kerr et al., 2004; Kumar 2002).

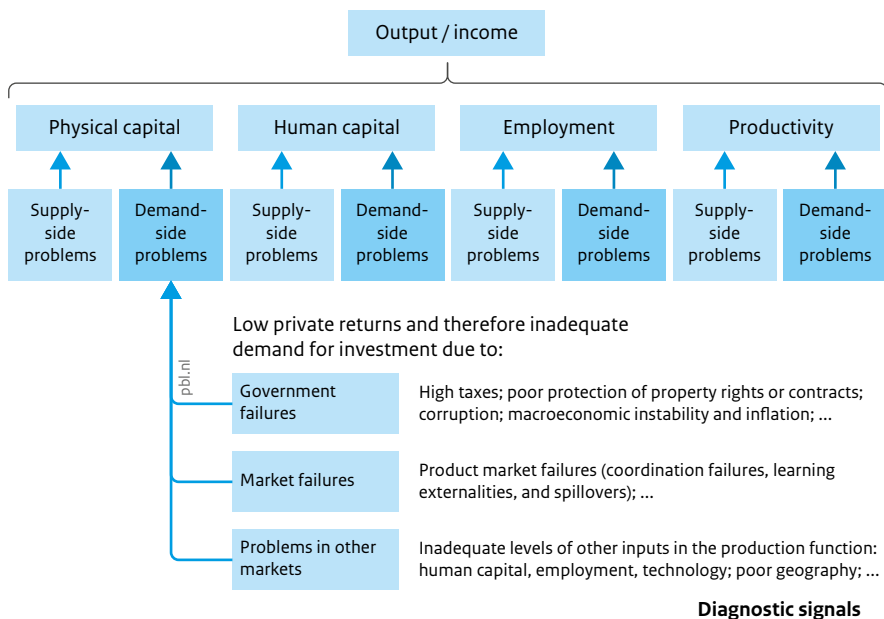
3 Delivering partnership potential for inclusive, sustainable development

3.1 Understanding the local context

As mentioned, partnerships may be more effective than governments alone in tackling complex issues, but this depends on whether the partnership partners have an informational advantage over governments. However, as Bouma and Berkhout (2015) found in the partnerships studied, information about the local context was not always available with the partners at the start of the partnership. In some cases, the partners had experience in a similar setting, but in another region, which compromises the presumed informational advantage of partnerships. In other cases, the partnership seemed a vehicle for gaining local experience with quite the opposite implication; for example, knowledge about the local context is developed via the partnership ‘experience’ (e.g. Van der Steen, Hajer, Scherpenisse, Van Gerwen and Kruitwagen, 2014).

The importance of understanding the context in which interventions are undertaken gained a vast amount of attention after the evaluation of the Washington Consensus-styled macroeconomic reform packages were implemented in many developing countries, in the 1980s and 1990s (Hausmann, Rodrik and Velasco, 2006; Rodrik, 2006, 2010; WRR, 2010). Despite their ambitious goals, these reforms delivered only a small impact with sometimes adverse side effects (e.g. total governmental withdrawal from the agricultural sector). Impacts were disappointing, partly because many of the reforms targeted ideologically informed constraints to economic development. Due to a lack of diagnostics of the local context many of these blue print remedies did more harm than good to local economic development (Rodrik, 2006). A call for better *diagnostics* emerged, moving away from generic top-down policy advices, towards the facilitation of a bottom-up process that allow for the detection of nationally, or even locally, binding constraints (Easterly, 2006; Rodrik, 2010).

Figure 3.1
Growth diagnostics framework



Source: Rodrik 2010; edited by PBL

In other words, policymakers need to diagnose the bottlenecks for economic development in a specific context and identify the best remedy for context-specific bottleneck (see illustration in Figure 3.1).

3.2 Institutional diagnostics

Because institutional context plays a large role in economic development, *institutional diagnostics* are important for effective development (e.g. Schouten, Vink and Vellema, in press; Vink, 2018). In diagnosing the institutional context, a first, rough distinction can be made between formal institutional context – most often determined by a state or administrative system that determines and maintains, for example, formal rules, owner rights, policies, authority, and interaction patterns – and the informal institutional context of, for example, local authorities, customary user rights, community organisations, interaction patterns, and gender relationships.

The formal institutional context is generally most visible to the outsider or newcomer and, although possibly complex in nature, its formal nature makes this context relatively easy to map or diagnose. The informal institutional context generally comes in a much more camouflaged or implicit form, which in many developing countries nevertheless determines large parts of societal organisation. Informal institutional contexts, generally, rule in more local settings, but also determine who are appointed as closest advisors to cabinet ministers, or who are allowed to speak in official consultation rounds of both male and female stakeholders. Hence, formal and informal institutional contexts are not clear-cut distinctions either.

That national institutional contexts matter for the development of food production and agricultural development is shown in recent quantitative studies on the adoption of new technologies for more sustainable African food production. For example, a recent study of over 22,000 households across Sub-Saharan Africa shows that differences in *state regimes* play a large role in the adoption rate of new technologies, rather than the agro-ecological conditions or family structures of individual farmers (Sheahan and Barrett, 2014). Also for partnerships, these institutional conditions are important to understand. Diagnostics here concerns the diagnostics of the local institutional context, but where the general regulatory or public sector is concerned, also of the national institutional context (Young, 2002).

In the following we further elaborate how partnerships can make sure they diagnose the local context to better understand what interventions are needed to tackle the institutional issues constraining inclusive and sustainable agricultural development. After briefly elaborating some archetypical institutional elements that might play a role in the diagnostics, we discuss how partnerships may develop an understanding of the institutional context and make sure they rightly diagnose the interventions required, with a focus on the role of local partners. Also, we discuss the added value of stakeholder participation in partnership planning and decision-making, including local government, as this has been shown to improve the targeting of activities and thus partnership effectiveness (Mansuri and Rao, 2004).

Archetypes of institutional context

A first step in diagnosing institutional context for partnership design is to distinguish between a couple of basic characteristics. For doing so we sketch a couple of archetype institutional contexts. First of all, depending on the partnership design, whether the institutional context is *formal* or *informal* might matter, to varying degrees of importance. When formal institutional context is concerned a second step might distinguish between different types of state structure and related public administrative organisation. Diagnosing institutional context along these fault lines helps to better design the partnership and its activities.

Informal institutional context: understanding how ‘the wheels spin’

A first step in diagnosing institutional context is to determine if partnership design and aim require a strong relationship with formal institutions (e.g. strong dependence on national trade law, national ministerial guidance, or land rights) or if the design and aim relate to informal institutions (e.g. local political authority in rural communities, local user rights in land allocation, gender issues in the representation in farmers’ cooperatives, importance of ministers’ ethnicity, and gender or political affiliation for inter-ministerial cooperation). Partnerships that are aimed at local interventions (e.g. working with farmers’ cooperatives or successful individual farmers) are likely to be affected by local, often informal institutions. Understanding this context and adapting the design towards this context enhances the systemic impact of the partnership. Sometimes, however, local issues need to fit in with the national, formal institutional context. For example, when innovation in local cropping systems is needed, this might require long-term academic knowledge development through national universities or research centres.

Fully understanding the local institutional context will often not be feasible. However, by involving partners that know and understand the local context this knowledge gap can be bridged. Similarly, for a partnership with national ambitions, for which its operations are likely to be affected by the formal institutional context, such as ministerial cooperation, involving partners that understand the functioning of the national government and its politics is crucial, a role that in some of the partnerships is played by the Dutch embassies or consulates.

Formal institutional context: determining state structure and its consequences

Following contemporary scholars (Hyden, 2010; Painter and Peters, 2010; Peters, forthcoming; Peters and Pierre, 2016), we distinguished four fault lines along which formal national institutional context can be characterised (see Table 3.1, and Vink (2018)). This can be useful for partnerships, as, in countries where public authority is highly centralised, partnerships may need to involve the embassy to a larger degree than in those where the state structure has been decentralised and the decision-making power on local or regional affairs has been allocated to the local or regional authorities. Similarly, when public authority is highly politicised, including public authority in the partnership consortium may not represent the ‘public’ interest, and might therefore not be a good idea.

Table 3.1

Formal public institutional context and its implications for PPPs

Characteristics of national public institutional context	Matters for...	Implications for PPPs
<p><i>Degree of centralisation of public authority:</i> Determines to what extent regional interests are structurally taken into account in policy-making. Strongly centralised systems of public administration are likely to define all issues on a national scale, leading to generic, national policies for local or regional issues. Decentralised systems of public administration are more likely to allow region-specific problem formulation and to serve corresponding interests. They, generally, lead to the diffusion of political power.</p>	<p>The ‘politics of scale’. National public interests may not coincide with regional public interests, and could thus conflict. A large foreign funded agricultural development project might strengthen national budgets through land leases, and strengthen the national food supply, but might conflict with local access to land. Centralised administration is likely to serve national public interests, whereas decentralised administration serves regional or local public interests.</p>	<p>If a partnership teams up with a strongly centralised system of public administration, it is less likely to have systemic room to serve more regionally or locally specific public interests. This does not have to be a problem, if the aim of the partnership is to serve the national interest (e.g. national food security), but when it is aimed at local public interests this might lead to conflicting types of reasoning.</p>
<p><i>Type of state-society relationship:</i> Determines how national interests are mediated with specific societal interests, and through which mechanisms government is held accountable to whom. In many liberal democracies, this mediation takes place either through parliament or direct mediation with societal interest groups, whereas within many developing contexts, especially with a colonial background, bureaucracies have less well-organised relationships with society.</p>	<p>Legitimacy and societal ‘fit’ of governance. If state-society relationships are not well-organised or largely invisible, this might lead to 1) a limited societal ‘fit’ of national policies, and 2) limited societal legitimacy of national policies, especially when specific societal interests are not taken into account.</p>	<p>If state-society relationships are less well-established – for example, in cases of disputed autocracies or strong technocracies – partnerships might require another institutional embeddedness to become legitimate. For the partnership to have systemic effects, it might depend on the informal institutional context, away from national public administration.</p>

Characteristics of national public institutional context	Matters for...	Implications for PPPs
<p><i>Degree of politicisation of public authority:</i> Determines to what extent bureaucracies are likely to be professional organisations with an instrumental focus capable of weighing a multitude of options, instruments and governance approaches, or extensions of political elites or societal interests. Non-politicised professional bureaucracies show forms of self-diagnostics in allocating scarce means to the most effective governance approach or intervention. If bureaucracies are primarily extensions of political elites, they are likely to stick to single ideological approaches. In addition to single, ideologically flavoured approaches, highly politicised bureaucracies might show a tendency to serve specific interests over national interests.</p>	<p>The degree of publicness of government involvement (in for example a PPP). This is determined by the public administration's degree of professionalisation, implementation capacity, problem-diagnosing capacity and ability to design solutions, and the degree of articulation of national interests versus actor- or sector-specific interests, or political fixations.</p>	<p>In cases of limited politicisation of public administration, PPPs can cooperate well with the receiving public administration. The public involvement will more or less represent public interest and is capable of defining this interest and diagnosing problems and solutions. If public administration is highly politicised, this means that a PPP may become hijacked for specific interests or lead to wrong solutions that do not serve public interests.</p>
<p><i>Governing through law or management</i> Determines to which extent the government sees its role primarily as a formal authority that executes the law, or as a managing partner that connects with societal players who provide specific public services or are made responsible for implementation (e.g. by organising calls for tender).</p>	<p>The modes of operation within public authority. In large bureaucracies, public administration that executes the law is a very traditional, though still common, way of working in large bureaucracies, stemming from a typical Weberian (colonial) legacy. In this case, civil servants are generally trained as lawyers, and execute the law. This mode of operation does not fit well with the idea of public-private partnerships and requires negotiation with public administration on 'degrees of freedom' for the PPP. A managerial mode of operation clearly shows much more room for PPPs.</p>	<p>Depending on the mode of operation, the partnership should either be involved in the execution of national law (e.g. supplying drinking water if the law prescribes affordable drinking water for all) and therefore liaise with the policy-making body of the public administration and negotiate over room to manoeuvre. Or, in the latter case, the partnership should work more independent from the public administration; for example, by being contracted to serve public interests.</p>

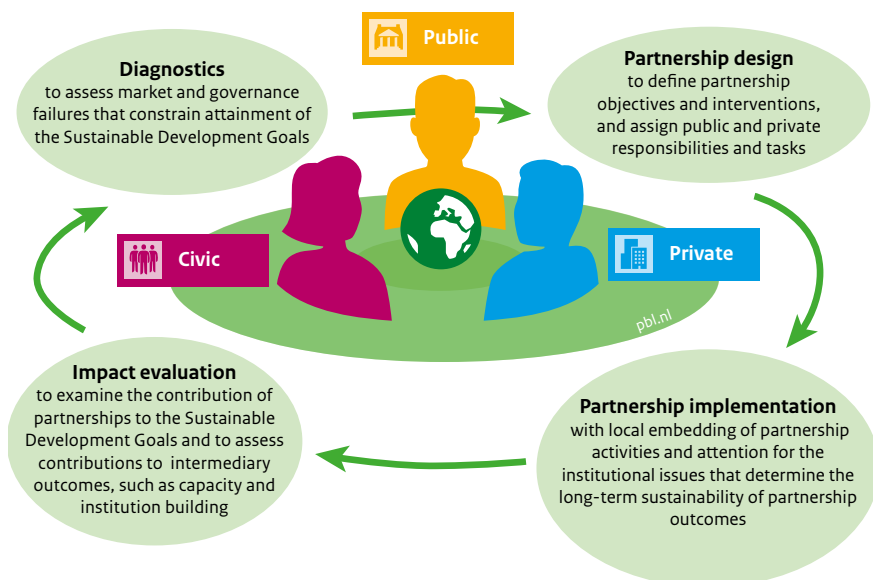
3.3 Delivering partnership potential for the sustainable development goals

The fact that partnerships are in themselves considered a sustainable development goal (SDG) shows the global acknowledgement of the role of the private sector in sustainable development. This policy brief stresses that this should not imply a public–sector retreat; on the contrary, for partnerships to contribute to the SDGs, it is of crucial importance that public responsibilities are being met. We summarised these responsibilities in terms of the institutional factors constraining sustainable food production and agricultural development. In addition, we discussed the moral responsibility that the poor benefit as well as future generations; that interventions are inclusive and ecologically sustainable.

We discussed the need for partnerships to understand the local context and presented evidence of interventions that are effective at tackling local institutional constraints. We reflected on the ways in which inclusiveness could be safeguarded and interventions be made sustainable, concluding that for partnerships to effectively contribute to sustainable development additional investments in local capacity and institution building would need to be made. Such investments do not necessarily need to be part of partnership interventions; however, they could be part of the wider policy mix. For example, in discussing the ecological sustainability of partnerships, we concluded that a change in funding would be required; for example by linking existing green financing mechanisms more explicitly to partnership facility design (Dominguez Ordonez et al., 2015). Similarly, public–public cooperation, such as described in Grupstra (2016), could be enhanced; for example, by the strengthening of fiscal and regulatory capacity, with a focus on regions where the partnership potential is high. Also, civil society organisations could be strengthened in their local institution-building role; for example, by facilitating their long-term financing. Most importantly, local involvement of stakeholders and regional authorities may be enhanced by changing the partnership facility into a two-step procedure; in the first step, partnerships could be granted time to form the partnership consortium, including local partners, and design the partnership agreement. Only after this step, the partnership proposal and agreement would be considered for funding, and successful partnerships could only start their activities then.

The main point of this policy brief, however, is that the effectiveness of partnerships depends on their understanding of the local context, and of the institutional factors constraining inclusive and sustainable agricultural development. We would like to emphasise that understanding the local context and the main constraining factors is not an academic exercise: by including local partners context-specific information and an understanding of the local institutional context becomes available and can be used. Also, by using the academic evidence that has already been gathered, the effectiveness of partnerships can be improved.

Figure 3.2
Connecting partnership capacity and challenges



Source: PBL 2017

Finally, partnerships can enhance their own learning: Bouma and Berkhout (2015) found in their earlier study that partnerships were highly effective in facilitating the exchange of knowledge between partners, and between partners and stakeholders, but for partnerships to reach systemic impact, the learning between and within partnerships could be further improved. This basically implies attention for both the impact of partnership activities and for their systemic impact in partnership evaluations, and attention for the lessons of these evaluations in partnership design. Thus, we have come full circle: effective partnerships require a sound diagnostics of the local context, a clear design of the partnership agreement, attention for the institutional factors that constrain inclusive, sustainable development and a sound evaluation of partnership impacts, including intermediate and final outcomes, and contribution to the SDGs.

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Annexes

A Workshop report: the potential of partnerships

Time and Place

Directorate-General for International Trade and Development Cooperation (DGIS),
The Hague, 26 November 2015.

Present

Henk Massink (chair: DGBEB/EDT), Omer van Renterghem (DGIS/IGG), Pim van der Male (DGIS/IGG coordinator FDW programme, Michel van Winden (DGIS/IGG), Jan Hijkoop (DGIS/IGG), Ella Lammers (RVO), Ruerd Ruben (WUR), Sietse Vellema (WUR/Partnership Resource Center EUR), Jan Ubels (SNV/PPPlab), Astrid van Agthoven (Aqua for all/PPPlab), Le Chen, (Food & Business Knowledge Platform), Marcel Kok (PBL), Martijn Vink (PBL), Ezra Berkhout (PBL), Jetske Bouma (PBL).

Workshop

After a brief introduction by the chair of the workshop, PBL presented their report *'Public-private partnerships in development cooperation- Potential and pitfalls for inclusive green growth'*. Specifically for the workshop, PBL had summarised the findings of the report into 10 discussion points (see below). In the discussion that followed several participants complimented the authors with a highly relevant and interesting report. The first discussant indicated to see a tension between on the one hand the need to improve the safeguarding of public outcomes, and on the other hand the already high administrative burden of the researched partnerships. The second discussant had four remarks: 1) the focus of the report is on public good provisioning whereas partnerships contribute to more than public good provisioning alone. Also, in the report the concepts of public good provisioning and public service delivery are used interchangeably; 2) the conclusion that local authorities are not included in the FDOV (food security and rural development) partnerships is to bold: local authorities may not be included at the start of the partnership but they often get involved as the partnership moves along; 3) the recommendation to embed the financing of partnerships in the bigger set of financing mechanisms available to the ministry is crucial if partnerships are to gain systemic impact and 4) it seems optimistic to explore the options for using partnerships

in the domain of ecosystem restoration: the FDW water programme showed that there is not clear private interest in integrated water management.

From the ministry, a participant indicated that the findings seemed in line with other recent evaluations of the partnership programme. Two specific remarks: 1) with regard to inclusiveness, it is indeed important to be clear about the definition of inclusiveness and the difficulties associated with achieving it, and possibly adjust the partnership objectives with these difficulties in mind. At the same time, however, the ministry has indicated that inclusiveness is key in all activities, which clearly creates a tension; 2) with regard to green growth, it is important to specifically define the factors constraining or limiting green growth. In contrast to the earlier speaker, this participant suggests that there is a private sector interest in integrated water management (e.g. see the water stewardships) so they may be feasible for ecosystem restoration too.

PBL responded to the comments and suggestions by remarking first that better safeguarding of public outcomes and objectives does not need to imply a higher administrative burden: the message of the report is actually that better (smart) design of the partnership agreements is needed, by paying more attention to the conditions for self-enforcement in partnership design. The focus on public good provisioning was indeed a deliberate choice of the study, also because other initiatives (PPPlab) focus more on the private sector interests. Also, partnerships may play a role in generating additional resources (budget) for development cooperation, but this is only also in the public interest when these additional funds can be used effectively for public good provisioning. With regard to the use of terminology, it is true that, especially when considering the food security partnerships, it turned out to be rather difficult to clearly define the public goods: food is a private good, but food security and poverty alleviation are public objectives, the provisioning of which is more related to the delivery of public services than of public goods. With regard to the role of local authorities: it is true that local authorities are sometimes later involved in partnerships, but they generally have little influence on defining and safeguarding the public objectives. Finally, in response to the comments made about inclusiveness, the report's recommendation is not to lower ambitions, but to a) be more specific about how the partnership aims to contribute to inclusiveness, and actually define inclusiveness and b) make sure that sufficient resources are available for attaining inclusiveness, as building the institutions required for safeguarding inclusiveness requires long-term funds.

The discussion then broadens with one of the participants remarking that two of the report's findings merit special attention as they have significant policy implications. First, the partnerships studied are designed and financed like projects, whereas their potential systemic impact depends on the interaction and cooperation between partners beyond project duration, and on the positioning of partnership within their institutional context. When evaluating the impact of partnership, one should consider both levels: project level, short-term impacts and systemic, long-term impacts.

Second, the study emphasises that there is a need for a better understand of when partnerships have added value for development cooperation, and when they do not. This is implicit in the study recommendation that partnerships should be regarded as one of the instruments in a wider policy mix, an important recommendation which demands further analysis of the role of partnerships.

Another participant suggests it would be interesting to analyse the functioning of partnerships themselves; for example, with respect to how partnerships stimulate institutional innovation or how they operationalise inclusiveness. Most of the literature on partnerships considers issues of scaling (how create leverage, how to scale up partnership activities), few studies consider how partnerships can be used to generate systemic impact and institutional change.

Further discussing the importance of creating systemic impact and institutional change for achieving inclusive green growth objectives, the role of the Dutch embassies is discussed. Successful partnerships are often the results of previous cooperation between the partnership partners, the Dutch embassy sometimes playing a role in bringing partners together and linking them to the funds. It would be interesting to assess in which countries and regions, and for which stakeholders, partnerships have thus been established, also to determine whether there are certain regions or stakeholders that are not reached by partnerships. This would be very useful from a policy perspective, to know where partnerships are effective, in which regions and for which stakeholders, and what this implies for their role in the wider policy mix.

Following up on the role of Dutch embassies, one of the participants remarks that an important reason why local authorities are not involved in most partnerships is that the partnership programme is steered top-down from The Hague, and that the embassies have a mainly operational role. Also, for local authorities the program requirements may conflict with their own priorities or legal requirements: for example, the design of the WASH program in Ghana conflicts with the guidelines of the Ghanaian Government regarding partnerships. The broader question is really who should represent the public, and represent the public interest in partnerships. Is that DGIS/RVO, the local government or the NGO? One of the participants suggests to here distinguish between the public role in a) financing the partnership, b) the partnership consortium and c) the broader institutional context in which the partnership is positioned. Local authorities may not be a partner in the consortium, but they are represented in the broader institutional context, and the question is whether this is sufficient. The tension between Dutch and local public interests is mostly related to the financing role.

What followed was an animated discussion about the need for accommodating policies to increase the effectiveness of partnerships: well-functioning partnerships require functioning institutions, functioning infrastructure and a functioning local government. When such an *'enabling environment'* is not available partnerships will need to invest in institutions, infrastructure and public commitment to make the partnership work. It is

The report's 10 main lessons (prepared for the workshop's discussion).

From: Bouma and Berkhout (2015) Public-private partnerships in development cooperation- Potential and pitfalls for inclusive green growth, PBL Netherlands Environmental Assessment Agency, The Hague, 46 p.

Partnerships have Inclusive Green Growth potential...

Our main finding is that partnerships have Inclusive Green Growth potential and that by bringing private sector, civil society and public actors together, innovative approaches towards addressing Inclusive Green Growth issues are found. Partnerships have a clear added value in creating multi-stakeholder platforms and facilitating learning and exchange across actors and scales. Sustaining partnership activities remains challenging, as the cost-recovery of public service delivery remains an important bottleneck. In addition, inclusiveness requires that stakeholders are well-represented and green growth that environmental externalities are included, both rather complex challenges for partnerships to tackle if prior institutions for doing so lack.

...but certain pitfalls need to be addressed upfront

Hence, realisation of the Inclusive Green Growth potential of partnerships requires that the challenges are acknowledged in partnership design. For example, additional financing may be required to compensate for the non-monetary returns of green investments and additional efforts may be needed to build local institutions for safeguarding inclusiveness and sustainability. It also requires that in the design of the partnership agreement more attention is paid to the allocation of risks and responsibilities, and that the interests of the different partners are explicitly defined, negotiated and aligned.

important to note that for the private sector, partnerships are also just one of the activities in a wider investment portfolio, just like they are for the public partner one of the instruments in a wider policy mix. Thus, the workshop ended with a discussion about the optimal mix of policy instruments and the role of partnerships in this mix. And finally: are partnerships a means to cooperate with local authorities, or is their strength to avoid the government and maximise private sector efficiency?

- 1) **Innovation:** Partnerships are innovative in facilitating the exchange of knowledge between partners and between partners and stakeholders, and in developing innovative organisational forms. To further promote the innovative strength of partnerships, the ministry, in its call for proposals, could specify that partnerships should indicate how they plan to facilitate the exchange of knowledge and learning in the partnership and beyond.

- 2) **Cost-recovery:** One of the key problems of public good provisioning and public service delivery is cost-recovery: some of the benefits are public and semi-public, so it is difficult to exclude non-contributors from service delivery. In addition, exclusion is not desirable from the viewpoint of inclusiveness. In countries where cost-recovery mechanisms are lacking this is a problem which partnerships need to face. There is no easy solution, but the ministry could develop accommodating policies which involve for example public–public cooperation to strengthen domestic revenue mobilisation and fiscal capacity. Also, local government could be involved to safeguard the cost-recovery and maintenance of (infrastructural) investments made by the partnership.
- 3) **Inclusiveness:** In essence, *inclusiveness* implies that every potential beneficiary should be able to benefit from the partnership investments made, so that no potential beneficiaries are excluded from participation. This creates a tension with the need for cost-recovery – as the poorest can usually not contribute to the costs of public service delivery – and with the partnerships’ business case. The ministry should acknowledge this tension, and either lower the ambition level, or commit additional funding in order to better safeguard inclusiveness.
- 4) **Green Growth:** In essence *green growth* requires the internalisation of environmental externalities. Since environmental externalities are generally not priced, and private actors have limited incentives to self-regulate their use of environmental resources, partnerships need to invest in regulatory capacity, and self-regulate their environmental resource use. The ministry could facilitate this by explicitly asking partnerships to formulate green growth objectives and by facilitating partnership access to green financing mechanisms and investment funds.
- 5) **Partnership design:** In the current design of most partnership agreements, there is a lot of attention for the partnership’s objectives but relatively little for how the partnership is expecting to achieve them; for example, what interventions they are planning and what they see as the main constraints. Most importantly, and this holds especially for partnerships in the agricultural domain, the public objectives of the partnership are hardly defined. The ministry could help improve the effectiveness of partnerships by defining the public objectives and by demanding a) a baseline study in the partnership proposal that diagnosis the problem, and b) a clear plan of action, such as one that explains how the partnership is planning to achieve its objectives within the context set. Finally, it is important that in the partnership agreement the risks are allocated and that the roles and responsibilities of the different partners are clearly assigned.
- 6) **Partnership funding:** Making inclusive green growth happen requires more than what fits in a business case which has to generate private returns in 7 years time. Several partnerships have tried to use carbon credits and payments for ecosystem services to self-finance their green growth activities, but within the time span of the

partnership building the network and institutions required for doing so has proved too ambitious. The ministry could help by for example facilitating access to green investment funds. With respect to inclusive growth the report found that many partnerships have been banking on earlier investments in local capacity and institution building made by the NGOs. As NGOs are no longer structurally funded by the ministry, it is unclear how future investments in local institution building can and will be made. Such investments are crucial for attaining inclusiveness, hence it is important that the ministry considers such issues in revising their investment strategy.

- 7) **Partnership agreement:** A lot can be learned from the partnership agreements which the World Bank has developed for partnerships in the water and sanitation domain. Also, the *power purchase agreements* in the energy sector are a good example of how the risks, costs and benefits of the partnership can be defined and allocated and how partnerships should have their own *contingency* plan. The ministry could use these formats to enable partnerships to better define risks, roles and responsibilities in partnership agreements. Also, the ministry could consider changing the partnership facility into a two-step procedure, to give partnerships more time in the first phase of the partnership to involve local partners and jointly develop the partnership agreement and plan.
- 8) **Partnership enforcement:** Monitoring and enforcing partnership agreements is difficult because the ministry is in the Netherlands and partnership activities are generally located at the other side of the world. Still, enforcement is crucial, especially where the public objectives of partnerships are concerned. In the current design of partnership agreements insufficient attention to these issues is paid. The ministry could address this issue by improving the conditions for self-enforcement, for example by demanding that partnerships make themselves downward accountable to their stakeholders, and by increasing transparency regarding the public objectives of the partnership and partnership design.
- 9) **Targeting themes:** the ministry could increase the potential of the existing partnership facilities for inclusive green growth by asking partnerships to pay more attention to eco-efficiency, sustainable use and management of natural resources and *community-based* approaches to water and natural resource management. In addition, the ministry could consider starting or restarting partnership facilities for the themes of renewable energy, ecosystem restoration, sustainable urban development and integrated spatial planning.
- 10) **Targeting regions and stakeholders:** Effective partnerships have both a clear business case and certain public objectives. This implies that in regions with a non-functioning government it will be very difficult to effectively implement partnership activities, and that partnerships are unlikely to contribute much to the alleviation of extreme poverty (as this conflicts with the business case). It is important to acknowledge that partnerships are not a silver bullet, and that they

may have potential for certain regions and certain stakeholders, but not for others. It also means that for attainment of the sustainable development goals more is needed than the use of partnerships alone. Overall, it is important to view partnerships as part of a wider policy mix, and that for delivering partnership potential it is important that more use of this wider mix is made.

B Workshop report: safeguarding inclusiveness

Time and Place

PBL Netherlands Environmental Assessment Agency, The Hague, 22 September 2016.

Present

Pim de Beer (IOB), Otto Hospes (WUR), Sjoerd Panhuysen (Hivos), Marijn Faling (WUR), Cees van Rij (Agriterra), Jetske Bouma (PBL), Marcel Smits (Oxfam Novib), Ezra Berkhout (PBL), Danny Wijnhoud (ActionAid), Martijn Vink (PBL), Astrid van Agthoven (PPP-lab / Aqua4All), Jurre Grupstra (PBL), Stacie Lyons (Fairfood), Foteini Katzilaki (Fairfood).

Context and background of workshop

DGIS asked the Netherlands Environmental Assessment Agency (PBL) to reflect on inclusive green growth and its practicality for concrete policy strategies. Given the current interest in public–private partnerships, the PBL investigated the potential of partnerships for inclusive green growth, which showed that the pursuit of inclusiveness largely rests with NGOs. We also found that lack of clarity about the extent to which a commitment to inclusiveness is feasible if local institutions fail to guarantee access rights, representative decision-making and equitable distribution of resources.

PBL has therefore conducted two follow-up studies into the academic understandings and practical workings of inclusiveness. In the first study, in collaboration with the Public Administration and Policy (PAP) Group of Wageningen University, PBL looked at how NGOs in practice define inclusiveness, and how NGOs safeguard and stimulate inclusiveness in various partnerships. For this we conducted semi-structured interviews with the 11 Dutch NGOs active in the field of agricultural development and food security. In the second study, we investigated the academic literature in cooperation with the Development Economics (DE) Group of Wageningen University on studies that evaluate the effectiveness of interventions aimed at local development institution. We presented the results of both studies to the NGOs that took part in the first study, and IOB. We especially asked the NGOs whether, and if so, how the findings resonated with their experiences and what ingredients they suggested for policy recommendations.

The workshop was divided into three parts:

1. presentation of the results of the study into NGOs' dealing with inclusiveness in partnerships and discussion;
2. presentation of the research into effectiveness of local institution building and discussion;
3. a plenary discussion centring around issues that could fuel the formulation of possible policy recommendations.

A brief summary of the discussion that took place with the NGOs follows below.

1. WUR study on views of NGOs on inclusiveness

After the presentation of the WUR researchers, the researchers raised 3 points they consider relevant for discussion:

- Is inclusiveness in PPPs a realistic goal for NGOs? (coping with top-down design, prospects for replication are dim, limited means for poor to engage in decision-making.)
- Is the observed diffusion of NGOs in development field desired? How to organise accountability in this increasingly complex organisational context? (NGOs turning semi-public, NGOs becoming business-like; are NGOs losing their identity?)
- Should we use the broader term of cross-sector partnerships instead of PPPs, or should we seek engagement with public authorities in the south to guarantee a public 'p' at local level?

In the discussion that followed, questions were posed that concerned the categorisation of partnerships in the study, and what was meant with more sustainable impact and limited scalability. The researchers answered that the categories were based on what came out of the interviews. The researchers added that they had difficulties defining the 'public-private' type of partnerships because the public element is often lacking.

Regarding sustainable impact and limited scalability, the researchers stressed that they are voicing what NGOs came up with as opportunities and threats regarding the role of NGOs as a partner in business-oriented partnerships. In their new role, NGOs indicated they feel they can have a more sustainable impact than in the traditional approach. If a business plan works, the intervention is more likely to sustain. On the other hand, NGOs feel the threat of limited scalability because partnerships are often very specific (country-specific context-specific, business / company specific and therefore unlikely to be scalable by the NGO outside the context of the company).

This raised the remark that the growth ambition of the private sector partner might not give the very opportunity for scalability. That is why businesses are involved in the first place. The researchers answered that, again, the views reflected were those of the interviewed NGO; they don't see the opportunities yet. PPPLab remarks that their work on the scalability of PPPs is not yet conclusive: it appears much more complicated to get it done than the simple theoretical models suggest.

The question is raised whether the report is too generic, and that it would be useful to have concrete, detailed examples. There are many different partnerships, with their own assumptions and goals. Some NGOs represent the poor, and others represent other interests. Civil society is very heterogenic (like NGOs) and public and private are often hard to distinguish; the boundary is often very much blurred. Finally, gender is not mentioned in the report. The researchers answer that they came across different definitions of inclusiveness, a huge variety in partnerships and a huge variety in context. They agree that presenting concrete cases would be a very interesting next step: looking at what different communities want, gender issues, legitimacy etc.

This would also allow for a range of additional questions (elite capture, land rights, FPIC) to be addressed, but would require a different, more case study centred type of research. This research aimed to focus on how NGOs define, safeguard and stimulate inclusiveness in a general sense, other studies, such as a recent study by the FAO (2016), present more specific examples.

One of the NGOs present remarks that the report is very recognisable: a lot of the findings in the report reflect the daily contribution NGOs make in partnerships. In addition, the issue is raised that inclusiveness is not only a political goal, but also a condition for project effectiveness. If a project or partnership is not inclusive this is likely to constrain project implementation. Inclusiveness is therefore part of the strategy out of pragmatic reasons too. Thus, inclusiveness means not only including the poor, but also elites and governments. Inclusiveness means including all stakeholders – including the public sector –, otherwise it becomes counterproductive and you risk that your partnership won't work.

The issue is raised that you don't have to say that PPPs are right or wrong. But there are always opportunity costs, also for businesses. And livelihood risks for communities. What you can question is who is accountable for these risks? That is not clear in PPPs. If things do not work out fine, businesses can always decide to move to another continent and leave the poor people in a certain area alone.

PBL is adding to the discussion that they addressed the 'risk' issue in a previous report on PPPs. In this report PBL concludes that many of these risks are not well- defined. It is often not clear whose risks they are, who bears the costs and enjoys the benefits. Nevertheless, the perspective of different NGOs was not part of this study, also not regarding inclusiveness.

2. Presentation of systematic literature review

After the presentation PBL summarises the issue as follows: there is a large amount of economic literature on market access, access to financial services etc., and much less on empowerment and representation of the poor. Many studies only looked at input and throughput inclusiveness, or at output inclusiveness indicators, very few studies looked at the relation between input, throughput and output inclusiveness. Also, whereas quite

some studies considered impacts on household income, very few studies specified whose income increased (distributional impacts). An important question that remains is to what extent institutional interventions result in improved outcome inclusiveness. Please note that the review included only quantitative, statistically rigorous studies, whereas institutional interventions are hard to measure. In the discussion that follows the question is asked whether the researchers expected to find studies for all interrelationships? The researchers reply that it was a very open search, all interrelationships that have been studied could have come up. Also, because a systematic review should be reproducible. The mapping and interpretation is done afterwards.

The question is asked if the researchers could indicate whether there are cases that score well across the board. Especially because more productivity does not always mean green or inclusive, so should we be sceptical about the indicator of productivity on its own. And what about synergy between inclusive and green (e.g. the landscape approach)? The researchers answer that green growth is indeed different from increased productivity, but that we only found studies focused on changes in productivity. None of the studies reported on synergies.

The question is asked whether it was explicitly mentioned if a study focused on inclusive growth, or just growth? What does inclusive growth mean for these studies? The researchers answered that the terminology of inclusive green growth should be regarded as framing. Therefore, we did not use it as search terms on their own, but searched for synonyms that make up for inclusive, green, and growth. For which we looked specifically into development economics literature, given that this literature is often quantitative and statistically rigorous. Much of the grey policy-relevant literature is not rigorous.

The issue is raised that it would be interesting to project the findings on a geographical map, showing the location of where each study has been conducted, and of the various commodities under study. The researchers answered that a notable difference between regions that reflects differences in policies are the farmers' cooperatives, which specifically applies to Ethiopia. There are no further major differences found for the effects of interventions between Africa and Asia, or for different commodities.

3. Discussion on the implications and policy recommendations

A discussion took place on the basis of preliminary conclusions that could feed into possible policy recommendations. PBL explicitly formulated some stark preliminary conclusions to fuel the discussion and see where the different NGOs agree and disagree with respect to inclusiveness in partnerships.

1st proposition: PPPs are not the right mechanism for addressing poverty

Comments from the NGOs: one can agree with this in relation to the 'poorest of the poor', however, there is a difference between poverty and extreme poverty; a difference

between the base of the pyramid and the bottom of the pyramid. It might be possible to address the poor, which are of course less poor than the poorest of the poor. NGOs are only reaching 10% of the smallholders and not the poorest of the poor. Another reason for this is that this PPP-intervention model is not appropriate to reach the poorest of the poor. Developing countries have huge informal economies. PPPs are always related to the formal economy. Making markets work for the poor (in the informal economy) will not be achieved through PPPs.

It is recognised that although the statement is premature and tendentious, PPPs are currently not the rights mechanism for reaching the poorest of the poor, which resonates with the conclusions from the reviews of FDW and FDOV, especially FDW. PPPs are not necessarily the most appropriate mechanism for addressing poverty. PPPs tend to be top-down, similar in design and used by powerful actors for commodity control and getting their value chain in order; commodities are often pre-selected.

Others recognise that if well thought through PPPs can be an appropriate part of a broader policy mix.

PBL stresses that this is an ongoing debate. In relation to the statement: PPPs have a short time frame, there is often no seeding money; this is not conducive to inclusive partnerships. PBL therefore asks: Is it a good idea to have a two-stage proposal? It is agreed that theoretically, inclusive PPPs are possible. In order to achieve that, in the design process, attention should be paid to other aspects, including food security at local level and biodiversity. Also, PPPs should be designed in a more inclusive manner.

It is also recognised that there is always time pressure for which it is not possible to always involve all actors (recipients) in proposal writing. In addition, it is remarked that FDOV is rather bureaucratic and which attracts dominant actors; it is suggested that it would help to take more time to reflect on that.

The question is posed whether the FDOV mechanism should be decentralised to embassies, aiming to ensure a bottom up design. The FDOV can either be made two-stage or be decentralised. It is also crucial to involve local counterparts: local governments, businesses. Taking in all these extra issues, makes it even more bureaucratic. You also have to be practical: what is there for all parties in the consortium; make sure you keep in the energy.

Others are not sure about the negative element of more bureaucracy, especially considering all the current examples where quick fixes lead to a lack of checks and balances. PPPs are hard work. They always have to be tailored to a specific context; there is no blue print. NGOs should – and are – moving away from the role as project implementer. They have to learn how to add value, not just being the poor man's advocate. They should be very critical in which consortium to participate.

2nd proposition: to be effective, inclusiveness in PPPs needs a clear definition

The statement is nuanced: there is already much prescription in the funding structure, whereas flexibility is needed. PPPs should establish the definition of inclusiveness themselves. Therefore, in the official policy, inclusiveness should not be defined, but the partnerships should be asked to specify how they define inclusiveness in their partnership.

Others agree and are of the opinion that inclusiveness needs to be better defined, otherwise it becomes an empty catchword, such as sustainability. Other issues are added to the idea of inclusiveness: knowledge sharing should be more prominent. This aspect is important to get funded; it usually is in the proposals, but in the implementation of the PPP it is moved to the side, because donors do not view that as a result and businesses do not care.

3rd proposition: there should be more attention for accountability in PPPs

The proposition is nuanced by saying that it is not the role of NGOs to safeguard accountability. It should not be their responsibility, NGOs can facilitate accountability mechanisms (e.g. FPIC) and contribute to awareness creation. In general, it should be noted that PPPs are not straightforward. Different actors can take up several roles in different types of PPPs. In some countries PPPs are even imposed from above.

PBL adds to the issue: the division of roles and responsibilities is often not clear in PPPs. NGOs, sometimes, ended up with a large number of risks and responsibilities, which were not agreed on upfront. It is noted that there should always be attention for power dynamics in PPPs, which may reinforce pre-existing inequalities. This should always be dealt with; it should be on top of the agenda of every PPP.

PBL refers to the earlier mentioned report where these power dynamics are also discussed and illustrated. These power dynamics are elaborated as the visible elements of power. There are invisible elements, such as patronage systems and intangible power, as well. PBL suggests that an important aspect of accountability issue is the negotiation space you have in a PPPs. It is noted that as a western NGO you enter into existing power relation structures. From a management perspective, you need a clear visible accountability mechanism to keep things manageable and prevent that you as an NGO will be dragged into power play which enforces you to do things that you do not want.

It is also noted that working in these conditions is a balancing act: you try to follow local rules and regulations and at the same time try to include elements that should be there from your own NGO point of view. But to be effective inclusive governance should include existing local power dynamics.

PBL adds that, in general, PPPs appear to operate in countries with relatively stable systems of checks and balances. PBL asks: FDW requires the involvement of a local government? Is this good? The question is nuanced: it can be good, but it can also be a huge problem if the local government is linked to the elite in power. In addition to that local government involvement entails difficulties in scaling.

PBL concludes: NGOs struggle with the tension between their consultancy role, their local representation role and their proper business partner role. On the other hand, PPPs can contribute to the professionalisation of NGOs. What remains an important issue of concern is that the public interests should be better defined in PPPs, which also raises a second question: who is defending the public interest? Will DGIS do that, local government, national, local, etc.?

With this, the participants are thanked for their active participation and the workshop is closed.

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