



**Private Sector Partnerships for
Sustainable Development:
A Guide to NGO/CSO-Private
Sector Collaboration in Kenya**

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ACRONYMS

COTU (K) - Central Organisation of Trade Unions Kenya

CSO – Civil Society Organisation

E-commerce – Electronic Commerce

Fingo – Finnish Development Non-Governmental Organisations

FKE – Federation of Kenyan Employers

GDP - Gross Domestic Product

GoK – Government of Kenya

IB – Inclusive Business

ICT – Information and Communication Technologies

KAM – Kenya Association of Manufacturers

KEPSA – Kenya Private Sector Alliance

MSD – Market Systems Development

MSME – Micro, Small and Medium Enterprises

NBA III – Third National Business Agenda

NGO – Non-Governmental Organisation

PPP – Public-Private Partnership

SDG – Sustainable Development Goals

SE - Social Enterprise

SHOFCO – Shining Hope for Communities

SME - Small and Medium Enterprises

YIL - Youth Impact Labs



This report is a Fingo Powerbank product. This report looks at the current nature of partnerships between NGOs/CSOs and the private sector in Kenya to (1) understand facilitating factors and operational preconditions that guide these engagements (2) showcase successes and challenges, and (3) shares several recommendations based on learnings. The report provides an engagement framework that can streamline private sector-NGOs/CSOs Partnerships. The Fingo Powerbank team organises training, creates partnerships and networks, tests, adopts new solutions, and offers advisory services and sparring to development NGOs and their partners in East Africa. The Foreign Ministry of Finland finances the Fingo Powerbank programme extension from 2020 to the end of 2021.

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EXECUTIVE SUMMARY

The world has become increasingly complex, and the challenges faced, particularly by developing and emerging markets have intensified over the last few decades resulting in more marginalised and vulnerable communities. As humanitarian and development actors continue to address some of the world's most pressing challenges, they have to continuously evolve and use dynamic and innovative approaches to drive impact and transformation in the communities they work. As Non-Governmental Organisations (NGOs) and Civil Society Organisations (CSOs) seek to pursue their work, partnerships with the private sector are increasingly becoming more critical. Development and humanitarian actors are finding these partnerships necessary. By combining and providing complementary resources and skills, knowledge and expertise, these partnerships have the opportunity to drive innovation, impact and scale the positive gains that contribute to effecting systemic change needed for sustainable development.

Private sector partnerships provide NGOs/ CSOs with an opportunity to drive social-economic interventions, improve approaches to solution creation and implementation and leverage on mutual strengths to accelerate impact. On their part, NGOs find these partnerships as a way to increase social impact for their communities by developing sustainable, scalable solutions. The private sector brings in strong expertise across disciplines such as technology and innovation, agile and lean methodologies, strategic communications and knowledge management. On the other hand, private sector companies are often keen to engage in partnerships that align with their core business priorities, such as access to new markets and value chains. Partnerships with NGOs/ CSOs provide companies with the opportunity to unlock new markets, create new products and services, and reduce risks in their value chains.

These partnerships are critical towards achieving sustainable development goals (SDGs) as emphasised by Goal 17 of the SDGs – *Revitalize the global partnership for sustainable development*. Across both spectrums, development organisations and private companies are engaging in mutually beneficial engagements that work towards achieving common objectives and that organisations would not accomplish independently. These strategic collaborations allow NGO-private sector partnerships to become transformational towards the fulfilment of the social impact and inevitable the SDGs. As these types of alliances pick pace, standardised guidelines and processes must guide them. Well-outlined partnership principles and processes will be critical in ensuring success. While the NGO/CSO sector has established guidelines around partnerships, most private companies lack elaborate and structured policies and business processes outlining preconditions for collaborating with an NGO/CSO. This privation does not imply the absence of thoughtfulness and cogitation in partnerships; instead, the nature of their business models that focus on pitching products and services to potential clients first, before conversion to the partnership. However, most private-sector companies highlighted the importance of alignment with core values, and business objectives as critical factors used to assess the potential for collaboration, as they often look to deliver impact within the parameters of their areas of expertise, and line of business.

This study looks into the key drivers of collaboration between NGOs/ CSOs and the private sector and interrogates key motivations and parameters around these partnerships. It further maps the principles behind partnerships that have worked successfully in Kenya and highlights common bottlenecks that NGOs/ CSOs have faced in the pursuit and execution of these type of partnerships. The study provides actionable recommendations on the way forward, including a partnership framework and partner selection criteria that organisations can use to guide their private sector partnership engagements.

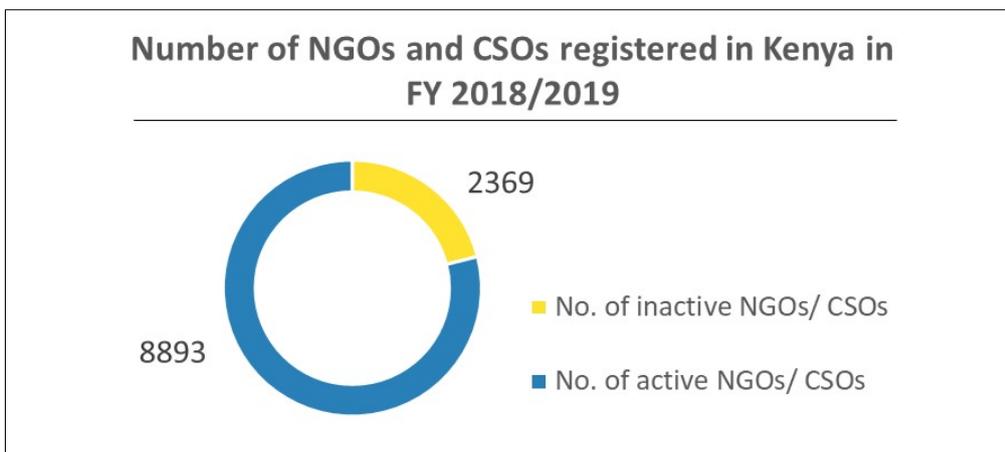
1. BACKGROUND

1.1 NGO Ecosystem in Kenya

There were eleven thousand two hundred, and sixty-two (11,262) registered Non-Governmental Organisations (NGOs) in Kenya in the Financial year 2018/2019. Eight thousand eight hundred ninety-three (8,893) are active. Still, only one-third (3,028) submitted their annual reports in this financial year in compliance with government regulations that require them to submit their annual reports three months after the close of their financial year. Reasons cited to explain why the majority (5,865) NGOs were non-compliant include; (1) some of them may not be operational, (2) a lack of real-time data systems that show the status and activities of registered NGOs in the country, and (3) weak implementation of sector compliance regulations, policies, and procedures aimed at enabling the sector.

Of those compliant with reporting, their total contribution to the economy was Kshs. 165.97 billion; NGOs raised 88% of this funding outside of Kenya. NGOs and are known to collaborate among themselves, the communities they serve, donors and financiers, government, and increasingly the private sector to deliver on development and humanitarian needs. The industry employs thousands of Kenyans. There were 40,700 salaried employees and 38,708 interns and volunteers, and 1,591 expatriates¹ who use their skills and expertise to complement the governments' development efforts to achieve the "Big 4 Agenda"², Kenya's Vision 2030³, Digital Economy Blueprint⁴, and SDGs, among other development priorities.

Figure 1: Number of registered NGOs/ CSOs in Kenya



The NGO Coordination Board is a State Corporation instituted by the NGO Coordination Act (Cap

¹ The NGO Sector Report accessed via <https://ngobureau.go.ke/wp-content/uploads/2020/02/ANNUAL-NGO-SECTOR-REPORT-2018-2019.pdf>

² The BIG 4 Agenda accessed from <https://www.president.go.ke/>

³ Kenya's Vision 2030 available here <https://vision2030.go.ke/>

⁴ Kenya's Digital Economy Blueprint available here <https://www.ict.go.ke/wp-content/uploads/2019/05/Kenya-Digital-Economy-2019.pdf>

19) of 1990. The Board has the responsibility of regulating and enabling the NGO sector in Kenya⁵. These include registration, facilitation, and coordination of NGOs working in Kenya, collating their contribution to national development, and providing policy guidelines for them to align their activities with national priorities. NGOs have self-organised around social issues and continue to advocate for systemic change in the country.

NGOs complement government efforts as providers of development and relief services, mobilise Kenyans to participate in governance while others check whether the state delivers its obligations and commitments to citizens. The sector is a potent agent of development. NGOs in Kenya offer a wide range of support services cutting across several sectors, including the Information and Communications and Technology (ICT) sector. Key sectors include health, HIV/Aids, education, relief, disaster management, agriculture, food and nutrition, water and sanitation, and gender. The digital economy blueprint, in tandem with Vision 2030, has ambitions for a digital economy. The NGO sector continues to build awareness of its role in the digital innovations ecosystem and charges forward in the right direction; for instance; the industry contributed Kshs 212 million in ICT and innovation specific funding. These efforts aim to improve economic livelihoods and well-being for individuals, households, communities, and small businesses and large enterprises that employ them so that no one is left behind. However, it is difficult to comprehensively capture the sector's contribution to national development because compliance with annual reports submitted to the NGO board is relatively low.⁶

The alignment between government priorities and how the sector complements these efforts require better guidance, access to a continuum of resources, new enabling policies, and a clear roadmap of initiatives and programmes. Government as the duty bearer is responsible for leading these alignments working in close collaboration with NGOs and the private sector through its relevant ministries and departments to integrate and mainstream complementary programmes into the country's broader development goals. The NGO sector plays a critical role and can better improve its service delivery when the government expands the space in which NGOs operate properly, recognising NGOs' contribution to socio-economic development. As a first step, the government should primarily work with NGOs and other stakeholders to operationalise the Public Benefit Organisations Act, 2013, and align activities and resources towards implementing the 'Big 4' agenda.

⁵ Kenya NGO Coordination Board website available here https://ngobureau.go.ke/?page_id=8

⁶ NGO sector report for Financial Year 2018-2019 available here <https://ngobureau.go.ke/wp-content/uploads/2020/02/ANNUAL-NGO-SECTOR-REPORT-2018-2019.pdf>

1.2 The Private Sector Ecosystem in Kenya

Kenya's Vision 2030, the long-term development blueprint that seeks to transform Kenya into an industrialised, high middle-income country by the year 2030, recognises the private sector's key role in attaining its goals. The private sector consists of different types of enterprises with varying growth profiles that drive employment, wealth creation, innovation, and technological advancement. The SME sector accounts for about 80% of jobs, contributes to over 92% of new jobs created annually and about 45% of the Gross Domestic Product (GDP).⁷ The Kenyan economy grew at 5.9% in 2018 compared to 4.7% the previous year; with her bulging youth population, robust educational system, improved business confidence, vibrant private sector, and innovative financial sector, Kenya has the potential to expand further⁸. Reforms targeted at improving governance and the MSME sector continue to impact economic performance positively; however, inclusive growth requires that these reforms be accessible by all, irrespective of their physical location.

Key players voicing private-sector concerns include the Kenya Private Sector Alliance (KEPSA), Federation of Kenya Employers (FKE), the Kenya Association of Manufacturers (KAM), and the Central Organisation of Trade Unions Kenya COTU (K). KEPSA is an apex and umbrella body set up in 2003 to commune and represent the private sector to engage and influence public policy for an enabling business environment.⁹ FKE serves as a platform for articulating critical concerns of the employers in Kenya in socio-economic development. KAM represents manufacturing and value-add industries that drive fact-based policy advocacy towards forming industrial policies to strengthen and support Kenya's economic growth. COTU (K) represents 44 affiliate trade unions and two million public and private sector workers countrywide and are increasingly engaged with informal economy workers to represent their interests through social dialogue. COTU (K) 's involvement has helped put most informal economy workers earnings at more than US\$1.25 a day, putting them above the international poverty line, thereby eradicating extreme poverty.

Two key segments make up the Kenyan private sector, i.e., a formal large business sector that is healthy and growing and a massive informal sector that is unsupported, untapped, and performs well below its full potential. The sector functions across the continuum of access in critical sectors such as agriculture, tourism, transport and infrastructure, energy, manufacturing, ICT, and financial services and accounts for over 80% of the private sector's contribution to total GDP.¹⁰ The Agricultural sector contributes the most to GDP growth and employment opportunities, though this importance is declining relative to other industries, while manufacturing remains relatively stagnant. A few globally competitive agricultural products control the export industry with limited value addition services.¹¹ Trade, transport, ICT, and financial services increasingly drive the private

⁷ 2018 Kenya SME Finance Survey Analysis and results available here <http://viffaconsult.co.ke/wp-content/uploads/2018/07/2018-SME-Finance-Survey-Report.pdf>

⁸ *The Youth Employment Situation in Kenya Literature Review Report* available here https://www.britishcouncil.co.ke/sites/default/files/ng_kenya_youth_employment_in_kenya.pdf

⁹ *Kenya Private Sector Alliance Public-Private Dialogue* available here <https://kepsa.or.ke/public-private-dialogue/>

¹⁰ *Kenya Economic Update: Unbundling the Slack in Private Investment Report* by World Bank Group <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/820861554470832579/kenya-economic-update-unbundling-the-slack-in-private-sector-investment-transforming-agriculture-sector-productivity-and-linkages-to-poverty-reduction>

¹¹ *The State of Kenya's Private Sector report* by AfDB available here

sector's continued growth.

Retail trade is the fourth largest contributor to Kenya's GDP and the third-largest contributor to private-sector employment with over 250,000 jobs. Kenya is ranked 25th in the Global Retail Development Index (2017), with a good rating regarding its retail opportunity. Years of robust GDP growth increased purchasing power, and shifting consumer habits have accelerated the Kenyan retail market's transformation, making it the second-highest formal retail penetration in Sub Saharan Africa.¹² Kenya's Vision 2030 underscores the significance of retail trade as an engine for economic growth, GoK targets to raise the share of products sold through formal retail channels, such as supermarkets, from 5% in 2007 to over 30% by 2030. This sector stimulates demand for manufacturing, SME, agriculture, and real estate sectors; while simultaneously providing an opportunity for efficient government revenue collection. Consequently, growth in this sector has a multiplier effect on the economy.

SMEs and Microenterprises play an essential role in generating employment opportunities and promoting self-employment and entrepreneurship, creating more employment, and improving employment quality with growth and expansion. The MSME sector can reinvigorate domestic demand through job creation, which may increase household incomes. MSMEs also serve as valuable partners to large enterprises as suppliers and providers of support services and act as breeding grounds for new entrepreneurs and large corporations. The vibrant MSME sector in Kenya is thus an indication of a thriving and growing economy. However, there is a need to promote higher-value-added services, leverage enhanced skills and expertise, and strengthen coordination among various government entities dealing with MSMEs. Additionally, encourage fast adoption of the emerging technology, set quantifiable targets, and monitor the MSME sector's progress to achieve its full potential.¹³

The startup ecosystem in Kenya is vibrant and plays a significant role in the entrepreneurship journey. It is a leading hub for entrepreneurship in the continent thanks to multiple strengths, including too high mobile penetration and technology users, a growing web of support, affordable human capital with potential and investments in infrastructure improvement, and an ever-increasing number of engaging investors. In 2013, the government launched Vision 2030, including the National ICT Master Plan, a strategy to help Kenya become a knowledge economy in the next five years. The government of Kenya plays a critical role in supporting the country's startup and innovation ecosystem. It has improved broadband connectivity by bringing undersea fibre-optic cables into the country and spreading it across all county governments. It links it to all educational institutions, one of the preconditions that give rise to a massive digital economy. The startup ecosystem has supported many entrepreneurs to bring their innovations to the market. In the social enterprise sector alone, there were about forty-four thousand (44,000) social enterprises in 2018. Furthermore, innovation in ICTs is critical in achieving the Sustainable Development Goals (SDGs) and the Government priorities in the next five years under the current national planning framework

https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/The_State_of_Kenya_s_Private_Sector_-_Recommendations_for_Government-Development_Partners_and_the_Private_Sector.pdf

¹² *Africa's Consumer Market Potential report available here* <https://www.brookings.edu/wp-content/uploads/2018/12/Africas-consumer-market-potential.pdf>

¹³ *Enhancing the contributions of SMEs in a global and digitalised economy report available here* <https://www.oecd.org/industry/C-MIN-2017-8-EN.pdf>

commonly referred to as the 'Big 4 Agenda'. Thanks to these initiatives by the government, academia, and the startup and innovation community, with support and funding from CSO's and other partners, Kenya is emerging as a model for other African nations. However, for startups to operate at full potential, the sector should address critical facing entrepreneurs. These include access to finance, a shortage of skilled workers, improving policy, fiscal and regulatory environment, better entrepreneurship programmes, and further infrastructure improvements for last-mile delivery. These changes will lead to enhancements in investment decisions that benefit the ecosystem at large.

Despite policies that aim to provide an enabling environment for MSME growth, including startups, the sector continues to face various inhibitions that slow down its full growth and potential. Approximately 1.5 million of these businesses are licensed, whereas over 6 million establishments remain unlicensed. These unlicensed businesses contribute 10% of the MSME's gross value added. Further, the sector has a high mortality rate, with over 2 million MSMEs being closed in the last five years. Another challenge is the stunted growth trajectory where businesses hardly formalise their operations (especially micro-enterprises) or rarely transition from micro to small, small to medium, or medium to large.¹⁴ Additionally, the sector records drawbacks in political risks, unfavourable tax rates and regulation, national debt, and business risks such as the business cost of terrorism, crime, violence, and corruption.¹⁵ SMEs' performance will further improve when challenges such as (1)high failure rates, (2) lack of access to finance, (3)market-related problems associated with customer acquisition, (4) management challenges, (5)poor infrastructure in the last-mile, and (6) lack of access to relevant technology are addressed.

Connections between the formal and informal sectors are fragile and weak, and initiatives that should bridge that gap continue to grow within the private sector, government, and increasingly, the development sector¹⁶. Several initiatives are ongoing that aim to contribute to the sector growth; various stakeholders lead these. KEPSA's Third National Business Agenda (The NBA-III) exemplifies how to achieve the Kenyan dream of attaining the Middle-Income Country status, considers Kenya's leadership in regional trade, increased appetite for government borrowing, and the devolved government structure as strengths. KEPSA intends to support the private sector by (1)Working with government to simplify and harmonise of the MSME regulatory and tax compliance environment, (2) incentivise financial institutions to reach MSMEs with innovative financial products, (3) establish feasible Domestic Economic Zones for MSMEs, (4) enhance Incubation and Acceleration services to reduce MSME mortality, among others.¹⁷ The ongoing war on corruption is a positive step, given that it ranks highest in the list of hindrances to doing business in Kenya.

The 2019 Global Innovation Index shows that in the credit under market sophistication pillar, Kenya ranked 6th in world economies. This success is due to Kenya's strength in microfinance. However, the investment pillar, market capitalisation, and venture capital funding are weaker. Efforts are

¹⁴ *Growing micro and small enterprises in LDCs available here* <https://unctad.org/system/files/official-document/poitetebd5.en.pdf>

¹⁵ *Unleashing Private Sector Dynamism to Achieve Full Potential available here* <https://unctad.org/system/files/official-document/poitetebd5.en.pdf>

¹⁶ *Bridging the gap between formal and informal sectors report available here* https://demo.netcommmlabs.net/nairobi/pdf/The_State_of_Play_of_Competition_Policy_and_Law_Reforms-The_Case_of_Kenya.pdf

¹⁷ *KEPSA National Business Agenda III available here* <https://kepsa.or.ke/national-business-agenda/>

underway to improve this ranking, including digital transformation for SMEs to drive the digital economy by running digital entrepreneurial programs, enhancing collaboration and engagement, improving access to capital, and incentivising investment in digital innovation in the private sector. There is also a need to further invest in developing the industry, primarily through integrating ecosystem supports into development and investment strategies. Moreover, Public-private-development sector dialogues are paramount to upsurge multi-stakeholder partnerships and engagement to support the design of more coherent, supportive policies and coordination frameworks. These partnerships also enable multi-objective and multi-stakeholder landscape initiatives for sustainable production, livelihood development, and ecosystem services protection.

1.3 NGO - Private Sector Collaborations in Kenya

Partnerships and collaboration between NGOs and the private sector in Kenya continue to grow with the end goal of collectively delivering social impact that leads to the realisation of sustainable development. There is a growing emphasis on NGO-Enterprise collaboration that drives strategic and operational value for organizations on both sides. Both sectors can complement each other by sharing knowledge, skills and resources.

This kind of cooperation is mutually beneficial because it can achieve results that none of the parties would achieve independently. Various partnership models with varying maturity have been tested, most of which start with improving the most marginalised and vulnerable groups' lives. Increasingly, these partnerships shift towards the design and implementation of financially viable business models that ingrain sustainable impact. In contrast, other models have focused on market systems development (MSD) integration.¹⁸

Social impact collaborations can take many shapes and forms. These largely depend on what drives the nature of engagement. In many instances, these partnerships have been caused by NGO budget cuts due to declines in funding, rising programme costs, competition among peer organisations, and growing

criticism over their inability to end extreme poverty, among others. These challenges have led to the need for innovative funding and business models, such as working with the private sector. The private sector is a critical enabler of economic development that creates legitimate opportunities for social change. Nevertheless, it still struggles with a lack of public confidence, especially related to

“Arifu has a B2B model that offers low-cost, high skill training for learners absolutely free. Through partnerships, we are enabling organisations to digitise and licence their content; so that organisations with similar needs can purchase a licence and deliver it. We think this could unlock a source of additional unrestricted resources for NGOs.

Craig Heintzman – CEO, Arifu

¹⁸ ENDEVA NGO-Company Partnerships for Inclusive Business report available here <https://endeva.org/wp-content/uploads/2019/06/ngo-and-company-partnerships-for-inclusive-business.pdf>

financial scandals and lack of transparency, thereby threatening profit-making.¹⁹ The Kenyan government and some donors call for deliberate engagement between NGOs and businesses to enhance knowledge exchange and collaboration using channels such as sector-level dialogue such as KEPSA's Development Partners Round Table and KEPSA Foundation in areas where strategies align.

NGO-business partnerships in Kenya have taken different approaches ranging from philanthropic activities as part of CSR, especially now in support of Covid-19 pandemic economic effects. Others have been financial, technical and in-kind support as part of support to specific projects such as World Vision Kenya's Weconomy project that works with the private sector in Kenya and Finland to grow their businesses sustainably. Others have been strategic partnerships where organization share complementary skills and resources, such as the Arifu and Heifer International Model where Arifu developed and licenced a digital course to improve the agricultural practices in Poultry and Livestock keeping for Heifer International. The digital course was re-used by the Kenya Commercial Bank (KCB) who had a similar need at a fee benefiting both partners. Finally, systemic partnerships have aimed to tackle complex challenges such as the Mercy Corps' Youth Impact Labs (YIL) initiative that partners with tech-enabled enterprises towards tackling youth unemployment. These partnerships have driven the Social Enterprise (SE) and startup sector's growth to grow and sustain social change by solving service delivery gaps through technology and innovation.²⁰ NGO's and the private sector's differences in working can lend to each other's growth and sustainability; for instance, NGOs could learn to increase organisational efficiency, strategic communications, and management practices. The business sector can learn how to deliver better outcomes for development.

1.4 The Effects of the COVID-19 pandemic on NGO – Private sector Collaboration

The COVID-19 pandemic has led to a decline in economic growth and business activity globally, with the IMF projecting a 3% decline in global GDP in 2020. A global health crisis, demand shocks, and a plunge in commodity prices have significantly affected emerging markets. For the first time in twelve years, Kenya's GDP growth dropped in the second quarter of 2020 as the impact of the COVID-19 pandemic battered key sectors of the economy. GDP dropped to a negative 5.7 per cent from a positive 5.3 per cent in 2019²¹.

While Kenya has experienced a lower number of infected people than other global economies in Europe, America, and Asia, the pandemic's negative impact on economic growth are apparent. Since the pandemic began, over one million Kenyans have lost their jobs. Actions to limit the spread of the virus, such as travel restrictions, curfews, and city lockdowns, have drastically slowed down economic activities, limited movement, and put populations at greater risk. Education systems have

¹⁹ *Private Sector and NGO Engagement analysis available here*

https://assets.publishing.service.gov.uk/media/57a089eee5274a27b2000325/Private_Sector_and_NGO_Engagement.pdf

²⁰ *Kenya Social Enterprise Ecosystem report available here* http://dev.endeva.org/wp-content/uploads/2017/08/wb_kenya-country-profile_apr14.pdf

²¹ *Kenya National Bureau of Statistics quarterly GDP report – Q1 2020*
<https://www.knbs.or.ke/?wptdmpro=quarterly-gross-domestic-product-report-first-quarter>

been shut down entirely since April 2020. The government has re-opened Grade 4, Standard 8 and Form Four as these are considered critical academic years. Institutions of higher learning have to comply with strict guidelines to re-open. Even though these guidelines exist and plans to re-open school for other students to continue, the education system's recovery will take years.

In the face of this crisis, stakeholders look up to the NGO/CSO community to drive solutions to challenges emerging and aggravated by the COVID-19 challenge. NGOs' versatile nature to provide services across a vast range of areas such as water and sanitation, food and nutrition, education and employment, and healthcare has proved crucial in this period. However, while this demand continues to grow, NGOs/CSOs need to reprogramme their activities and budgets in line with the effects of this crisis and increased needs from people across demographics. The aid sector has been struggling with reductions in funding in general. The pandemic exacerbated the cutbacks in funding, internal capacity, and flexibility to deploy their interventions. Even beyond the immediate crisis, the long-term consequences of COVID-19 on the aid sector may go on for longer. In the UK alone, charities will lose an estimated £4.3bn worth of funding because of the crisis²².

While the pre-Covid-19 period had witnessed a growth in partnerships between the NGO and private sectors, challenges presented by the pandemic have tested the versatility and adaptability of their programme objectives, funding structures, delivery models, and focus areas. During this period, programmes shifted parts or entire portfolios to address the new wave of challenges. For instance, Mercy Corps' Youth Impact Labs re-focused its digital platforms' financing to focus more on workers who had lost their jobs during the pandemic. Private foundations such as Visa²³ and MasterCard, through their foundations, pivoted significant parts of their funding to focus on supporting the resilience and recovery of communities in greatest need across the world. Local private sector collaborations aimed at driving faster access to food were also developed through NGO-Business partnerships. For instance, local e-commerce sites worked with local NGOs/CSOs to provide access to food closer to the affected communities and lower the cost of fresh produce by as much as 50%.²⁴

The pandemic has highlighted that partnerships need to accommodate flexibility and dynamic ways of working for them to remain relevant to future challenges. Funders should be open to working with their partners to rethink objectives, ensure relevance, repurpose funds to address immediate needs, and iterate delivery models to learn and adapt to the rapidly evolving environments just in time. COVID-19 has re-affirmed the need for cross-sectoral partnerships across multiple themes. It has elaborated on the importance of the NGO/CSO community as responders to crises. Still, it has also shown that collaborating with the private sector could even strengthen the transformation delivered by their work when these partnerships are well structured.

1.5 Status of Partnerships for Development in Kenya

The world is more interconnected than ever before, thanks to advancements in technology and

²² *Charities set to lose significant funding due to Covid-19 effects* web article

<https://www.civilsociety.co.uk/news/charities-face-closure-as-sector-set-to-lose-4bn-over-12-weeks.html>

²³ *Visa Foundation commits to COVID-19 recovery*

<https://usa.visa.com/visa-everywhere/blog/bdp/2020/05/11/the-visa-foundation-1589219590276.html>

²⁴ *Twiga And Jumia Partner To Cut Price Of Fresh Produce By 50%*

<http://news.callapr.co.ke/shofcojumiatwigapartnership/>

innovation. Goal 17 in the SDGs calls for strong and inclusive partnerships and cooperation across the globe to help countries achieve their national goals and the SDGs. Partnership for the goals is considered a multiplier goal that drives the achievement of other goals in the SDGs. Sustainable development calls for a lot more opportunities for partnerships. Organisations from different sectors continue to recognise and build on this call by incorporating it into their core business. NGOs and CSOs are no exception to this. They see potential to champion social and environmental causes, improve the way they work and achieve sustainable change by collaborating with the private sector. In turn, the private sector now sees greater engagement for business by working with NGOs and CSOs to build a strategic approach to development.

Development needs and humanitarian crises require far much more financial and technical assistance and additional investments for SDGs to achieve their full potential. The Kenyan government continues to make significant efforts to address this. These include the enactment of the public-private partnership (PPP) act (2013) and its implementation, the war on corruption and the promise to create an enabling environment for sustainable development through Vision 2030. The government also recognises the critical role stakeholders such as NGOs and CSOs and the private sector play towards the achievement of SDGs.

NGOs and CSOs continue to supplement government development efforts. They do this by calling to action every citizen to hold themselves, their community and leaders accountable for better governance, service delivery and ultimately sustainable systemic change. These efforts enable wealth and job creation and socio-economic development for every citizen. Supplemental services include investments in development and humanitarian needs by investing in the development and improving service delivery in critical sectors such as health and education, provision of relief aid, and improvements in the agricultural sector to boost food security and livelihoods. NGOs and CSOs are vital agents of change that have perfected the art of community development by working with communities to tackle the problems from their roots, addressing backward socio-cultural barriers and encouraging positive behaviour change. The sector convenes at various levels to build capacity and capabilities, and to advocate for change in policy and regulations to provide an enabling environment that advances human rights, business and better service delivery and governance for all.

NGOs and CSOs in Kenya work collaboratively and in partnership to bring about positive change. For instance, the SDG accelerator programme is a partnership with the government, private sector, civil society, philanthropy, academia and young people to re-imagine development for the 21st century. It aims to harness the ongoing initiatives in Kenya's digital innovation ecosystem to accelerate the achievement of Kenya's National Development goals as highlighted in the various national strategies such as Big 4 Agenda and Kenya's Vision 2030. This SDG Accelerator programme leverages on the recently initiated UNDP Accelerator Lab Network, as a strategic development platform for Kenya. Another example is the Sexual Reproductive Health and Rights in Kenya; a coalition of 17 civil society organisations and institutions working to promote the sexual and reproductive health and rights of young people and women.

According to the Kenya Forum on SDGs 2019 report, SDG 17 specifically, in Kenya, challenges remain. Tax evasion, leakages and wastage hinder proper utilisation of Kenya's domestic resources. The government loses a sizable chunk of revenue through tax evasion and corruption while a few citizens invest in wealth creation leading to resource gaps. Illicit financial flows divert funds otherwise meant for realisation of SDGs in the wrong direction.

2. WHY PARTNER WITH THE PRIVATE SECTOR?

The development and humanitarian landscapes have continuously evolved over the past few decades. This evolution has demanded that development and humanitarian organisations invest in continuous improvements in their approaches and identify new ways and strategies for executing their work. Part of this has involved re-evaluating their methodologies and techniques to solve development challenges, and more importantly, the partners they collaborate with to drive impact and transformation in the communities they serve.

Driven by this evolution, NGOs and CSOs are opening up to the private sector as a critical partner in the efficient delivery of development assistance. NGOs/CSOs recognise the private sector as a crucial resource in driving the sustainability of development and humanitarian interventions. The private sector can embed more efficient, market-driven models and brings in strong expertise across various disciplines such as technology and innovation, user-centred design, agile and lean methodologies, strategic communications, knowledge management etc. These ways of working, when correctly applied, can contribute to tremendous success in the development sector.

Even as NGOs and CSOs seek to leverage this expertise, experts have underlined the need for these partnerships to be driven by shared value. On the one hand, NGOs seek to ensure that their social and environmental purposes and development objectives are met. On the other hand, private sector organisations are often keen to engage in partnerships that align with their core business priorities, such as access to new markets. These are critical considerations that organisations should take into account when exploring partnerships with the private sector.

Table 1: Commonly cited motivations for partnerships between NGOs and private sector

Motivations among NGOs:	Motivations among private companies:
<ul style="list-style-type: none"> • The private sector provides resources including funding opportunities that bring about innovation and knowledge transfer to solve development needs • The private sector can integrate and mainstream business practices to projects to develop new sustainable supply chains and markets • The private sector can inject an entrepreneurial mind-set in the community to effectively engage with and benefit from markets. • The private sector provides new learning opportunities that contribute to overall efficiency and effectiveness in an NGO as they view development needs from a business process perspective • NGOs see private sector players as strategic partners in ensuring sustainability of their interventions, as 	<ul style="list-style-type: none"> • Companies value NGOs understanding of community needs and their interconnectedness and ways these needs can be met to reach more people and drive impact beyond the bottom line to achieve sustainable systemic change • Companies value the trust relationships built by NGOs at various levels, at the community level, with each other, with other companies, the government and beyond. These provide credibility for the company. • Companies value access to resources that NGOs have, these can be funds and other assets that contribute to overall partnership success • Companies appreciate the technical expertise, outputs and research done by NGOs to solve development needs. These improve chances of partnership success

<p>they can host and run with these interventions post project implementation</p> <ul style="list-style-type: none"> ● The private sector has been seen to provide particular technical expertise that NGOs lack e.g. new technologies and knowledge transfer ● The private sector can provide much needed infrastructure that NGOs need to scale their work e.g. supply chains, marketing ● The private sector is known to rapidly adapt and innovate to solve problems, these ways of working contribute to the design and implementation of effective and sustainable projects ● NGOs can influence business mid and long-term goals and strategies to achieve positive sustainable change ● NGOs value the potential to reach new actors they might not otherwise reach by working with the private sector 	<ul style="list-style-type: none"> ● Companies value progressive policies and accountability mechanisms NGOs set up to track progress and performance ● Companies value NGOs local knowledge of the legal and policy environment and ability to convene at the local, regional, national and international levels to effect change ● Companies value NGO ability to provide information to business at the community level which impacts on business but are outside of the realms of core business knowledge and skills. ● Companies want to contribute to effects that strengthen communities, empower marginalised groups and reduce inequality. ● Companies want to partner with NGOs to contribute to peaceful, well-governed and secure societies, and stable operating environments that underpin economically and socially successful societies.
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2.1 The Value of The Private Sector: Why NGOs Seek to Collaborate with The Private Sector

The private sector has a lot to offer to the NGO/CSO community. Through partnerships with the private sector, NGOs and CSOs can leverage the contribution of the private sector to address complex development and humanitarian challenges and promote the sustainable and inclusive business models that ensure the world's most under-privileged get access to improved livelihoods and services. Notably, companies, driven by commercial interest, have developed very efficient mechanisms to reach markets within and beyond their initial target markets. Additionally, they have built robust business infrastructure such as marketing, supply chains, relationships and expertise that could allow faster and efficient scaling of solutions to new market segments. NGOs and CSOs can tap into these infrastructural backbones to drive the expansion of their work in the country.

Over the past few years, the trend for private companies continues to move from partnerships in the form of Corporate Social Responsibilities (CSR) into collaboration models that pursue shared value. Essential at the heart of this approach is identifying partnerships that speak to the core business case of the company involved, its company values and determining how they can drive the social impact for the community and society in general while still pursuing their key business objectives. As NGOs/CSOs work to engage with private companies, it is critical to plug into these business priorities to ensure that they drive value to these businesses.

2.2 Partnership Preconditions among NGOs

Our research identified that NGOs and CSOs had established comprehensive partnership processes that are lengthy and detailed. These partnership processes are similar and only contextualised to speak to the partner and need. Larger NGOs with regional and international presence have additional factors used to determine how partnerships are managed. These include determinants such size of the partnership, country of origin of partner, funding value and threshold, programme sector etc. These organisational structures and administrative layers whereas necessary are deemed bureaucratic and slow down engagement for partnership.

NGOs and CSOs hold dear their ability to partner with companies that share and align with their visions, strategy, values, and aspirations. Ability to build mutual trust amongst stakeholders, putting the interests of people and their communities at the centre of their work and working in collaboration to achieve objectives are highly valued. Community engagement and government ownership are weaved into each project to ensure positive gains are maintained and requisite plans made to ensure sustainable development.

The nature of the partnership has a pivotal role to play in how the organizations approach the partnership. For instance, in cases where a private company is viewed as a service provider, a procurement process is followed. If the partnership is a funded project, the partnership process follows a standard procedure e.g. as a grant award, with deviations based on exact project details.

NGOs and CSOs use a Go/No-Go process to determine whether they should partner with a private company. This step is usually a meeting between a variety of stakeholders including technical specialists, support functions and management to determine whether or not, at a high level, there are synergies, opportunities for knowledge exchange, and alignment based on their strategy, goals and vision. When a decision to proceed with the partnership is arrived at, the due diligence process is initiated.

The thorough due diligence scrutinises to see what business the company does including specific activities as it relates to the partnership opportunity presented. Due diligence is contextualised for each partnership and aims to clarify alignment among other requirements to ensure that the partner meets requirements needed to work with the CSO. Part of this includes third party block screening to ensure compliance with government regulations and the companies' track record of doing business. If the company passes all the requirements set aside by the CSO, a contract is developed for the partnership. The agreement highlights all the legal details surrounding the partnership and embeds specific activities and results expected from the partnership. Additionally, contracts between involved parties list out particular ways of working, including the scope of work, objectives, work plans, budgets, report requirements etc.

2.3 The Role of NGOs: What do Private Companies look for?

The responsibility of driving economic development and job creation is entrusted mostly to the private sector. However, structural and entrepreneurship challenges and the need to maintain profit margins to stay afloat often get in the way for private companies to reach all citizens and provide relevant products and services. NGOs and CSOs allow the private sector to (i) gain market access to the most marginalised and vulnerable groups who may not be their initial customer base and (ii) provide insights and resources that accelerate the onboarding of this customer base to (iii) promote entrepreneurial activity that improves their livelihoods and their access to services.

Private companies are always looking for opportunities to reach a different segment of their core market base but lack the means and insights needed to catapult their entrance. NGOs and CSOs have expertise in community development and use it to raise awareness of development-related issues linked to the business. This engagement with business often demystifies socio-economic factors, which affect business but are outside of the realms of core business knowledge and skills. NGOs and CSOs contribute knowledge and skills to help develop supply chains to become more sustainable by working with the private sector to integrate and mainstream business practices.

“For Get Boda, looking beyond the bottom line is critical in ensuring that we deliver value beyond profits. We see NGOs and CSOs as key partners in helping us bring this impact perspective to our work”

Andrew Miller, CEO - GetBoda

The private sector requires an enabling environment for business success. NGOs and CSOs use their spectrum of advocacy, dialogue and cooperation to influence business to be more socially and environmentally responsible through pointing out their failures and areas of improvement. This influence can be through information campaigns, which encourage business not just to change, but also to engage with policymakers on regulatory blocks and constraints to them doing business better. NGOs/CSO use their shared expertise and knowledge of policy environments adapted for local conditions to convene at the local, national and global level. They work with both private and government to effect change that enables sustainable development for all.

NGOs and CSOs also form a core part for private companies as clients. Resource contributions include payment for private-sector delivery of services (including by large companies). Services can consist of administrative activities, auditing, building services, catering, but at the programme level can include for example, training provision, consultancy services. Where a business has made sustainability part of core business activity, NGOs may contribute resources to strategic business operations and contribute to more sustainable and inclusive supply chain practices.

2.4 Partnership Preconditions among Private Sector Companies

Our research established that unlike the NGO sector, most private companies lack elaborate policies and processes outlining preconditions for collaborating with an NGO. However, this does not point to the absence of thoughtfulness and cogitation when going into partnerships. Instead, the nature of their business models drives them to focus on pitching their services and offerings to potential customers – which is the first lens that most apply when considering partnerships with NGOs/ CSOs. Most companies outlined that they do make specific considerations when determining the type of organisation to engage. Notably, for established companies, alignment with core values and business objectives are critical factors, as they often look to deliver impact within the parameters of their areas of expertise, and line of work.

Additionally, startups flagged that collaborations enable them to strengthen their business models, or/ and scale their products and services to be more valuable than engagements that steer them from their core business. One example of valued collaborations includes technical assistance to plug specific gaps towards the impact objectives. In the case of GetBoda, a Kenyan startup that is focusing on technology to improve last-mile logistics in Kenya. The partnership with Mercy Corps' Youth Impact Labs enabled them to enhance their operational and technical capacity thanks to expertise provided by the programme.

Private companies also highlighted the fact that NGOs and CSOs serve as trusted partners in thinking through and executing impact-driven solutions that look beyond the bottom line. Companies have often leveraged this proven expertise of the NGO and CSO sector to help structure and navigate their solutions to communities in the most need.

2.5 The Value Proposition across both Industries

Strong partnerships are built on the premise of value addition. As organisations consider going into partnership, it is critical that they clearly articulate the value that they anticipate to derive from a specific partnership as well as the value addition they propose to deliver to proposed partners. The value proposition to partners ensures that there is mutual benefit for all partners involved, and that they clearly understand the merits of entering into a specific partnership. As organisations think about the value of entering partnerships, they should conduct a cost-benefit analysis to establish whether engagement in a particular partnership is worthwhile. Private companies articulate the value of partnerships differently from the NGO/CSO community as highlighted in Table 2 below:

Table 2: How NGOs and private companies perceive the value proposition, they offer to each other

The value proposition among NGOs	The value proposition among private companies
<ul style="list-style-type: none"> • Sector knowledge both technical and business models that work • Access to new markets for under-developed communities • Mutual trust leading to credibility and reputational benefit • Access to people and skills • Community Development expertise • Access to wide networks at various levels • Access to funding and other resources • Progressive internal policies and procedures for accountability and progress tracking • Awareness, advocacy and influencing experience and expertise • Convening power to attract other partners 	<ul style="list-style-type: none"> • Resources including technical expertise, people and finances to enhance service delivery • access to distribution systems and supply chains • Technology and innovation expertise • Innovative products and services • CSR investments in the community as value addition to project • Development as a business process mentality • Inject entrepreneurial mindset to the community • Convening power to attract other partners • New learning opportunities for employees to practise skills outside their sector and contribute to social change.



Photo: "73 MIT International Development Innovation Network (IDIN)" by USAID IMAGES

3. KEY PRINCIPLES OF HIGH IMPACT PARTNERSHIP

The rate and complexity of change continue to increase, as such, most institutions both private and public realise the need to refine and adapt their systems and processes to accommodate changing client and community expectations, market forces and evolving business practices. Interconnectedness, as a result of technological advancements, don't make it any easier. Therefore, it's become critical to leverage expertise in change management and industry knowledge across sectors to effect socio-economic transformation through high impact partnership.

Our research has evidenced that for partnerships to be successful; there is a need to (i) clarify motivation for collaboration, (ii) recognise each partner's contribution both technical and non-technical and (iii) acknowledge differences in perspective and identify shared goals by committing to a joint plan of action. Below is a summary of fundamental principles that lead to significant, high impact partnerships

1. **Established Motivation for Partnership:** To identify the right partners, NGOs and CSOs need clarity in the problem they are trying to solve, their ideas around what it takes to solve the problem and a clear understanding of what success looks like. This understanding guides the private sector to determine if it aligns with their company goals and core business interests and to understand the role they can play beyond just funding and reputational benefit. Partnerships work best when motivation is clear and aligned at the outset based on a clear deliverable.
2. **Shared value and a common objective:** Every organisation operates under set vision, goals and objectives. It is necessary to clarify mutual objectives achieved through the partnership that serve business interests for all partners. These objectives can be high level at the onset to build consensus but need to be built out and iterated as the partnership matures.
3. **Develop mutual trust:** Partnership is a relationship that needs to work for it to achieve its objectives. It is essential to narrow down specific ways these will work by encouraging that all partners are open, transparent and flexible towards achieving their goals. Partnerships need to clarify how they will deal with paramount issues such as taking credit for the success, conflicts of interest, disputes, and other unforeseen problems that carry reputational weight from the get-go. This trust is essential. Additionally, partners may have additional objectives outside the partnership, though it is critical that these are aligned to the partnership goals.
4. **Commit to a joint plan of action:** a successful partnership is one that rallies behind specific deliverables and that clearly outlines timelines, activities and expectations for the partnership but is also flexible to necessary adjustments in the course of implementation. The private sector, NGOs and CSOs have different ways of working; therefore, it is essential to acknowledge this and work towards building stakeholder consensus around decision making, sharing of risk, responsibility, accountability or benefits that emanate from the partnership.
5. **Establish shared resources and their availability:** partnerships vary in sizes depending on the need at hand. Each partner has access to different levels of resources and competing priorities. To achieve shared objectives, each partner needs to understand their role and avail resources agreed upon when they are required and to understand that both partners have equal voices in the partnership irrespective of their size. This clarity establishes mutual respect in the partnership.

6. **Organisation-wide commitment to the partnership:** Successful partnerships are ones that rally their entire organisations behind their objectives. This alignment ensures that each partner recognises the benefits of the collaboration and invests in availing time and other resources and support needed by the various teams involved to make it work. Sharing any quick wins resultant from the partnership helps people stay committed and drives motivation for the collaboration as well as identifying champions for cooperation from both organisations who see to it that the partnership works.
7. **Commit to monitoring progress, and continuously improve** Partnerships that establish what success looks like at the end of the partnership, understand what resources are required. They build an exit plan from the get-go that ensures sustained gains, tolerates failures and understands significant changes made in the course of the partnership. They measure broader outcomes in the areas they work in addition to their specific outputs. These partnerships continuously review their progress and adapt as beneficiary needs change, as political and social environments change, and new people come in.
8. **Maintain Stakeholder engagement, ownership and trust:** successful partnership is a relationship that grows over time, and that is fuelled by effective communications that are open, respectful, honest, empathetic and critical of achievements. This level of engagement requires abilities to both listen to others and to articulate your own perspectives and ideas clearly. A communications strategy linked to the partnership's overall strategic plan – and regular action plans deriving from that strategy is essential to achieve this.

4. COMMON BOTTLENECKS IN PARTNERSHIP

Partnerships are not immune to growing pains. Sustaining growth is an arduous task for companies of all sizes in most sectors. The key to making the partnership work lies in anticipating potential challenges and working on resolving them before investing in accelerating efforts aimed at achieving objectives. Some of the most cited bottlenecks in partnership include:

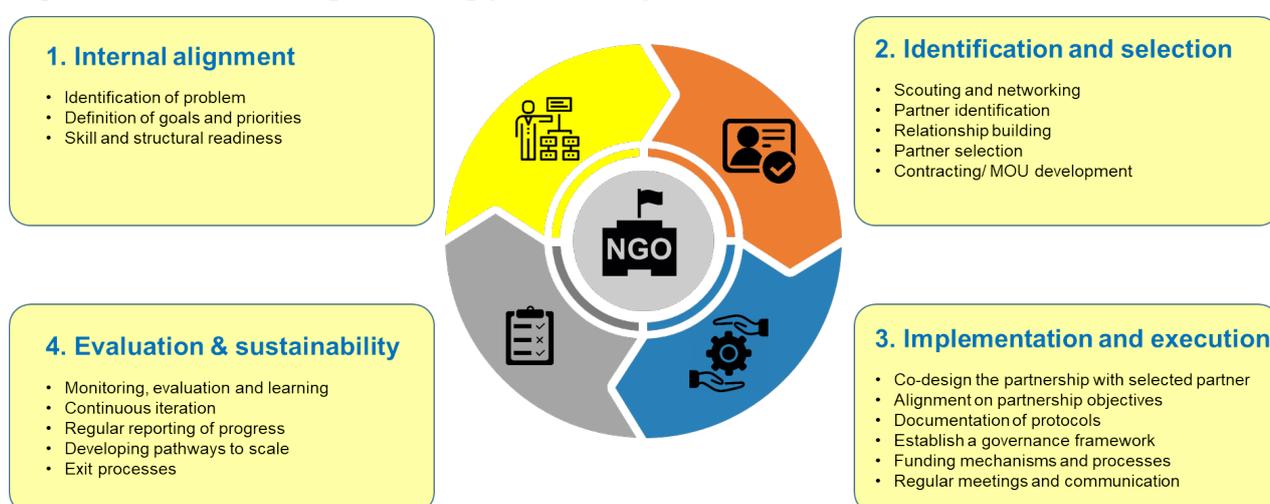
1. **Resource constraints mostly revolved around funding;** it is not uncommon for partnerships to struggle because of the lack of resources dedicated to the achievement of agreed objectives. NGOs and CSOs enter into partnerships looking for funding opportunities and can be willing to work with whatever budget is available from a private company. This often leads to situations whereby the work involved to make the partnership work permeates beyond initial activities budgeted for and requires additional resources to achieve intended objectives. For example, implementation struggles when a project with minimal funding cannot afford to pay for dedicated staff for the project, yet still requires the same attention as well-funded projects.
2. **Contextualisation of products and services to local conditions and needs:** one of the critical drivers of partnerships is technology and knowledge transfer for leading products and services that could be of benefit to marginalised and vulnerable groups left out from development. However, knowledge transfer struggles when the product or service is not contextualised to the needs of its users and directly affects uptake. For instance, when the product or service conflicts with culture, you need to consider the time required for positive behaviour change, to understand how it works before any real results are visible.
3. **Lack of local access and support for innovative products and services** has a high impact on post-project success. Without local support products and services collapse, there is need for adequate preparation for local support and maintenance, market stimulation, mentorship and local ownership to remove barriers, sustain gains and build on the successful models.
4. **Mismatches in priorities and expectations:** the private sector expects quick returns on investment, which is not always the case in the development sector since change takes time before gains can be seen. Factors outside the direct partners' control play significant roles in the process and can bring about issues of trust and delays in implementation. For example, development sector initiatives need buy-in from community leaders, religious leaders, county and national government etc. before they are implemented. Buy-in and ownership can delay implementation.
5. **Risk Management:** Unforeseen circumstances, e.g. Covid-19 when not well thought out and managed erode partnership gains, delay implementation and lead to unmet objectives. It is essential to work out a means to share risk, responsibility, accountability or benefits that emanate from the partnership.
6. **Timeframe for results:** investments in addressing social issues require time for positive behaviour change from the community, because of the need for training, capacity building and mentorship. Sometimes, this positive trajectory comes about when the projects are on the close out phases. Social issues that require policy and regulatory changes take the longest time for results to be seen.

5. PARTNERSHIP FRAMEWORK: A WAY FORWARD FOR NGOS/ CSOs

5.1 Private Sector Partnership Framework for NGOs/ CSOs

When approaching private sector partnerships, NGOs and CSOs should be guided by a framework that takes into account the various aspects of the partnerships. While partnerships may differ across the organisation, a guiding framework enables organisations to have a standardised and coherent approach to collaboration is critical. This coordinated approach was one of the vital factors highlighted by private sector players as being essential towards determining the speed and success of a partnership. The framework below outlines vital consideration areas that companies should aim to streamline and integrate into their processes as they consider partnerships with the private sector:

Figure 2: Private sector partnership framework for NGOs/ CSOs



5.1.1. Internal assessment and alignment

Organisations should strive to align their objectives and processes internally before initiating the partnership process. This is critical as it enables the organisation to clearly articulate why it seeks to enter into a partnership, as well as what the outcomes of the planned partnership. To this end, NGOs should first outline their organisational goals and mission, and define the project-specific priorities for the proposed partnership. This should align to a specific problem or issue that the organisation aims to solve. Organisations should seek to answer this question: *what is the main objective of the proposed partnership?*

Identify teams (technical and non-technical) needed to make any partnership a success. Review your problem statement, identify resources required and determine what success means to you. Determine your value proposition as an organisation; this includes internal capacity and other resources and expertise available that are needed to deliver on the partnership, e.g. infrastructure, grants, technical assistance and identify missing gaps in resources, knowledge, expertise etc.

Pro Tip! Pitch your business case internally and address gaps raised before engaging potential partners

Once the organisation has aligned its objectives, it should conduct an internal assessment to establish readiness for partnership. This includes establishing internal capacity in areas such as skills, expertise, time availability and leadership. For instance, the organisation should identify team members that will lead the partnership and should ensure that they possess the right skills and qualifications. It should also mobilise the financial resources required as activities within the partnership framework may require some level of financing.

5.1.2. Partner Identification and Selection

Selection of the right partner can often be a challenging task. Organisations should place diligent efforts in the identification to net the right partner. Our research established that most NGOs/ CSOs usually bank on their networks and referrals when identifying partners. Additionally, forums such as industry organisations, learning events, etc. can be innovative platforms to identify partners. Organisations will often identify multiple partners and take them through a selection process to identify the most suitable. This ensures that the organisation determines the most qualified and relevant partner, and maximises on the partnership

The selection process should be structured to identify the most suitable partner. Every company brings a specific set of resources including industry expertise, geographical reach, credibility and market penetration to technical expertise. During this stage, the organisation should develop selection criteria that measure these factors. Additionally, it should assess the skills, resources, finances, time, expertise, credibility, advocacy capabilities, conflict of interests and any risks that the partnership may present.

This stage is also an excellent point to determine the mutual benefits, agree on the level of commitment required from each partner and outline the shared vision and goals of the partnerships. Once all the above has been developed, the organisation can then create a Memorandum of Understanding or contract that captures these considerations into an agreement.

“Partner engagement takes time; we have to talk to the tech team, the innovation team, the partnerships, team and the business for them to understand what exactly they can do with our product. We learn as much as our potential partners do through this process. Because we are a relatively new company, we get many questions around our sustainability, security etc. It takes time to build trust.”

Randriambeloma - Business Development
& Partnerships Director – Africa,
KaiOSTech

Table 3: Sample private partner selection criteria

CRITERIA	QUALITY ASSESSMENT STANDARDS
Expertise in proposed thematic area	Partner has expertise working in the proposed area of partnership. They have demonstrated an understanding of the subject matter and understand the organisation's request adequately
Proven track record in core sectors	Partner has previously engaged in activities of a similar manner. They can provide a strong portfolio of past work in the proposed sector/ thematic area and with partners similar to your organisation
Institutional capacity	Partner has the required internal capacity required to deliver the project. This includes human resources, operational and financial capacity, as well as the required policies, processes and systems
Financial compliance	The partner can demonstrate strong internal structures and control mechanisms that promote proper financial management and prevent any financial mismanagement
Compatibility with organisational values and principles	Partner shares similar values, core beliefs and guiding principles with your organisation
Geographical presence	Partner has a direct or indirect presence in the proposed area of intervention, or/and can demonstrate the ability to deploy their teams and/or resources to execute the project
Legal and regulatory compliance	Partner meets the legal and regulatory requirements in the relevant jurisdiction to be able to execute the project

Kenya presents a wide range of potential private sector partners, ranging from large, established corporate companies to younger startups. Either of these organisations presents a specific set of value addition. Companies that are more prominent present well-established structures, robust networks and extensive experience in their domains. On the other hand, startups provide higher agility, openness to innovation and reduced red tape. NGOs/ CSOs should take these considerations into account when deciding on the partner to engage and should ensure that the desired qualities align to their program needs

5.1.3 Implementation and Execution

Implementation of the project should be guided by a partnership framework developed and signed by both parties. To ensure effective implementation, partners should ensure sufficient workload distribution between relevant parties and set up an accountability mechanism to guide activities. Additionally, partners should agree on communication mechanisms to facilitate the execution of the work. To measure progress, the partners should define measurable indicators for specific objectives that can be then translated to key performance indicators and provide room for continuous improvement. Parties should also make sure to account for conflict resolution mechanisms in case any arise. Partners should ensure versatility in the implementation of a partnership as project dynamics could lead to a shift in objectives, execution mechanisms or raise the need to admit new partners.

As part of its partnership implementation, SHOFCO uses pilots to test the viability of proposed solutions before scaling them in the broader sections of their work in the community.

This allows them to test, learn rapidly, iterate new models, and then roll them out at scale.

5.1.4 Evaluation and Sustainability

To effectively evaluate and monitor the partnership's performance, organisations should strive to develop and implement effective M&E frameworks that assess measurable outcomes and assess the progress in achieving the partnership's objectives. The framework should allow partners to get key lessons and iterate the programme when the need arises in order to stay on course.



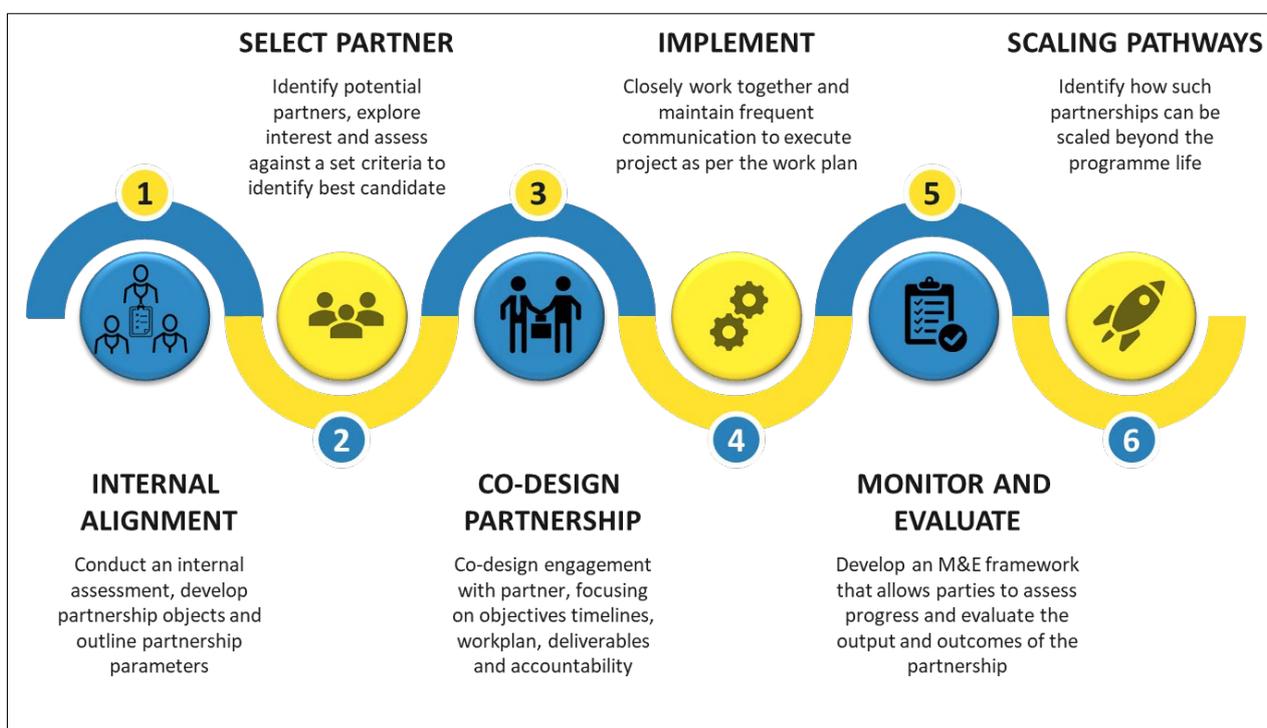
Photo: "2019 OECD Forum: Unlocking the Potential for Partnership" by Organisation for Economic Co-operation and Develop

5.2 The Partnership Process: Steps Towards Engaging the Right Partner

Development of partnerships requires prudent thinking and preparation to achieve the best outcomes. NGOs and CSOs should come up with a well-outlined process indicating various steps and milestones that need to be completed along the partnership journey. Such processes should not be static, and instead, should take into account the program context, culture, legal requirements and partners' capacity. If left unchecked, these factors could lead to unforeseen complexities during the lifetime of the partnership. Below is a series of steps that organisations can take into account when planning a partnership. These steps are only indicative and can be customised depending on the unique circumstance of an organisation's objectives and context:

The following are key steps that an organisation should take when going into partnerships with the private sector:

Figure 3: Key steps in the partnership process



1. **Be prepared:** Conduct an internal assessment and highlight your reasons for the partnership. During this process, outline why you are partnering, what success would look like, and what the organisation would commit to - this could be in the form of a well-defined project that speaks to a particular issue. Research on potential partners and identify possible overlaps in focus areas and objectives and develop summary profiles highlighting key insights about each of them. Key activities under this step include:
 - a. Conduct an internal assessment to establish goals, objectives and motivations for partnering, and identify internal adjustments required to enable the partnership
 - b. Conduct an industry scoping exercise to identify and shortlist potential partners - draw a summary that provides critical information about each of them
 - c. Structure the partnership idea in the form of a project that can be pitched to potential partners

- 2. Approach potential partners, and assess each against your selection criteria:** Once your organisation has identified potential partners, initiate conversations to propose the idea of a partnership and gather information on their interest and needs. To be effective in this stage, share a concept note or pitch document with the partner organisations, highlighting key elements of the proposed partnership such as objectives, expectations, timelines, etc. This makes it easier for the organisation to determine whether the collaboration is desirable and aligns with their mission. Once a company has highlighted interest, your organisation should run it against a selection criterion to ensure that they meet all the requirements. Key activities within this step include:
 - a. Prepare a concept note or pitch document outlining key elements of the proposed project and partnership
 - b. Approach targeted (shortlisted) companies with the concept and discuss the potential for partnership and establish interest and needs
 - c. Assess each partner against a selection criteria to ensure that they meet all requirements needed for the partnership
 - d. Conduct due diligence on the selected company to confirm that the organisation's information is accurate, compliant with government regulations and that there are no known issues such as corruption, affiliation to terrorism groups, money laundering, or safeguarding conflicts, etc.

 - 3. Co-design the partnership and sign a mutual agreement:** Conduct discussions with the selected company to outline the parameters of the partnership. During this step, both organisations can discuss and agree on the objectives and expectations, outline an implementation timeline and work plan, indicate vital milestones and deliverables and outline engagement mechanisms such as fund transfers, reporting frameworks and frequency. Once clarity on the structure of partnership has been reached, document it in a Memorandum of Understanding, or a contract that binds the partners. Both parties should review the documentation to confirm legal and financial obligations and sign it. Some of the notable activities in this step include:
 - a. Hold an initial discussion with the selected company to outline and agree on critical parameters of the partnership. Each party should be represented in these conversations
 - b. Document guidelines of the agreement once agreed, and ensure that all parties have reviewed and are satisfied
 - c. Prepare a memorandum of understanding, or a contract, and have it signed by relevant authorities from both organisations

 - 4. Implement the plan:** Once the relevant officials have signed the partnership framework, implementation can begin. This phase will call for both partners to closely work together and maintain frequent communication to deliver the project as outlined in the work plan. Where either organisation cannot implement, this capacity must be mobilised rapidly to avoid any delays. In line with implementation, partners should aim to do the following activities:
 - a. Conduct a kick-off meeting with the company to reiterate objectives, agree on scope, timelines and execution approach
 - b. Conduct regular check-in meetings to discuss progress, catch problems that may arise and discuss mitigation measures
 - c. Draw learnings from the execution of the programme activities and rapidly iterate programme design to promote better execution
-

- 5. Develop and execute a monitoring, evaluation, learning framework:** In collaboration with the partner, you should develop an M&E framework that allows both parties to assess progress and evaluate the output and outcomes of the partnership. One such way of achieving this is through the development of a log frame. A log frame captures the logical flow of how partnership activities translate to outputs and overall outcomes, and the overall goal ultimately. As implementation continues, partners should collect relevant data to enable the success of the program. Key activities during this step include:
 - a. Development of an M&E framework. Typically, a good starting point is to develop a log frame and data collection mechanisms
 - b. Collect data regularly, depending on the structure of the engagement. This could be weekly, monthly, quarterly or annually
 - c. Develop mechanisms that allow partners to draw learnings from the continuous evaluation and course-correct the project accordingly

- 6. Scaling of models with the highest potential:** Scaling is a crucial consideration in the partnership process that is often overlooked by NGOs and CSOs. Where programmes have demonstrated significant success, it is essential to identify how such partnerships can be scaled beyond the programme life. This could be through extension phases, geographical expansion, etc. In such instances, organisations should aim to mobilise the resources required, legal and internal requirements and other processes to enable this. To enable this, partners can:
 - a. Brainstorm and agree on potential pathways to scale, including assessing and shortlisting the most viable pathways
 - b. Identify potential future partners who can support the scaling process. These could be partners in new geographies, verticals, etc.
 - c. Commit or source for financial resources to fund the expansion efforts

6. CASE STUDIES

6.1 Case study 1: SHOFKO

The Challenge/ Situation

Shining Hope for Communities (SHOFKO) is a grassroots movement based in Nairobi, Kenya in urban slums providing services, community advocacy platforms, and education and leadership development for women and girls. SHOFKO serves more than 350,000 urban slum dwellers in 10 slums across three cities in Kenya. SHOFKO's approach relies on two integrated parts: direct interventions and community-led mobilisation through our SHOFKO Urban Network. SHOFKO works to address these critical issues by providing critical services, operating community advocacy platforms, and building female leadership to create lasting change. During the COVID-19 pandemic, SHOFKO has reached over 2.4 million individuals through its COVID-19 Emergency Response. To deliver services across various intervention areas, SHOFKO's has always viewed the private sector as an integral partner in the delivery of interventions to its community members – by leveraging resources and expertise in various fields such as healthcare, sanitation, education and livelihoods.

SHOFKO's journey through the partnership process



Internal alignment

SHOFKO has built an extensive network of over 400,000 SUN (Shofko Urban Network) and community centres, through which it provides inter-connected services. Through this platform, it can easily integrate partnership projects depending on a partner's preferred area of intervention

Partner selection

SHOFKO has attracted the interest of private entities in Kenya. However, SHOFKO ensures that partners are only engaged based on intersection with community needs. The organisation is also particular in shared value and considers more sustainable solutions rather than one-off donations

Implementation

Project implementation is guided by signed MOUs that provide timelines, roles and the scope of the engagement. SHOFKO often begins with pilots with small populations then scales the interventions to larger populations. It also factors in flexibility in implementation to allow for iteration

Evaluation/ Scaling

The organisation collects feedback from all stakeholders through periodic feedback forms that allow them to get real time information. SHOFKO has also invested in an open source data collection software that ensures beneficiaries are geo-tagged and key information fed into an electronic database

Results and outcomes

Through partnerships, SHOFKO has leveraged its understanding of low-income settlement areas in Kenya to deliver sustainable solutions in key development areas. For example, during the pandemic, the organisation reached the highest number of beneficiaries in the country (2.4 million) mainly in partnership with private entities such as Safaricom, Jumia, Colgate Palmolive, KAPA industries among others

Key lessons learnt

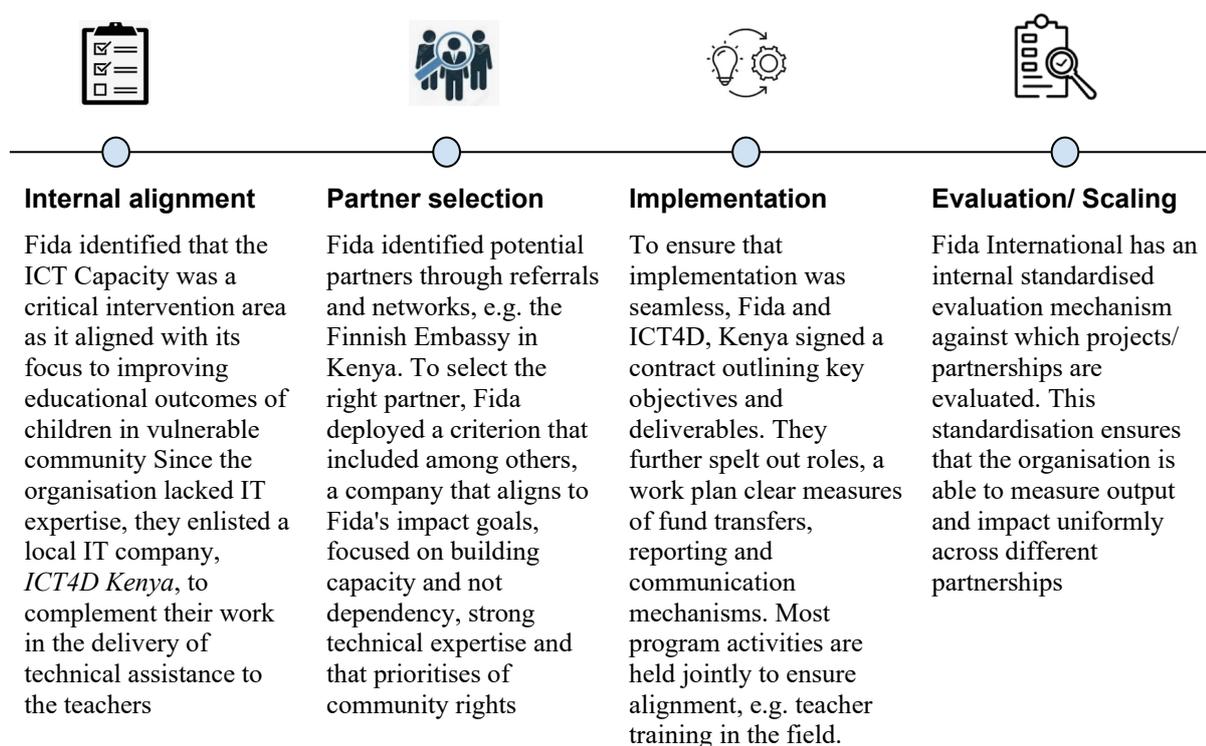
- Structuring flexibility in delivery is critical towards ensuring that partners can quickly iterate the approach in case of eventualities
- SHOFKO has learnt to be agile and nimble in partnerships with the private sector. Their ability to rapidly test assumptions, iterate and execute is a valuable capability for partnerships
- Outlining clear objectives for all parties has been crucial in outlining what success looks like - making the execution process more effective

6.2 Case study 2: Fida International

The Challenge/ Situation

Fida International is a Finnish faith-based organisation working in global missions, community development and humanitarian aid in 51 countries. The organisation's mission is to deliver the sustainable transformation that gives marginalised and unreached people strength to overcome hopelessness, eradicate poverty and transform their communities. In Kenya, Fida International is working on a programme in Kilifi to improve education outcomes among vulnerable children during the COVID-19 period using technology as an enabler to drive access to education. The challenge identified was that local primary school teachers lacked the required ICT literacy to leverage digital learning. As such, Fida International established a programme aimed at building the ICT capacity among these teachers in the county. Fida International lacked requisite IT expertise, and thus required an external partner that could deliver this capacity and expertise to the teachers.

FIDA International's journey through the partnership process



Results and outcomes

Fida successfully launched its capacity-building engagement in Kilifi (which was ongoing during the period when this study was conducted). The organisation successfully leveraged ICT4D Kenya's expertise and infrastructure to train hundreds of teachers in Kilifi County. This partnership has enabled the organisation to improve the capacity of teachers in the region successfully, and consequently improve access to digital learning for vulnerable children in the county.

Key lessons learnt

- A clearly defined work plan and roles for each partner is critical during execution allowing each partner to manage expectations and maximise on their full suite of expertise
- Even where *ICT4D Kenya* brought in the expertise, Fida was still required to invest in the supporting infrastructure, e.g. devices and internet - which were capital intensive
- In poor communities, affordability of solutions can be a challenge, which often dissuaded the company from continuing in such areas

6.3 Case study 3: Arifu

The Challenge/ Situation

Arifu is a major capacity-building platform that provides digital content and an interactive learning platform that is personalised and free for its learners. Arifu gives the world's least served people access to the information they need, from the organisations they trust, on any mobile phone. We do this through an Edutech platform that delivers high-quality educational content, as well as a content digitisation service that processes and optimises any type of content for digital delivery. The Arifu chatbot delivers content adaptively, based on learner preferences and responses, resulting in better learner engagement and higher rates of positive behaviour change. Our chatbot is a trusted advisor in everyone's phone—accessible without internet or airtime. Arifu's chatbot is omnichannel and allows both smart and feature phone users to learn via SMS, WhatsApp, and Facebook Messenger. Arifu has been used to deliver digital learning content in both corporate and development and humanitarian sectors in smallholder farmer agriculture and livelihoods, business and entrepreneurship, financial inclusion, nutrition, healthcare and well-being during Covid-19 response

Arifu's journey through the partnership process



Internal-alignment

Arifu has built a conversational Artificial Intelligence interactive learning platform that has a reach of over 1.5 million users through which it delivers digital learning content. Arifu identifies potential partners to pitch the product and works with a partner to identify its needs. Arifu then produces content in-house using internal expertise and partnerships with subject matter expertise.



Partner selection

Arifu identifies its clients by pitching the product and services it can offer as a service provider. An initial discussion ensues concerning the potential of working together. Arifu develops a concept note or proposal that articulates what we can do for a partner. Once approved and contracts are signed leads to the digitisation of content and delivery on our platform. Arifu's uses a B2B business Model



Implementation

Project implementation is driven by contractual agreement with a partner. Arifu assigns a Project Manager to oversee the project and recommends that a contact person is provided on the partner side. The kick-off meeting is standard for all engagements. Arifu works with partners to identify pilot locations to test the solution with and iteratively improve before scaling to other users.



Evaluation/ Scaling

Arifu can collect data and insights from critical audiences served through surveys. The platform offers rich analytics that can measure uptake, among other variables. Arifu can bring onboard research partners to measure the results of a project if needed independently. Arifu's business model offers organisations a means to licence and monetise their courses on the Arifu marketplace

Results and outcomes

In the past five years, Arifu has reached over 1.5 million learners in 6 sub-Saharan African countries, giving them access to skills-based learning in financial literacy, entrepreneurship, and acceptable agronomic practices. On average, there are over 50,000 active users on the Arifu platform each month. Arifu has collaborated with organisations such as the World Bank, Mercy Corps, the Mastercard Foundation, Heifer International, Syngenta, TechnoServe and Google.

Key lessons learnt

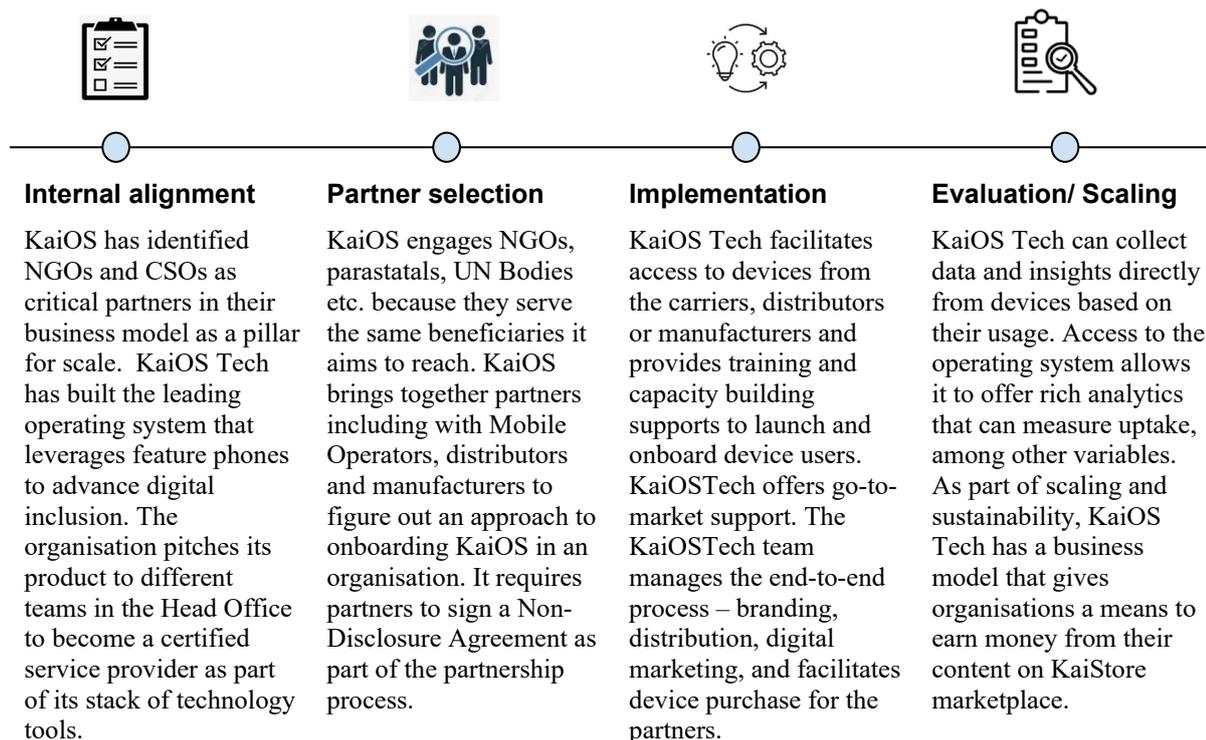
- Figure out the mechanics of developing content, depth of engagement is highly dependent on the quality of the content
- Ensure that the product is accessible to users with different levels of connectivity
- Pace and readiness to adopt technology and innovation play a vital role
- Figure out the partnership process and access to funding or resourcing methodologies before engaging a partner, and it saves a lot of time before the project kicks off.

6.4 Case study 4: KaiOSTech

The Challenge/ Situation

Over 4 Billion people do not have access to the internet. That is more than half of the world's population left out of the digital revolution. These people are still disconnected because smartphones are expensive. Data plans cost too much. Touchscreen devices and apps are often intimidating to first-time internet users. KaiOS Technologies aims to advance digital inclusion and close the digital divide by leading the development of an operating system called KaiOS for smart feature phones. KaiOS exists to empower people around the world through technology. The company seeks to collaborate with companies and NGOs, including manufacturers and carriers, to bring down the cost of devices and data and works with developers to launch locally relevant apps so that everyone can join the digital revolution.

KaiOSTech journey through the partnership process



Results and outcomes

Unfortunately, the organisation still does not have an active partnership and are currently having conversations with large NGOs and Donors who can scale the product to market in different countries. A lot of opportunities exist that KaiOS is deliberating on with the various organisations, including using the devices for learning purposes, as mobile hotspots, for teacher training, mobile payment etc.

Key lessons learnt

- KaiOS Tech and NGO/CSO have converging interests in beneficiaries – we all serve the underserved members of the society
- It is critical to engage different teams in the organisation are they have varying needs and interests
- It takes time before results are seen, KaiOS presents a different way of working from traditional partnerships
- It is critical to understand NGO/CSO needs and align accordingly

7. RECOMMENDATIONS

The NGO-Private ecosystem in Kenya is growing, albeit, not at the pace needed so that no one is left behind. There is a need for urgency in developing partnerships that move away from traditional philanthropic activities to more strategic partnerships that can guarantee social impact, the attainment of national goals and the SDGs. One of the critical values of NGO-Private sector partnerships rests on their individual, yet direct interaction and exposure to the day-to-day activities of the people they serve. They hope to see them improve their lives enough to transition from survival to achieving their aspirations and full potentials. Partnerships mainly aim to combine resources and combine complementary assets to achieve common goals articulated in a partnership agreement agreed upon by all parties. Kenyan NGOs and CSOs have not taken the full advantage of potential private-sector partnerships. Still, they are looking towards building these relationships in the future, especially as a result of successes realised as part of Covid-19 responses.

Funding and other complementary resources are a vital part of existing partnerships. However, this is just the tipping point; a lot more goes into a successful collaboration as discussed in the principles for high impact partnerships section. Partnerships are the way to go. According to the United Nations Global Compact, NGOs have high potential in driving alliances with private sector entities. Such partnerships promise to leverage synergies and scale by tapping on the complementary capacity provided by the private sector. It is recommended that each partner should have clear and coherent objectives that go beyond the initial project to show results in the longer term. Lack of clarity in the strategic vision for partnership affects the quality of collaboration. The coalition needs to reach out to other partners in the sector doing similar work through forums where partners can learn from previous work, adopt best practises and drive innovation to make an impact for the betterment of people's lives and sustenance of development efforts.

Existing partnerships, whereas somewhat successful, still struggle to kick-off, as a result of complex business processes in the NGO/CSO side. Often, NGOs and CSOs find it challenging to articulate their value propositions related to the project outside of the financial resources and technical expertise they possess to drive the partnership. Additionally, NGOs struggle to express what they need in a partner, as such private-sector partners find it hard to determine what NGOs need and what they can contribute towards the partnership. Complex business processes hinder innovation and delay implementation. It is recommended that NGOs spend time to understand what problem they are trying to solve, required resources and what success looks like with a straightforward narrative that uses plain language for everyone to understand. It is vital to articulate choices by being clear on how to create systemic change. They also need to understand processes and who will drive the engagement from their side to ensure that vital milestones are achieved throughout the lifecycle of the partnership.

Private sector partnerships are often poorly funded yet aim to achieve high results. This underfunding issue is one of the key challenges mentioned in NGO-Private sector partnerships that result in gaps around how much time is dedicated to the implementation of the project, poor implementation results in failures in achieving project objectives. Private sector projects are the most sustainable; although considered minimal funding, there is a general agreement that when well implemented to be worth every effort. It is recommended that NGOs and CSOs have a clear understanding of the resources required to run a project and not compromise much on these successes. Under-resourced projects run the risk of reputational damage and trust issues for all parties. They might exacerbate existing challenges for the already marginalised and vulnerable members of the society who could have benefited from project results.

NGO-Private sector partnerships driven by technology and knowledge transfer need to ensure that whatever products and services offered are contextualised to local needs and conditions before they are brought to market. Potential users of products and services need to be at the centre of the design to ensure that they are fit for purpose and to drive engagement and buy-in. It is highly recommended that local partners are identified that can lead the route to market for the contextualised products and services by ensuring that there is local access, maintenance and support post-project. If not, the local community runs the risks of losing gains made during the project, and the project will eventually collapse. Local actors, when well trained and mentored, can drive market stimulation, local ownership. They can remove barriers they come across in a bid to sustain gains and build on successful models for their businesses. Private sector involvement builds support and makes development policies more effective, poorly informed citizens, and the private sector are less likely to demand improvements in development cooperation. Furthermore, comprehensive and effective strategies for engaging with the right private companies are needed to enhance CSO-enterprise cooperation.

Access to new markets is one of the critical drivers of private-sector partnerships. The private sector is also always looking to reap a return on investment quickly; this is challenging in the development sector where before results are seen, a lot of effort is spent in getting buy-in from various stakeholders and developing positive behaviour change in the communities. Factors outside the direct partner's control play significant roles in the process and can bring about issues of trust and delays in implementation. It is recommended that there is clarity in what success looks like for all partners. Success can have positive outcomes directly linked to the specific projects and those that are expected to piggyback on the implementation of the project. A partnership that provides room for open and transparent ways of achieving impact builds mutual trust requisite for sustained development cooperation.

Our research identified monitoring, evaluation and learning as essential elements of a partnership. Partnerships that establish what success looks like at the beginning understand what resources are required and commit them. They develop an exit and sustainability plan from the get-go that ensures gains are sustained, tolerates failures and understands significant changes made in the course of the partnership to achieve planned results. These partnerships continuously review their progress and adapt as beneficiary needs change, as political and social environments change, and new people come in. It is recommended that monitoring and evaluation efforts go beyond the project to measure broader outcomes in the areas the partnership works. Even as the partnership space is growing, it is critical to put in place address issues such as accountability and corruption, and risk management throughout the partnership and aim to set an excellent example of responsible corporate culture that benefits everyone. The achievement of national goals and the SDGs will require the highest levels of transparency and accountability from everyone, and especially those at the forefront of development work.

Programmes developed using a People-led participatory approach throughout the partnership's lifecycle from design to monitoring and evaluation have higher chances of success. Taking an approach that focuses on solving problems from a "whole society approach" goes a long way in building a general and well-informed citizenry and is crucial for ownership of the development plan. The achievement of national goals and the SDGs requires that everyone is fully engaged, these include both partners, citizens and other stakeholders working in harmony for sustained development. It is important to communicate results, the good and the bad. Many don't understand the development sector, what works and what doesn't as well as what organisations have learnt from

their failures and successes. It is recommended to promote communication and coordination at the institution level to develop mutual accountability.

Systemic change that brings about sustainable development calls for everyone to work together. NGO-Private sector partnerships can hold the government to account and work together to create an enabling environment for all, call for independent monitoring of development cooperation, effectiveness and better governance. It is recommended that these partnerships foster local, county and national level multi-stakeholder platforms that drive development beyond economic progress alone.



Photo: "76 MIT International Development Innovation Network (IDIN)" by USAID_IMAGES

ANNEX 1: The Kenyan Innovation Ecosystem



ANNEX 2: List of interviewees

Interviewee	Organisation	Title
Craig Heintzman	Arifu	CEO
Andrew Miller	Get Boda	CEO
Katherine Potaski	SHOFCO	Chief Advancement Officer
James Ang'awa Anditi	World Vision Kenya	Director, Programme Effectiveness and Impact
Fashid Koskey	World Vision Kenya	Programme Officer
Miora Randriambeloma	KaiOSTech	Business Development & Partnerships Director, Africa
Magdalene Wanjugu	Nairobites Trust	Executive Director
Paula Kontinnen	FIDA International	Regional Programme Manager
Jonathan Mativo	ICT4D Kenya	Founder/ CEO

Table 4: List of key informant interviewees