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LEVERAGING MULTI-STAKEHOLDER COLLABORATION FOR SYSTEMIC CHANGE IN RESPONSIBLE VALUE CHAINS

SIX PRINCIPLES FOR TRANSFORMATIVE PROCESS DESIGNS

A CONTRIBUTION TOWARDS THE IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT GOAL NUMBER 12

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EXECUTIVE SUMMARY

This study aims at encouraging multi-level stakeholder collaboration for scaling the systemic change needed for the sustainability transformation in commodity sectors. It provides guidance for planning programmes and projects for responsible value chain promotion collaboratively with all relevant stakeholders.

Transformation refers to changes in the interaction of stakeholders that involves deeply innovative approaches towards thinking, acting, power structures, and relationships (Waddell, 2015). Such changes often require large-scale interactions between multiple agents and agencies. They build on existing structures, but seek to overcome dysfunctional patterns and vicious cycles that affect producers, workers, social systems, and the environment negatively. The ultimate aim of transformation in the commodity sector is **long-term sustainable production and consumption.**

Key messages:

- For the sustainability transformation of value chains to succeed, multi-stakeholder collaboration becomes increasingly important. However, its success hinges on the capacity of all actors to understand how to manage change collaboratively. Funding procedures and implementation planning need to reflect this.

- Donors, implementing agencies and funding partners need to acknowledge that building successful collaboration requires time and resources. High quality collaboration projects require dialogue and cooperation structures at all levels of the value chain. This should be reflected in project designs and budget.

- Projects in which all actors understand the essentials skills for making the envisaged cooperation successful have a much higher likelihood of success. Transformative process designs take the need for quality collaboration into account and ensure increased impact.

- Building the knowledge base for multi-stakeholder collaboration, and supporting practice exchange is crucial. Learning and capacity building around multi-stakeholder collaboration should be part of every project design.

Section 1 outlines the challenges of responsible value chains and the relevant Sustainable Development Goals. **Section 2** elaborates how a systemic approach to multi-stakeholder collaboration for responsible value chains can enhance overall impact. It suggests six transformative design principles for multi-stakeholder collaboration based on the *Collective Leadership Compass* and illustrates how they can be applied to navigate the complexity and dynamics of change successfully. **Section 3** explains the role of backbone support for responsible value chain initiatives. **Section 4** makes recommendations for funders who intent to finance responsible value chain initiatives.

1. THE CONTEXT

Many people consider it a historical date: September 25th 2015 saw an agreement of 195 member countries of the United Nations to adopt what is known as 17 "Sustainable Development Goals (SDGs)", a joint commitment to end poverty, ensure prosperity for all and protect the integrity of the planet. The 12th goal refers to sustainable production and consumption. This theme can range from resource and energy efficiency to sustainable infrastructure, providing access to basic services, as well as green and decent jobs. It also refers to the mainstreaming of sustainable value chains as a prerequisite for a better quality of life for all.

SDG No 12: Responsible Consumption and Production - Ensure sustainable consumption and production patterns.

"*Sustainable consumption and production aims at 'doing more and better with less,' increasing net welfare gains from economic activities by reducing resource use, degradation and pollution along the whole lifecycle, while increasing quality of life. It involves different stakeholders, including business, consumers, policy makers, researchers, scientists, retailers, media, and development cooperation agencies, among others. It also requires a systemic approach and cooperation among actors operating in the supply chain, from producer to final consumer. It involves engaging consumers through awareness-raising and education on sustainable consumption and lifestyles, providing consumers with adequate information through standards and labels and engaging in sustainable public procurement, among others.*"[1]

In order to bring about change around all of the SDGs, actors are required to radically shift their way of thinking, acting, and working together. Partnerships are essential to implement the goals.

SDG 17: Partnerships for the Goals - Revitalize the global partnership for sustainable development.

Practitioners know that transforming value chains can only be achieved in close collaboration between different societal sectors, and requires substantial changes of the way today's value chain patterns are organized. Reducing poverty as well as environmental and social costs, while strengthening economic competitiveness, requires that industries operate beyond a compliance focus and a "do no harm" paradigm. They need to become partners in creating value chains that work for producers and consumers alike, and contribute to a thriving environment.

Over the coming years, companies will have to manage many challenges related to the social and environmental sustainability of their value chains. This includes issues such as compliance with new regulations, reduction of water and energy consumption, responsible management of natural resources, or responding to stakeholder expectations. The challenges of making value chains sustainable are manifold, and no company will be able to address them alone. A consolidated effort of businesses collaborating with each other and with many different stakeholders is needed.[2]

This is greatly supported by **transformative process designs** that engage various actors in the value chain for successful collaboration, including producers, governments, NGOs, intermediaries, and final consumers. It means raising consumer awareness for sustainable consumption, mainstreaming sustainability standards in sourcing practices, empowering producers in the sustainable management of resources, and encouraging governments to

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[1] Source: http://www.un.org/sustainabledevelopment/sustainable-consumption-production/

[2] Hicks, & Waddock, 2016; Kuenkel, 2016;2015

provide enabling environments for more sustainable production and consumption. Above all, it also means empowering farmers to shape their future collectively, and

subsequently strengthen cooperatives, associations, and other support structures that have farmers' interests at heart.

1.1. THE CHALLENGE

Current activities to advance sustainable value chain patterns are manifold, both internationally and locally. Many actors, be they from the private sector, civil society, development organizations, or governments are engaged in sustainability initiatives around voluntary standard development, improvement of value chain integration, innovation of farming practices, promotion of sustainable consumption, or protection of worker's rights. This is important as **only a multiplicity of approaches can lead to the goal of sustainable production** and provide the iterative learning field required for adjusting implementation strategies.

Yet, the activities in support of responsible value chains are sometimes inadequate, too narrowly designed, or duplicated in their efforts. **Transforming entire commodity sectors towards sustainability must be seen as intervening in a complex adaptive system** (Finidori, 2015; Obolensky, 2014; Capra & Luisi, 2014). Such systems are co-evolutionary, volatile, interdependent, and unpredictably dynamic (Mennin, 2007; Hammer, Edwards & Tapinos, 2012; Stewart,

2002). They often present so-called intractable challenges with dysfunctional patterns of stakeholder interactions that lead to vicious cycles of human exploitation, environmental degradation, and depletion of natural resources. Negative path dependencies (Goepel, 2016) set in that are difficult to stop or reverse. A constellation of factors fuels them, such as the lack of low enforcement of government regulations, economic logics that spur races to the bottom in prices, or lack of organisation of producers and harmful agricultural practices. No single actor can address these challenges alone.

Hence, **transforming commodity sectors requires collective action by multiple stakeholders** with different perspectives on problem definition and means of resolution (Kuenkel, 2013). This is greatly enhanced through dialogue, collaboration, and commitment to joint implementation. Multi-stakeholder collaboration initiatives have become a promising approach to overcome dysfunctional patterns and stop or reverse negative path dependencies.
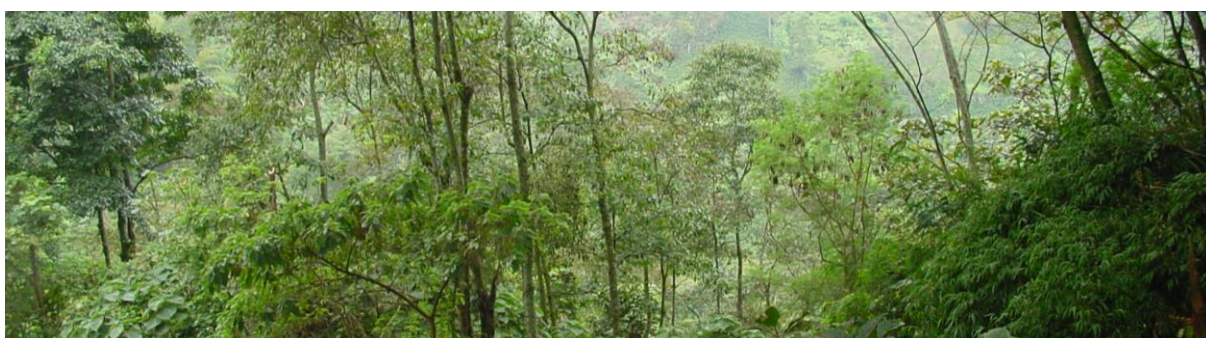
Source: Collective Leadership Institute

1.2. FROM CHALLENGES TO OPPORTUNITIES

Many NGOs, businesses, and development agencies have gained extensive experience in supporting different actors in the implementation of responsible value chains, as well as in the development and application of voluntary social and environmental standards. Increasingly, these supportive activities are designed and managed as complex multi-stakeholder processes.

The following graph (Fig. 1) summarizes the complex transformation system that needs to be taken into account for transformative project and programme designs. It is based on the idea that if all actors engaged in sustainability transformation in their area of expertise and their societal role, yet collaborated to further the coherent goal of sustainable production and consumption, it could have an enormous impact.
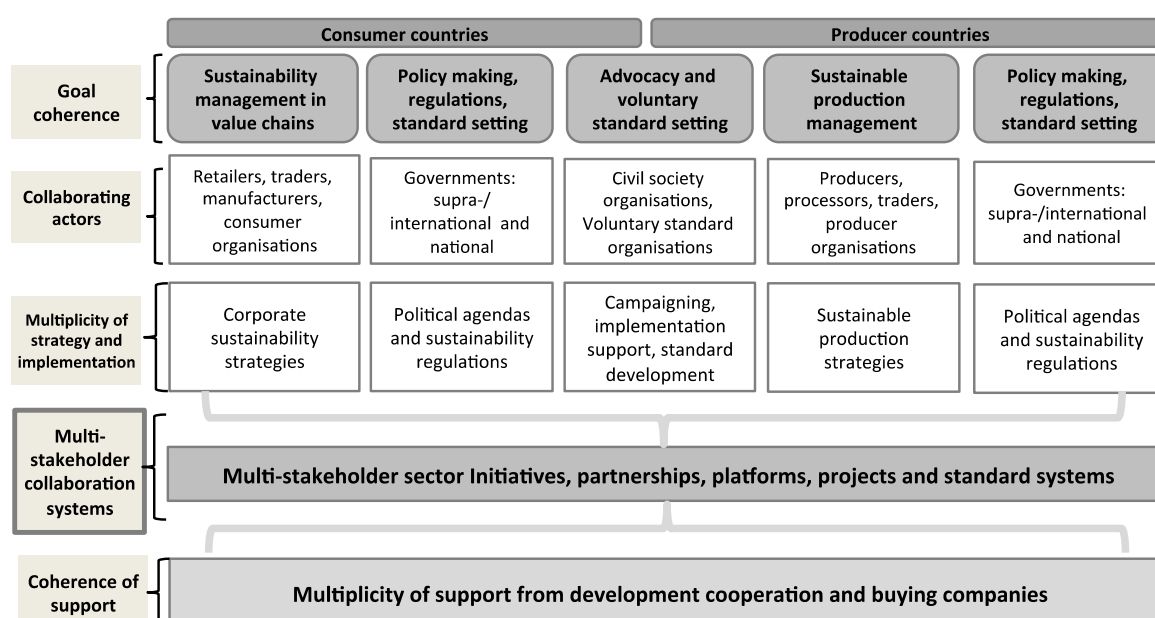
Figure 1: The complex transformation system around responsible value chains

Transformation systems are nested systems of institutional actors that aim at a large-scale change of a status quo or 'business as usual' towards sustainability. Transformation systems are composed of smaller contextual collaboration subsystems between certain actors around certain issues and in certain geographical areas. For example, all actors attempting to improve the living conditions of cocoa farmers form a transformations system. Within such a complex system, a large number of smaller projects, programmes, or initiatives targeting certain aspects of the cocoa value chain exist.

2. TRANSFORMATIVE PROCESS DESIGNS – FROM ISOLATED PROJECTS TO COHERENT IMPACT

A look at the landscape of initiatives targeting responsible value chains shows that activities follow the priorities and funding logics of certain stakeholders. Subsequently they are often fragmented, disconnected and or operate in niche areas.

Arriving at transformed value chains does require a variety of interventions that need to differ according to context, scale, actors involved, focus, and preferences, as well as approaches. However, the well-intended multiplicity of initiatives may lead to duplication, if not at times competing or contradicting efforts. The challenge lies in developing the coherence of an overall approach. This reduces the overburdening of certain stakeholders (such as producers or governments) with activities and furthers a pro-active integration of initiatives into a 'larger transformation' system to enhance overall impact.

Table 1: Taking a systemic approach

THE CHALLENGES	• Growing number of multi-stakeholder efforts. • Growing complexity of multi-actor-settings.
THE WAY FORWARD	• Designing projects, programmes, and initiatives complementarily as part of large-scale transformative change. • Taking a systemic approach to promoting effectiveness of multi-stakeholder collaboration.

2.1. THE ENTRY POINT FOR SYSTEMIC CHANGE – FOSTERING CONTEXTUAL MULTI-STAKEHOLDER COLLABORATION SYSTEMS

As value chain transformation requires multi-stakeholder collaboration at various levels, it is increasingly important that all actors develop an understanding and the capacity for **co-creating contextually appropriate collaboration systems.** These can be described as purposeful and issue- based formats for working out new pathways into the future together and **leading the change collectively**, each actor in their specific field of expertise. Depending on the context, the structure of the value chain, and the readiness of stakeholders for a joint approach, such multi-stakeholder collaboration systems can be organized as platforms, initiatives, steering groups, or cross-sector implementation projects. In well-functioning **collaboration systems**, the diverse stakeholders bring in concerns, interests, and expertise, and learn from one another about their respective thematic knowledge and geographic contexts. They identify key challenges and articulate goals together and, drawing on their complementary roles, strengths, and agility, they realise their shared vision.

Collaboration systems can exist at many levels of a value chain; they can overlap, interact, and collaborate with each other. The better the understanding and culture of collaboration, the more likely are the envisaged outcomes. The key is to find a way to fit the multiple actors, levels, initiatives, and other pieces of

the change puzzle **collaboratively together in a desired direction**. This includes support strategies, for example by international cooperation or buyer companies. For planning implementation of projects, programmes, and initiatives, it is therefore not only important to understand the complex transformation system, but to seek collaboration and complementary implementation with other initiatives and other funding agencies.

Transformative process designs encourage a systemic perspective that is essential for leveraging the potential of multi-stakeholder collaboration for value chain transformation. This needs to be translated into the mode of operation of every project and programme. Successes and failures in past multi-stakeholder partnerships and collaboration initiatives around value chain transformation provide numerous hints how to enhance transformative designs and, subsequently, impact.

"For systemic change to arise and to be meaningful and endure in the long term, it needs to occur in a variety of ways and arise from many different locations, interconnected as networks and networks of networks. Isolated silos of thought and action need to become linked in a fabric of interventions that is compatible with the diversity of appropriate forms of action, creating synergies that leverage their variety, their complementarity, and the richness of possible pathways they create. Plurality of interventions is a vital condition for systemic transformation'." (Finidori, 2015, p. 8-9)

Source: Collective Leadership Institute

2.2. ENCOURAGING SYSTEMS LEADERSHIP

Multi-stakeholder collaboration in such a complex field as value chain transformation with many layers of actors that need to be brought together in coherent action may, at times, feel arduous and overwhelming. Based on the experience of 20 years of multi-stakeholder collaboration and specific support to value chain transformation, this working paper identifies **six design principles for transformative process designs** that enhance impact. They are modelled around successful transformative initiatives and take into account an approach to systems leadership (Senge et al. 2015; Kuenkel, 2016)

that enables multiple actors to jointly drive the change envisaged: they enhance the capacity of a system of actors to **lead transformative change collectively.**

Tested in many multi-stakeholder settings from local to global change, these features are inspired by the **Collective Leadership Compass** (Kuenkel, 2013; 2015; 2016), a practice model for leading transformative change collectively. The Compass suggests six dimensions that – consciously attended to – enhance constructive and reliable collaboration efforts.

Figure 2: The Collective Leadership Compass

Every change endeavour starts with people considering future possibilities. At times individuals sense a potential future and at times a vision for a future is developed by a group of people. Over time the potential then grows into a more structured change initiative or even a movement. The dimension of **future possibilities** refers to the human competence to take responsibility and consciously shape reality towards a sustainable future. However, even the greatest visions for change are futile if not enough stakeholders are prepared to commit to action.

Effective multi-actor settings therefore require sufficient **engagement** of stakeholders – the powerful and the less powerful, the influential and the affected. Meaningful stakeholder engagement processes can create trust and cohesion, invigorate network connections, and foster collective action that leads to tangible outcomes. The dimension of engagement refers to the human competence to create step-by-step engagement towards building effective collaboration eco-systems. However, if novelty does not also enter a collaboration system, the process might not move forward.

Leading future possibilities and engaging relevant stakeholders are essential to starting collaboration for change. However, these processes might come to a standstill, if actions and behaviours that led to the current situation are re-created. Although learning from the past is valuable it should not limit leaders to simply create new variations of existing solutions. The dimension of **innovation** refers to the human competence to create novelty and find intelligent solutions. However, innovation that does not take the human aspect into account can create unsafe environments.

Awareness of the human story has both an individual and a collective perspective. Collaboration systems are able to shift towards constructive solutions when there is mutual respect and acknowledgment of the intrinsic value of all people, regardless of different opinions and viewpoints. The dimension of **humanity** refers to the ability of each person to connect to their unique human competence in order to reach out to each other's shared humanity. Increasing awareness, however, requires exchange with others about the actions to be taken.

Life thrives on diversity, and so do human collectives. Meaning–making frameworks – offline or online - rooted in dialogue between human beings are essential to multi-stakeholder collaboration – if balanced with all other dimensions. The dimension of **collective intelligence** refers to the human competence to harvest differences for progress. However, all collective moves towards sustainability need to also be embedded in people's ability to see the larger picture.

When stakeholders are able to gain perspective and see a larger picture, they are often able to shift to new insights, better understand the coherence of a situation or attend to the needs of a larger whole. Gaining perspective and seeing a collaborative change effort from within a larger context is a relative, yet important step, in mastering complexity. Stakeholders are often experts in their field and trained to focus on fragments of reality, on a small fraction of a larger story, or on their own particular interest. The dimension of **wholeness** refers to the competence to see a larger picture and stay connected to the common good.

Source: Collective Leadership Institute

Table 2: The six dimensions of collective leadership (Kuenkel, 2016)

Dimension	Related competencies
FUTURE POSSIBILITIES	Strategically shaping reality while taking the common good into account. Empowering value chain actors and collaboration partners.
ENGAGEMENT	Creating step-by-step engagement of stakeholders (internal and external) towards building effective collaboration systems for complex change.
INNOVATION	Fostering the creation novelty and opening avenues for finding intelligent solutions.
HUMANITY	Acknowledging the personal side of complex change. Appreciating both the collective experience and individual experience of being human.
COLLECTIVE INTELLIGENCE	Leveraging differences in expertise and perspectives into fast and transformative progress.
WHOLENESS	Seeing the larger picture and staying connected to the contribution towards collective value in the context of global development.

More detailed information on how to use the tool is provided in Annex 2. It is recommended to take the six principles into account when planning and implementing initiatives aiming at value chain transformation. They are illustrated with implementation examples and elaborated with hints on how to put them into practice.

2.3. COLLABORATING FOR IMPACT – THE SIX TRANSFORMATIVE DESIGN PRINCIPLES

The following principles inform planning and guide implementation. They can be used at all levels of value chain transformation efforts, from contextually limited small projects to large-scale international initiatives. How they get enacted is context- and issue specific. They should not be seen as separate factors, but unfold the most impact if they are combined. They overlap in the way collective action is designed, and also support each other in their effect.

Transformative Design Principle #1: ENGAGEMENT

- **Build multi-level collaboration systems**
- **Ensure integrated approaches**

For intractable challenges such as sustainable value chain transformations, a variety of approaches and interventions is needed, simply because of geographical and logistic reasons, and most importantly because of the variety of stakeholders involved along the value chain. Different multi-actor settings occur at different point of the value chain – in the example of sustainable cocoa production, there are farmers, associations, independent traders, and international company representatives looking for deals with farmers on one end of the chain. Moving up, there are different state agencies, local NGOs, then national and eventually international NGOs, governments, public roundtables, representatives from the international companies on the global level, and eventually, businesses in the consumer countries and the consumer himself. There is no single all-

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effective strategy to engage all of these stakeholders in one comprehensive system of collaboration. Rather, each step in the chain needs to be considered as a collaboration system in itself, nested in the larger transformation system, and expanding over the entirety of the value chain in a constant process of exchange, adaptation, and transformation with its neighbouring systems up and down the value chain.

In order to maintain this dynamic and render each particular system vital in itself, while also

nurturing and maintaining its connection to the larger system, transformative designs work with an integration of a **top-down and a bottom-up approach in building effective multi- stakeholder collaboration systems.** This integration acknowledges the priorities and interests of the different stakeholders. It allows for unique engagement strategies that are compatible with the realities of the respective stakeholder groups.
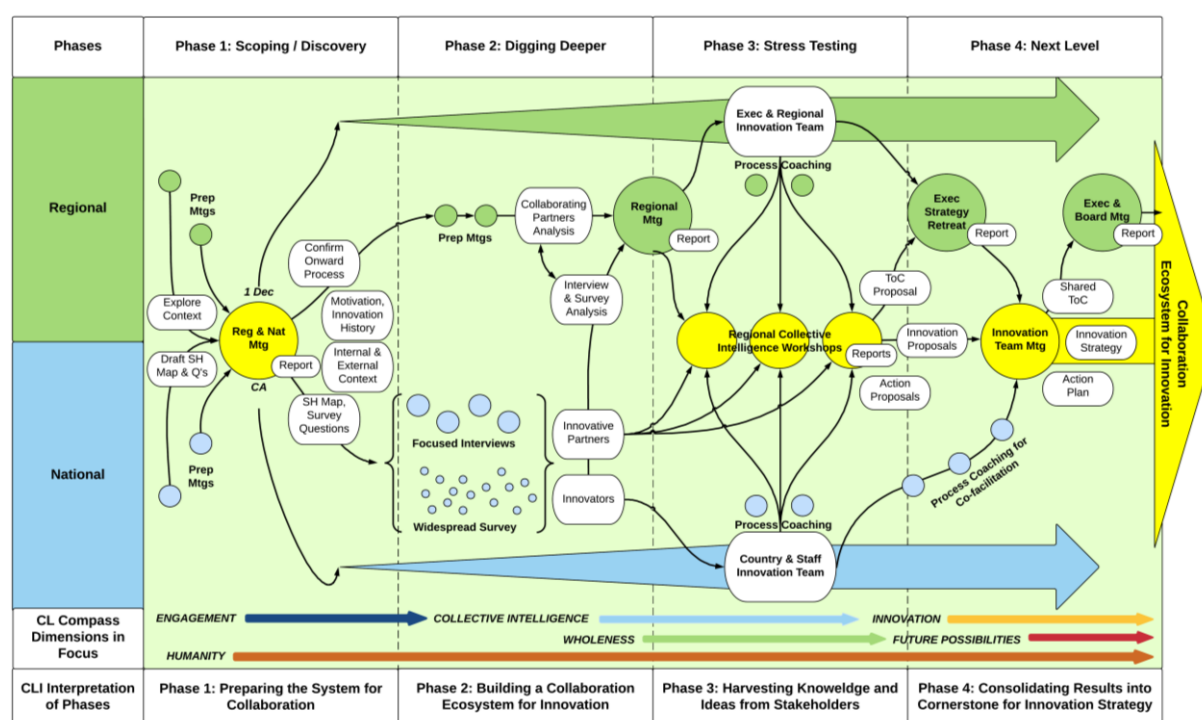

Figure 3: Process graphic example by Collective Leadership Institute

Bottom-up approaches are process designs that start at the local level. They would, after a participatory situational analysis, look at the specific needs of farmers or producers (not only in relation to a specific commodity) and how multi-stakeholder collaboration at that level of the value chain can help farmers shape their destiny or producers to survive in competitive environments in a better way.

Hence, a transformative design may include aspects such as access to finance and management training or capacity development in agricultural or sustainable manufacturing practices, but it would always combine this with building or **strengthening existing**

contextually relevant local multi-stakeholder collaboration systems. Depending on the situation this could mean bringing farmers together, strengthening the exchange between cooperatives or farmers associations, facilitating exchange with local governments and municipalities, or bringing traders, farmers, and cooperatives together. Bottom-up strategies need to identify ways of invigorating producers' capacity to drive change in a self-organized way. Transformative designs facilitate this.

Such careful and **tailored engagement processes** equally provide the base to empower those stakeholders that are

marginalised and in danger of being left out of the collaboration system. Engagement is the basis for marginalised stakeholders to overcome disempowerment and start to shape their destinies in a self-organized way. In sustainable value chain transformations, this often applies to the target group of small-scale farmers or small local NGOs. It is a crucial aspect of a bottom-up component of engagement process to not just include these actors (e.g. by surveys and research to understand their interests and needs), but to actively integrate them in the collaborative process of developing objectives and activities. All stakeholders need to be not just included, but become active contributors to the system. While empowerment processes are sometimes (silently) opposed by other more powerful stakeholders, carefully crafted engagement processes can overcome fear of power loss by strong stakeholders in the system to allow for such empowerment processes to take place.

Top-down approaches are process designs that start at the international or national level. They often involve government actors, but can also bring national farmers associations, business associations, individual companies, chambers of commerce, and NGOs together in a structured dialogue to improve framework conditions, regulations, agricultural policies, and extension services. Top-down approaches can be complemented by international activities, such as multi-stakeholder platforms between business, NGOs, and government with the aim of engaging international value chain stakeholders into more sustainable thinking and acting. All these approaches should also be based on a thorough context analysis, ideally one that includes a collective diagnosis of the value chain system's constraints and potentials by major concerned stakeholders. It is important to not duplicate other initiatives.

However, situations differ, and at times, it may be important to build small contextually relevant collaboration systems first among different government departments, or within the group of private sector actors, or among critical or supporting NGOs, before bringing actors together in a larger collaboration

system, such as a platform, a joint project, or even an international initiative. Although multi-stakeholder steering committees may be important for some of the more complex collaboration initiatives, it is important to not build to many organisational structures too early, but stay lean and focused on the purpose of transforming the value chain. Structures often begin to take on a dynamic that diverts the focus of stakeholders towards positions, decision-making rules, and power games. They can become administrative, while losing sight of the actual purpose.

Initiatives that link multi stakeholder approaches at the international level directly with farmers can also be important in countries where government structures are weak. However, ultimately they need to contribute to strengthening the institutional capacity of farmers, municipalities, and governments. Only this will guarantee that the responsible value chain approach is sustainably anchored in the countries.

The key to the transformative process design principle ENGAGEMENT is to ultimately bring - in a stewarded step-by-step process - actors from the top-down collaboration systems together with actors from the bottom-up collaboration system into exchange, mutual learning, and collective action.

This can be done in exposure trips, dialogue-formats, exchange visits, or through the consolidated building-up of a larger, structured collaboration system that includes all stakeholders, from buying companies to small-scale producers. Top-down and bottom-up combinations enhance an identification of all actors with the larger transformation system. This awareness will not only render the local multi-stakeholder cooperation effective and impact-oriented, but will also transcend the fragmentation of perspectives and initiatives that are a common challenge in value chain transformations. This creates a conducive dynamic for the larger systems change that is needed to move all actors towards value chain transformation. Once all actors begin to perceive the situation as a joint challenge they will start supporting each other to improve the

situation. Fig. 3 gives an example of a process graphic that illustrates the integration of diverse stakeholders from the regional and national level over time for the creation of a collaboration ecosystem for innovation.

The engagement processes for each stakeholder group should be adjusted not only to each of their respective mind-sets, cultures, or decision-making structures (the most known example here is the difference between private and public sector), but should also take into account the particulars of each stakeholder's position in the value chain. This does not just mean background research, but instead a process of recurring dialogue with the stakeholder group. This will allow for an understanding of the context from the stakeholder's perspective, which is indispensable for designing for impact.

Table 3: ENGAGEMENT - Implications for planning and implementation

Transformative Design Principle #1: ENGAGEMENT	
• **Build multi-level collaboration systems.**	
• **Ensure integrated approaches.**	
Build multi-level collaboration systems	• Explore the context in a conversational and participatory situational analysis.
	• Identify relevant collaboration systems at the different levels of the value chain.
	Bottom-up collaboration system:
	• Ensure a joint situational analysis by affected stakeholders, relevant producers, farmers, etc.
	• Create structured dialogue with relevant other local stakeholders
	• Gather background research, data, benchmarks, etc.
	• Strengthening existing organisational and collaboration structures, or support formation of new structures.
	Top-down collaboration system:
	• Co-create context analysis.
	• Bring cross-sector stakeholders or stakeholder caucus groups (same stakeholder group) into structured dialogue.
	• Ensure benchmark experiences or best practice cases are known to all.
	• Create contextually relevant, e.g. around certain issues, dialogue and collaboration structures.
Ensure integrated approaches	• Bring selected (sometimes chosen as representatives) stakeholders from international, national, and local level together.
	• Build cross-level collaboration (e.g. learning exchange, innovation labs, planning events, multi-level coordination committees, and multi-level governance.

Transformative Design Principle #2: FUTURE POSSIBILITIES

- **Foster goal coherence**
- **Vision development**
- **Design for empowerment**

Every project, programme, or multi-stakeholder initiative requires a clear set of goals, expected outcomes, and a stated desired impact, often accompanied by a thought-through theory of change. Yet, as a matter of fact, particularly multi-stakeholder approaches in responsible value chains are not only complex in themselves, but operate in complex environments that are volatile und unpredictable. Hence, **goals need to function as transformational guidance**, but the details, including intervention designs, need to be flexible and iteratively adapted.

However, in transformative designs, **goal coherence** is more than goal statements elaborated in project plans, often framed in numbers that have increased. Each actor in the value chain will necessarily have her own interests, and subsequently her own goals. But, it is important to gradually build a joint vision or a goal that is coherent enough that all actors, as institutions and as individuals, can relate to. **The emotional connection to a larger goal is an underestimated driver for changes in behaviour**. The number of stakeholders in a value chain transformation system is too large for joint vision development, but it is nevertheless essential to understand which level of goal coherence creates resonance in all relevant stakeholders. In addition, it is important to co-create visions at the level of nested collaboration systems.

Goals are a function of the larger vision that stakeholders will only gradually adopt as they engage more and more actively. They gain their value depending on their contribution to the transformation of the value chain.

Three factors need to be taken into account when developing objectives for initiatives that aim for value chain transformation:

(1) Objectives need to be concrete enough to give guidance, while also offering enough flexibility to be adjusted if the context changes;

(2) Objectives need to resonate with key stakeholders and contribute to their emotional and personal engagement.

(3) The connection and contribution of specific objectives to the overall value chain transformation needs to be intelligible and comprehensible to all key stakeholders.

As the summarized overview of the value chain transformation system shows, a certain degree of goal coherence across all relevant stakeholders is of particular importance. Interestingly, very often goals are emotionally positively charged when they relate to the empowerment of weaker stakeholder groups (this is even the case for company representatives and government officials that engage in multi-stakeholder collaboration). Hence, goal coherence is easiest to achieve if it phrases **empowerment of weaker stakeholder** groups, such as farmers, workers, poor people, or the environment (that cannot speak for itself). The crucial point for transformative process designs is to not simply assume that a rationally formulated overall project goal will be sufficient guidance, but to invest in finding the coherence among the goals of the different stakeholders and daring to bring this into an emotionally compelling format that all stakeholders can identify with.

Transformative designs, not necessarily at the beginning of an initiative, but at a point when enough stakeholders have been engaged, **facilitate the emergence of such an emotionally engaging vision for change.** The key partners in any collaboration system within a value chain initiative need to gradually co-construct a vision together that details what form the impact of their shared endeavour will take.

This might contain aspects such as all palm oil farmers in region Y are working together to maintain a system of sustainable land use, or country Z is recognised internationally for its standards in the apparel production sector. The importance here is that the vision creates a picture of the desired change that is easy to visualise, creates identification, and conveys how the change contributes to the overall

value chain transformation. Such a vision can be referenced throughout the collaboration process to check the alignment of specific objectives with the larger goal of value chain transformation, it can provide guidance as to whether the objectives can still contribute to sector transformation given the changes in context, and it will offer support for all involved stakeholders' motivation to contribute to the collaboration.

But this is only the beginning. Both planning and implementation of transformative designs require **faithfulness to empowerment**. Especially in such large undertakings like sustainable value chain transformations, it is crucial not to let empowerment of weaker but key stakeholders fall behind in the efforts to achieve targets and indicators. Taking emotionally charged and coherent goals as guidance means cross-checking planning and implementation for measurable empowerment. This helps all actors keep the focus on the larger goal of sector transformation.
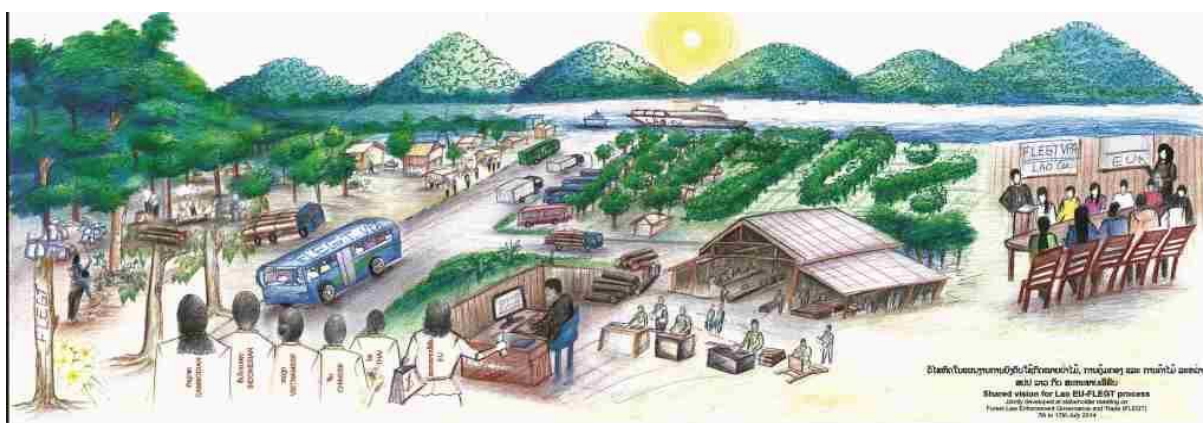
Source: Collective Leadership Institute

It is easy to lose the grand vision of value chain transformation because it is an abstract concept that only becomes real when connected to activities within a particular collaboration project along the value chain. Empowering weaker stakeholder groups to have an active and creative role in the process of shaping and implementing the transformation of their situation is a key element for impact.

A factor that can greatly contribute to empowerment is to bring in advocacy groups.

Many collaboration efforts are hesitant to bring in representatives from this sector, as their activities often circle around exposure of perceived misbehaviour of other actors, and are therefore often considered a divisive or disruptive, or at the very least a difficult, force in collaborative processes. However, their inclusion can ensure that the voice of disempowered or marginalised stakeholders gets heard.

Table 4: FUTURE POSSIBILITIES - Implications for planning and implementation

Transformative Design Principle #2:	FUTURE POSSIBILITIES
• **Foster goal coherence.** • **Vision development.** • **Design for empowerment.**	
Foster goal coherence	• Map initiatives at different levels of the value chain. • Identify the most relevant stakeholders, actors, initiatives – compare goals and targets. • Bring key actors together in a conversation on goal coherence. • Map interests and potential conflicts. • Keep in touch with other relevant actors even if close cooperation is not possible.
Vision development	• After a thorough understanding of the context or a participatory situational analysis, bring key stakeholders together into a joint vision development. • Foster vision development at different levels of the value chain initiative. • Facilitate future-oriented and inspiring conversations. • Bring in professional facilitation familiar with development of emotionally charged visions for change.
Design for empowerment	• Identify potentially useful organisational and communication structures at the different levels of the value chain – enhance and invigorate them. • Identify and appreciate existing attempts to improve the situation. • Strengthen weaker stakeholder groups (most often farmers) to self-organize for change. • Take a whole system approach and identify complementary support interventions.

Transformative Design Principle #3: COLLECTIVE INTELLIGENCE

- **Strengthen dialogue structures**
- **Establish iterative learning structures**

Structures for collective reflection and learning in multi-stakeholder collaboration systems (and between them) along the value chain are a crucial element for their effectiveness. **Joint reflection about the collaborative endeavour and its many facets are indispensable for achieving impact.** This is the only way to prevent falling back into isolated action. A transformation system for value chain improvement is a complex learning system. Transformative designs take this into account and facilitate dialogue and iterative learning. **Collective intelligence** is the key transformative competence that emerges when good collaboration between a diversity of actors is underway. It furthers a shared understanding of the complexities presented by the challenge of sustainable value chain transformation, but also enhances the competence of different actors to create new ideas and spot new possibilities.

Transformative designs create spaces in which collective intelligence can emerge, and do this deliberately beyond the administrative procedure of steering committees or joint

project management meetings. They create these spaces for the different nested collaboration systems, and also in bringing the different circles together.

This can take the form of **best practice exchange, market places, field trips, structured stakeholder dialogues, innovation labs, future designs, or strategic workshops** – whatever is appropriate. Shifting the communication and interaction patterns between stakeholders is at the heart of large systems transformation and multi-stakeholder collaboration with impact.

Iterative learning structures provide the space for the emergence of collective sense-making and for nurturing an atmosphere of co-creation. Regular events or reunions dedicated to the dialogue and learning in a shared reflection provides a crucial balance to the necessarily more administrative, planning-focused, and outcome-oriented nature of many other gatherings in the collaborative process. An inclusive communication structure needs to surround and connect those events, so that transparency is kept in order to safeguard the engagement of all stakeholders.

Most importantly for sustainable value chain transformation, the learning structures of the different collaboration subsystems need to be connected to their 'neighbouring collaboration systems' in the value chain. For example, in the context of sustainable cocoa production, the farmers and their associations or co-operatives, the local representatives from the ministry of agriculture, and representatives from a local NGO in one region may meet regularly every three months to reflect on the process for sustainable farming production. Twice a year, their meeting might be integrated into their participation at a national dialogue platform on the process of implementing the national strategy for sustainable cocoa production, or they might also meet with national representatives from production companies, from the Ministry of Agriculture, and e.g. the Ministry for Economy.

Learning structures, ideally set-up in a way that participating is both enjoyable and inspiring for all actors, are important throughout the life-time of projects, programmes, and initiatives. This breaks with the habit of singular, once-off situational analysis of the context and shifts actors into a mode of regularly reflecting on the situation and potential changes. It also serves as a continuously improving situational analysis. **As much as every implementation project requires understanding reality as a result of 'data gathering' through studies and evaluations, it is crucial that results are not only presented, but truly shared collectively, commented on, amended, complemented, and, finally, owned by all stakeholders.** This becomes an empowering intervention that helps relevant stakeholders see their role in and contribution to the transformation system.

Table 5: COLLECTIVE INTELLIGENCE - Implications for planning and implementation

Transformative Design Principle #3:	COLLECTIVE INTELLIGENCE
• **Strengthen dialogue structures.**	
• **Establish iterative learning structures.**	
Strengthen dialogue structures	• Identify relevant events (fairs, conferences, political events, and cooperative or farmers meetings) and enhance their quality of interactive dialogue.
	• Create regular dialogue structures that ensure all key stakeholders a voice.

Transformative Design Principle #3:	COLLECTIVE INTELLIGENCE
• **Strengthen dialogue structures.**	
• **Establish iterative learning structures.**	
Establish learning events	• Build interactive learning events into implementation plans.
	• Ensure that steering committee, or coordination committee, or advisory or council meetings have interactive designs.
	• Foster dialogue formats that allow stakeholders to understand each other's perspectives.
	• Bring in experiences from other commodities, hand-on exposure to good practices.

Transformative Design Principle #4: INNOVATION

• **Nurture emerging development**
• **Unleash the potential for innovation**

Most logics of project planning and theories of change aim at solving a problem. They define deficits to be overcome. While this is important, it is only part of a reality in a complex system of actors related to responsible value chain transformation. High quality transformative process designs spot already existing empowering change initiatives or hidden competencies that open new pathways to supporting self-organised change. Following the focus on empowerment from principle #2 they **nurture existing or emerging development**. For planning this means to focus during feasibility studies, planning, and co-design of initiatives on:

• Successful past approaches.

• Existing knowledge and awareness.

• Benchmarks of promising practices or initiatives elsewhere.

• **Creating competency inventories** – mapping good practices, promising examples, helpful regulations, successful strategies, etc.

• Identifying the already existing network of pioneers and change agents.

The core understanding of such an approach is to empower actors at all levels of the complex transformation system to design and enact better futures together. Moving from emphasizing deficits to deliberately supporting self-organisation may not always be easy to incorporate into project planning formats. However, **participatory situational analysis** and thorough, continuous context analysis can diagnose malfunctioning patterns of interaction, as well as also **identify patterns that work**, even if they are invisible, do not get attention, or even stabilize an otherwise close-to-collapsing system. For example, the fragile dynamic between intermediary traders, cooperatives, buying companies, and government interventions needs to be understood considering all perspectives. Identifying what already works well for empowering farmers is important, even if these are only small attempts to address challenges. It can help in designing interventions that are built on existing strategies. Such an approach encourages farmers to shape their future collectively.

Many projects and programmes aiming to help farmers tend to follow standard intervention strategies that are focused on overcoming deficits, such as training, access to finance, capacity building in management, or support for standard compliance. All of these may be helpful, however, **transformative process designs refrain from pre-designed intervention strategies**. Instead, they identify successful practices, build on them and stay faithful to empowerment through building **stakeholders' capacity for self-steered development**. In line with an approach of

building contextually relevant collaboration systems and the establishment of dialogue structures, they steward self-empowerment and strengthen solutions in a bottom-up approach. As and when appropriate, they bring in approaches such as exchange visits, exposure to new practices, learning communities, and capacity building.

The same feature applies to top-down approaches in building collaboration systems. Nurturing emerging development here means **identifying the frontrunners for transformation**, highlighting good practices, and bringing those into structured dialogue who are motivated to change the status quo. Only then will the building of top-down collaboration systems in a step-by step process engage those that need to be convinced that change is not only inevitable, but offers a promising future. For example, company engagement in multi-stakeholder initiatives for responsible value chain should not focus on all

relevant actors in the beginning, but on those that already show.

Yet, the planning and implementation of projects and programmes can't always spot innovative approaches. The nature of innovation is that it emerges in creative spaces that can only be steered in a limited way. What can be done, and this should be reflected in implementation plans, is creating **conversational and meeting spaces for innovation**. In practice, this means enhancing farmers' exchange, dialogue between different stakeholders, joint progress reviews study trips for **exposure** to new ways of approaching challenges. This can also take the form of innovation labs, market places for innovation, or exchange visits that focus on innovative practices. Intentionally creating opportunities for an exchange of ideas, experiences, good practices and innovative approaches, can greatly support self-organization for transformation.

Table 6: INNOVATION - Implications for planning and implementation

Transformative Design Principle #4: INNOVATION	
• **Nurture emergent development.**	
• **Strengthen innovation exchange.**	
Nurture emergent development	• Focus context analysis not only on problems, but also on what works.
	• Analyse previous initiatives and activities regarding useful results, connections, networks and structures.
	• Identify innovators and frontrunners and support them.
	• Get stimulating perspectives from outside the system.
Strengthen innovation exchange	• Provide exchange opportunities around experiences and best practices.
	• Offer possibilities for exposure trips, study visits and exchange of experiences.
	• Create innovation awards.
	• Establish events that focus on learning and innovation.
	• Promote a co-creative and innovative atmosphere during events.

For example, a cross-country exchange on agricultural innovation between farmers, farmers associations, and cooperatives can spur advanced practices. This can also be combined with exposure to knowledge and practices from entirely different regions.

Inspiration is the driver for innovation, and whatever supports it, can open new pathways for transforming value chains. Similarly, even though this may be a delicate space in a competitive environment, companies can inspire and push each other to

strengthen sustainability strategies, when they meet in creative spaces to explore new pathways to sustainable sourcing.

Transformative Design Principle #5: HUMANITY

- **Foster trust building**
- **Enhance empathy and understanding**

Most complex multi-stakeholder initiatives that aim at sustainable value chain transformation do not emerge in superficial harmony. On the contrary, even if a small group of like-minded pioneering actors comes together at the beginning, the more the collaboration systems grows, the more conflicts will arise. One very common human reaction to complexity is to insist that one's own way of approaching change is the only possible way. Yet, transformation needs not only a multiplicity of strategies and actions, but also a variety of thought, knowledge, expertise, ideas, experience, and world-views. At the same time collaboration systems among multiple stakeholders are only effective if there is a sufficient degree of trust. Respect for difference turns out to be a crucial element in moving from conflict to cooperation.

Appreciating the dignity of people as people, acknowledging different world-views, and respecting opposing opinions are cornerstones for building effective collaboration. All this goes a long way to fostering trust and, above all, unleashes a dynamic of contribution that is required for achieving vision and goals. Facilitating a joint and active diagnosis of a situation followed by the development of an emotionally compelling vision (see principle #2 on Future Possibilities) can greatly enhance the formation of trust. In such a climate there is no need to build walls against other stakeholders, impose one's conviction or dominate others. Less time is invested in self-protection, the fighting for one's own territory, and the rigidity of one's own vision. More time can be invested in finding common ground, the better solution, or the breakthrough innovation. Solutions, agreements, strategies, and changes are then of higher quality and are more sustainable.

Trust-based collaboration makes more effective use of diversity and complexity. High quality transformative process designs take the humanness of stakeholders into account. They help stakeholders acknowledge each other's constraints, perspectives, and limitations, and show pathways to mutually support each other.

Table 7: HUMANITY -Implications for planning and implementation

Transformative Design Principle #5: HUMANITY	
• **Foster trust building.** • **Enhance empathy and understanding.**	
Foster trust building	• Pay attention to relationship building. • Respect protocols. • Arrange informal get-togethers.
Enhance empathy and understanding	• Respect differences in interest, but highlight the larger goals. • Implement small short-term activities with tangible results early on in the process. • Celebrate milestones reached with all key stakeholders. • Use capacity building events to bring stakeholders together and use such events to work on a joint vision. • When people retreat into confrontational positions, refocus on the larger vision and find agreements on next steps in the process.

Transformative Design Principle #5: HUMANITY	
• **Foster trust building.**	
• **Enhance empathy and understanding.**	
Ensure transparency	• Communicate progress on a regular base.
	• Stay in contact with key stakeholders.
	• Adjust plans and process designs on the basis of co-designed strategies and progress reviews.
	• Communicate any changes and adjustments.

Naturally, this design principle will not turn up in official planning documents, but already in participatory situation analysis, it becomes important. Only stakeholders whose perspectives are approached with **appreciation**, acknowledged in their expertise and who get engaged in **inspiring conversations** will eventually join the collaboration system. Trust building and stewarding human encounter can take many different forms, for example:

• Invest in relationship building in the beginning of any project, programme or initiative. If conflicts occur, avoid written communication, but get into inquiry mode and seek conversations.

• During dialogue and exchange meetings or learning and innovation events, ensure facilitation that is engaging and helps stakeholders listen to each other's differences in a structured way.

• Be transparent about plans and roadmaps, but stick to jointly agreed principles and plans, and build trust through reliability. But also show flexibility, to accommodate changes, if the context changes or the situation requires it.

• Be transparent about disagreements, but focus on commonalities. Be persistent and patient; show an understanding of the others' problems.

• Work on something tangible together; create experiences of joint achievements, even if they are small.

• See people not only as representatives of a group, an institution, a party, but as

human beings with all their strengths, shortcomings and desire to make a difference.

Example – Building trust in protracted conflict situations: Farmers and administration in Tunisia's south

In southern Tunisia, a severe depletion of water resources threatened agricultural livelihoods and the economic viability of an entire region. Farmers and representatives from the public administration had to come together in order to jointly develop measures for better water management. Both stakeholder groups were deeply distrustful of each other and believed the other party was exclusively responsible for addressing the dire situation. A careful engagement process supported the farmers' empowerment and shifted their collective mind-set towards co-design of developing new water management measures, supported by a jointly agreed water charter. This powerful transformative shift in response pushed the administration to collaborate with the farmers in an entirely new way. A comprehensive set of long term, medium term, and short term measures for better water management was the result.

Transformative Design Principle #6: WHOLENESS

- **Enhance impact through meta-collaboration**
- **Acknowledge contributions**
- **Create transformation networks**

No initiative or programme can tackle the entire complex transformation systems of a value chain, not even in one single commodity. Every change effort will inevitably be limited to a certain area, level of the value chain, issue to be addressed, or geographical focus. But every initiative needs to build collaboration systems, as well as an integrated bottom-up and top-down approach (see transformative design principle #1) in the chosen context. Yet, it is important to locate the change effort within the larger transformation system and stay aware of other change efforts. Transformative designs go one step further. After having conducted context and situational analysis, they deliberately seek out what can be called **complementary meta-collaboration.** This describes the collaboration between different multi-stakeholder collaboration initiatives that may not have been planned together, but that follow similar or complementary impact strategies. This can also take the form of a coordinated approach to implementation among certain funders or implementing agencies. Meta-collaboration can take place at all levels of a value chain initiative (Niestroy & Meuleman, 2015).

Meta-collaboration at the level of farmers means to identify projects, programmes, or initiatives that

- operate in a similar region with different approaches. Transformative process designs arrange for experience exchange and complementary implementation.
- operate in different regions with similar approaches. Transformative process designs bring farmers together for inspirational exchanges.
- operate in other countries with partly similar and partly different conditions. Transformative process designs integrate farmers' representatives in learning and innovation events (see transformative design principles #3 and #4).

Meta-collaboration is also a stepping-stone into creating impact through the **formation of loosely structured transformation networks**. In complex value chain systems, overall change can only be achieved if a variety of collaboration initiatives move transformation forward with a focus on certain geographical areas, issues, beneficiaries, or commodities. However, the complexity of the issue and the scope of the challenges and dynamics, coupled with funders' urges to show impact around singular projects, often leads to a competitive or non-collaborative environment. High quality transformative process designs deliberately transgress these confinements of project scopes and enter into conversations and cooperation with initiatives that have a sufficient degree of goal coherence.

Meta-collaboration at the international or national level means for example to seek exchange and joined impact networks with initiatives that

- operate in similar issues or commodities (such as for example different competing standard setting systems). Transformative process designs engage multiple actors in cross-sector networks that range from good practice exchange to broader impact strategies.
- operate in one particular country in the same or different commodities, in favour of producers that have the same or similar challenges (such as small-scale framers. Transformative process designs bring initiatives and cross-sector stakeholders together into a collaborative impact network.

Meta-collaboration – the intentional aligned action of various initiatives - is a way of increasing impact. Although this sounds self-evident, it is not the reality in practice. There is an enormous fragmentation of efforts, if not competition. Initiatives operate in similar fields, often duplicating efforts or only addressing narrow solutions. **Taking a systemic approach to strengthening the**

effectiveness of multi-stakeholder collaboration suggests ensuring that every project, programme, or initiative is designed as a contribution to and in co-evolution with other transformative activities in a process of continuous, iterative learning. Stewarding systemic, patterned, and nested change initiatives more likely helps create coherence for the overall desired transformation (Waddell, 2015, Senge, 2015; Kuenkel, 2017). The interconnected nature of issues and institutions in an overall complex value chain transformation system suggests that no single initiative or project can 'solve' a problem or address a challenge because of its very embeddedness in multi-faceted complex challenges. The large-scale change that value chain transformation aspires to can only be the result of different, closely, or loosely connected collective actions at scale.
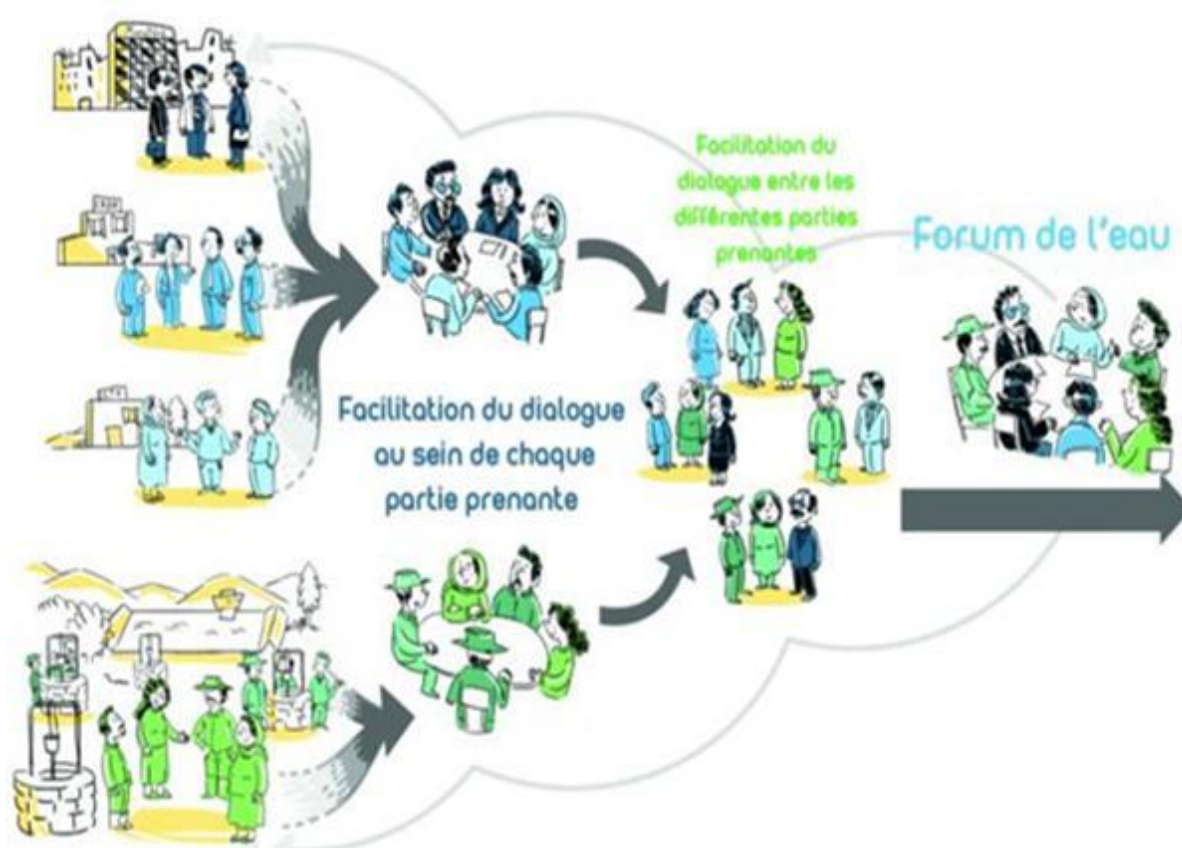
Source: Collective Leadership Institute/Gesellschaft für Technische Zusammenarbeit (GIZ)

Transformative change requires starting small with a step-by-step engagement process, but eventually grows into large-scale, often loosely connected, impact networks. It is the connectivity of invigorated networks of actors that become nodes in an even larger network, which lead towards the multiplicity of connections creating the envisaged impact.

Table 8: WHOLENESS - Implications for planning and implementation

Transformative Design Principle #6: WHOLENESS	
• **Enhance impact through meta-collaboration.** • **Acknowledge contributions.** • **Create transformation networks.**	
Enhance impact through meta-collaboration	• Explore opportunities for meta-collaboration with other initiatives. • Join issue-related or thematic networks in other regions, countries, or across the globe. • Get complementary expertise together. • Invite experts from different disciplines to contribute their viewpoint.
Acknowledge contributions	• Attend to people's desire to make a difference and emphasize the connection to the larger context. • Acknowledge expertise and contributions of different stakeholders.
Create transformation networks	• Connect stakeholders with relevant other initiatives that may share a similar goal or vision. • Establish exchange structures with similar initiatives to synthesize and cooperate for the benefit of the shared larger goal.

Source: Collective Leadership Institute

Table 9: Overview of transformative design principles[3]

Design Principle	Purpose	Planning	Implementation	Guiding questions
ENGAGEMENT	• Build functional multi-level stakeholder collaboration systems. • Ensure integrated bottom-up and top-down approaches.	• Provide for recurring situational analysis and empowerment processes. • Plan for internal dialogue and organisation for each stakeholder group.	• Leverage connectivity within key stakeholder groups. • Build collective action by bringing both processes together in selected settings (capacity building, innovation hub etc.).	• How do we build resonance for transformative change? • What support do stakeholders need to come together in a climate of collective action?
FUTURE POSSIBILITIES	• Foster goal coherence. • Stay faithful to empowerment.	• Identify key actors across the entirety of value chain. • Define goals broadly enough to allow for alignment across value chain.	• Jointly develop vision for every collaboration system along value chain. • Integrate empowerment process and capacity building as necessary.	• How do we ensure continuous reflection on alignment between vision and goals? • Are all stakeholders on the same level in the development of joint goals?
COLLECTIVE INTELLIGENCE	• Establish dialogue formats. • Create iterative learning structures within and beyond the project scope.	• Provide dedicated time and space for nurturing co-creative energy. • Plan together with other collaboration initiatives along the value chain for regular learning exchange.	• Foster creativity by facilitating future-orientated exchange on lessons learnt. • Integrate capacity building for good dialogue and collaboration. • Bring experts and actors from neighbouring collaboration systems into dedicated learning events of each initiative.	• How do we enhance space for discovery and creative solutions? • Are all stakeholders trained in methods and skills for the emergence of collective intelligence? • Are the learning events regular, reliable, inclusive and open enough?

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[3] Based on Kuenkel, 2016 The Art of Leading Collectively – Co-Creating a Sustainable, Socially Just Future: White River Junction, VT: Chelsea Green Publishing

Design Principle	Purpose	Planning	Implementation	Guiding questions
INNOVATION	• Nurture emerging development. • Unleash the creative potential for innovation	• Identify existing innovation potential from past initiatives and collaboration structures. • Plan for dedicated innovation space, e.g. connected to iterative learning events.	• Bring in experts and stakeholders from similar thematic areas or collaborative constellations to provide inspiration. • Ensure similar level of technical knowledge among all stakeholders as a basis for building new ideas.	• Where is existing innovation potential that can be used/ up-scaled? • Do all key stakeholders interact on an equal level when discussing new approaches?
HUMANITY	• Take an appreciative stance and acknowledge existing structures. • Steward human encounter for increased empathy.	• Ensure sufficient time to build personal relationships with and among stakeholders. • Attend to a balance between flexibility and reliability in planning the processes.	• Facilitate exchanges to focus on commonalities while acknowledging differences. • Focus on a jointly developed and emotionally engaging vision.	• Who are the people behind stakeholder institutions? • What different 'hats' do representatives often wear? • Are we dedicating time and resources to promote understanding of differences among stakeholders?
WHOLENESS	• Enhance impact through meta-collaboration. • Bring the multiplicity of approaches into transformation networks.	• Conduct a thorough analysis of all initiatives that target similar issues, similar regions and/ or similar approaches. • Engage in exchange and constant flow of communication with other initiatives from the start.	• Connect to, or establish, structured transformation networks along the value chain, within the same issue and the same region. • Pay attention to the emotional connection of each stakeholder (group) to the efforts.	• How do we attend to a larger transformation system while fostering multiple approaches to change? • Is every stakeholder included in system of mutual support with other stakeholders in the larger context?

3. THE ROLE OF BACKBONE SUPPORT IN STEWARDING TRANSFORMATIVE DESIGNS

The role of initiating organizations and project secretariats as backbone support ensuring the effectiveness of collaboration initiatives has been underestimated until now, especially by funders who allocate resource to such initiatives (Pattberg & Widerberg, 2014; Turner et al. 2012).

Backbone support can be defined as the availability and utilization of independent, funded human resources that provide ongoing support to the process in the area of guiding vision and strategy and coordinating alignment of implementation activities (Hanleybrown, Kania and Kramer, 2012).

Often, the backbone support is the "glue" in a complex multi-stakeholder collaboration with differing interests. It needs to be neutral with regard to the actors involved, and ideally independently funded or funded by all, but engaged with the joined transformative goal to be achieved. It focuses on managing high quality processes, establishing shared learning and evaluation, and can also support in mobilizing additional resources.

The backbone support for multi-stakeholder collaboration in transformative change processes can vary tremendously and is dependent on the specific value chain in question, the form of and function of the collaboration effort. There are at least three possible ways for a transformative change initiative to make use of backbone support:

1. **Backbone support as catalyst** of multi-stakeholder collaboration: Complex change initiatives with multiple actors around the transformation of value chains are often catalysed by backbone organisations that see the possibility for change, and may or may not have a particular stake in it, or at least know that only multiple actors can achieve the envisaged results jointly. These can be civil society organisations, development agencies, government departments, or even corporations. They do not need to be neutral towards the goal of transformative change or regarding the particular value chain in question, and they can even be passionate about the purpose. But they **need to be neutral with regard to the different stakeholder institutions that partner together**. They can only fulfil their support and broker role among this diversity if they **gain and maintain the trust of all stakeholders** involved.[4] In particular, they are uniquely well placed to take over the task of facilitating, maintaining, and strengthening the connection of all change initiatives along the value chain and thus promote the collective intelligence emerging from the connection of all in the system.

2. **Backbone support as care-taker and process facilitator:** Second, transformative efforts with multiple stakeholders and a wider scope often require professional support for organizing, coordinating, and driving outcome orientation on the larger goal of sustainable value chains in the function of a secretariat. This may be important not only at the beginning, but throughout the life cycle of the multitude of change initiatives along the value chain. Project secretariats can take over the task of monitoring and assessing each individual collaboration system's vitality and functionality. Even less complex collaboration efforts become more effective when they are accompanied by neutral external brokers, such as individuals that have a high expertise in process management and promoting systemic perspective in collaboration efforts.

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[4] For more information about different types of backbone organisations, see Hanleybrown et al. (2012).

3. **Backbone support as capacity building**: Transformative collaboration efforts are greatly enhanced if the stakeholders develop a common language and a common understanding of the framework for effective collaboration, the requirements for high quality process management, and generally learn to see the differences between them and the other change initiatives along the value chain not as threats, but as potentials. Integrated capacity building for dialogue and collaboration skills that accompanies the actors, particularly in the preparation and building phase of the change initiative, can greatly enhance the effectiveness of the collaboration effort. Backbone organisations can e.g. focus on regular training and process support in the application of approaches and methodologies that promote systems thinking and facilitate the attention to the principles of transformative design.

Probably the most underestimated quality enhancement in multi-sector collaboration is collective reflection on the process, impact, and quality of the effort for the larger goal of value chain transformation. Backbone support, no matter if in the form of organisations, brokers, or capacity building can help make this happen. The resource allocation for backbone support is generally an underestimated factor for success and is closely linked to the lack of attention to high **quality process management** in transformative efforts. The following table shows the action points that enhance appropriate utilization of backbone support.

Table 10: How to make use of backbone support?

Promoting effectiveness: How to make use of backbone support	
Utilize and cooperate with backbone support organisations	• Allocate resources for support organisations. • Sufficiently mandate support organisations.
Bring in neutral external brokers	• Allocate resources for brokers, process facilitators and strategic advisors for attention to transformative principles. • Ensure that the allocation of resources for brokers guarantees neutrality.
Allocate resources for collaboration capacity building	• Conduct capacity building for key actors integrated in the individual collaborative systems and across the value chain. • Involve high level actors (partly) in capacity building.
Facilitate guided reflection and exchange of lessons learned	• Organise the establishment of mechanisms for collective reflection and iterative learning between key actors. • Establish exchange of experience between brokers (backbone supporters).

4. CONCLUSIONS FOR FUNDERS: PROCESS MANAGEMENT IS KEY

There is a gradual yet increasing acknowledgment of the multifaceted and complex nature of collaborative engagement for sustainable value chains between cross-sector stakeholders. The **transformative design principles** suggest ways of ensuring the quality of collaboration processes around SDG number 12 - implementation. But, many funders and donor organisations are still unaware that complex multi-stakeholder collaboration can only become effective with increased competencies and skills for effective process design and management. The existence of process knowledge and practice is not a given. Building the competencies of all actors for transformative designs is key.

As more and more SDG partnership endeavours emerge – from global alliances, network platforms, strategic initiatives, development partnerships, and local cross-sector collaboration, it is important to understand that process management in sustainable value chains is a cornerstone of success. This applies to all forms of collaborative processes around sustainable value chains. Some organisations partner between not more than two or three organisations around certain aspects of value chain improvements in order to achieve concrete change at grassroots-level, or in a defined geographical area. Others get together with a large number of stakeholders from private sector, civil society, and public sector and aim at high-level systemic impact in an entire region or for an entire commodity sector. There is also a proliferation of broader cross-sector networks that gather around responsible value chains at an international level. More complex collaboration is often described as transformative (Beisheim & Ellersiek, 2018). It means aiming at systemic impact that addresses challenges holistically and involves multiple stakeholders at multiple levels.

The impact of multi-stakeholder collaboration

for sustainable value chains is dependent on a functional link between different intervention levels. Rather than focusing on events, the process management of transformative design principles is of most importance.

It is crucial to consider that multi-stakeholder collaboration initiatives operate with a different logic to traditional programme implementation. Institutions with very different organisational cultures and operating logics find themselves in non- hierarchical working relationships and are responsible for a joint impact none of them can achieve alone. Managing such processes is hugely different from the way each of the institutions normally operates. This equals to a complex change management process with a variety of actors with no one institution being able to fully take the lead. Capacity building on transformative designs, process management, partnership structures, communication, and evaluation is crucial.

How can funders concerned with sustainable value chains support the development of competencies for transformative designs?

- ***First***, funders need to acknowledge that building successful collaboration requires time. Setting up complex collaboration structures requires resources. Hence, project budgets should reflect this.
- ***Second***, funders need to ensure that collaboration takes place at all levels of intervention. High quality multi-stakeholder collaboration projects require collaboration structures at international, national, and local levels. This should be reflected in project designs.
- ***Third***, funders need to invest in capacity building for collaboration and process management for key stakeholders. A project in which all actors understand the essentials of making collaboration successful has a much higher likelihood of success. The budget needs to cater for capacity building.

- **Fourth**, funders need to help build the knowledge base around multi-stakeholder collaboration and partnerships, give orientation, and support practice exchange. Learning around successes and failures should be part of every project budget.

This can surely be only the first encouraging step into a new professional field. If the world wants the new mind-set of collaboration to succeed against the old habit of working in silo-competition, funders, as much as implementing agencies, should open up to en entirely new way of learning project implementation and societal change. Building competence for transformative collaboration designs from the local to the international level is paramount for achieving SDG number 12.

Source: Collective Leadership Institute

ANNEX 1: THE COLLECTIVE LEADERSHIP COMPASS

The Collective Leadership Compass is a diagnosis and action tool for planning, implementing and evaluating collaborative change initiative. It invigorates collaborative action for systems change and supports the co-creation of functional collaboration eco-systems in complex multi-stakeholder settings.

The compass is based on:

- 20 years of practice in complex multi-stakeholder settings around systems change for sustainability, distilled into success factors.

- 15 years of scientific exploration into living systems and complexity theory, distilled into six evolutionary principles that inform the six compass dimensions.

- 12 years of experience in teaching collaboration and collective leadership skills globally to more than 2,500 individuals.

It empowers leaders and change agents to navigate collaboration successfully by attending to a pattern of interacting human competences in the six dimensions:

FUTURE POSSIBILITIES: Take responsibility and consciously shape reality towards a sustainable future. This gives priority attention to goal clarity, governance and accountability of the process.

HUMANITY: Reach into each other's humanness. Attention here is on an appreciative approach to all stakeholders, to a balance of power and influence, and on mutual understanding.

ENGAGEMENT: Create step-by step engagement towards building effective collaboration ecosystems. Focus points are process and relationship management and result orientation.

COLLECTIVE INTELLIGENCE: Harvest differences for progress – this relates to attention to diversity, inclusivity and learning mechanisms.

INNOVATION: Create novelty and find intelligent solutions by being open to new approaches, ensuring sufficient knowledge and expertise on the issue at hand and managing disagreements and crises with agility.

WHOLENESS: See a larger picture and stay connected to the common good. Context management, capacity development and shared value creation are the areas of attention in this dimension.
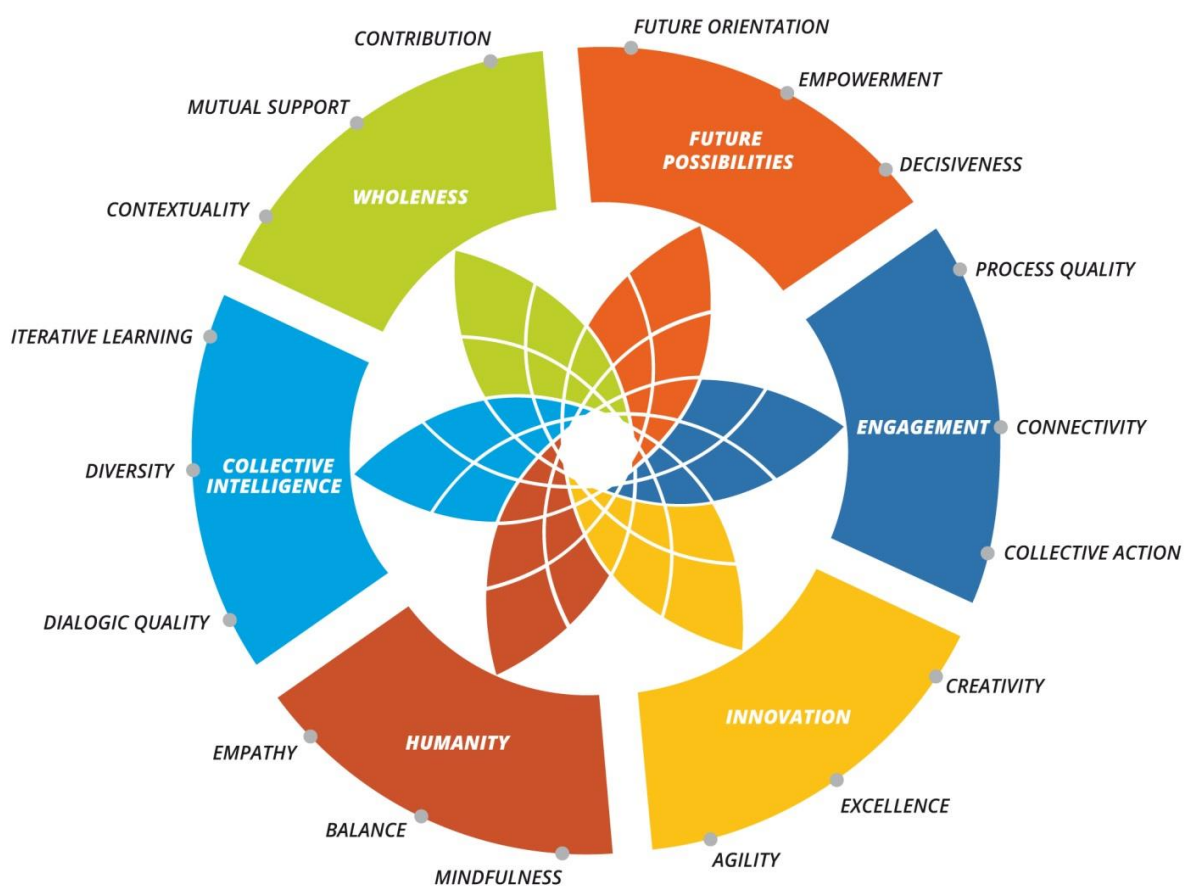
Enacting the six dimensions leads to a higher degree of vitality in collaboration systems, and subsequently better and tangible results. This does not necessarily mean harmony, but a constructive way of dealing with differences and increased levels of resilience and capacity to collectively shape the future.

The Compass strengthens individual leadership, enhances the leadership capacity of a collective, and shifts organizations or systems of collaborating actors towards better co-creation. It builds the competence to navigate the how, who, what, where, when, and why of collaboration initiatives for sustainability. The Compass builds the capacity of a group of people to change their structure of attention and subsequently their collective pattern of thought and action.

Using the Compass leads to increased impact of collaboration initiatives resulting in getting things done faster, involving different perspectives, coming to better decisions, and being more content while achieving results jointly.

The Compass' focus on simultaneous intervention points **matches the interconnectivity of the SDGs** and significantly improves the possibilities for successful achievement of the goals.

COLLECTIVE LEADERSHIP COMPASS

CONTRIBUTION

MUTUAL SUPPORT

CONTEXTUALITY

WHOLENESS

ITERATIVE LEARNING

DIVERSITY

COLLECTIVE INTELLIGENCE

DIALOGIC QUALITY

EMPATHY

BALANCE

HUMANITY

MINDFULNESS

AGILITY

INNOVATION

EXCELLENCE

CREATIVITY

COLLECTIVE ACTION

ENGAGEMENT CONNECTIVITY

PROCESS QUALITY

DECISIVENESS

EMPOWERMENT

FUTURE ORIENTATION

FUTURE POSSIBILITIES

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ABOUT THE AUTHORS

[Dr. Petra Kuenkel](#) is a leading visionary thinker and full member of the Club of Rome, who has advanced a systemic world-view of enlivenment and a re-orientation towards human reverence for humanity's participation as a conscious actor in an interconnected self-regulating natural system that is called the world.

This approach has been belittled 15 years ago, as it suggests a new way of seeing the nature of reality and humankind's role on the planet. But Petra has consistently advanced this view conceptually in a number of publications, but also advanced the practical implementation of such life-enhancing approaches in the strategic management of multi-stakeholder change initiatives that address complex sustainability challenges such as the 17 Sustainable Development Goals.

She is a thought leader on re-inventing leadership as a collective competence, which gradually moves into the attention of leadership discourses. She has promoted leadership and collaboration methodologies that help cross-institutional actors find solutions to complex challenges such as water scarcity, environmental degradation, climate change impact, social tension, or unsustainable value chains. She raises awareness for the potential of collaborative inventiveness and fosters mind-set change among decision-makers. The leadership methodologies that she has developed are based on invigorating human competences to change the current state of affairs towards an agenda of sustainability. The latter differentiates her from the mainstream discourse on leadership, as she promotes an appreciative approach that assumes that everybody is capable of leading transformative change collectively.

Elisabeth Kuehn is an experienced international project manager in sustainable natural resource management and integration of marginalized communities. Having worked extensively on informal sector integration as well as environmental issues in Tunisia and the MENA region, she joined the CLI to support its project on the Water Forum in Tunisia. Following its huge success, she now develops CLIs strategy on projects in the region, and facilitates in particular all French speaking courses.

ABOUT THE COLLECTIVE LEADERSHIP INSTITUTE

[The Collective Leadership Institute](#) gGmbH, founded in 2005, is an internationally operating non-profit organisation located in Potsdam (Germany), Cape Town (South Africa) and near Boston, Massachusetts, USA. CLI supports stakeholders from the private sector, the public sector, and civil society in creating and implementing collaborative change initiatives for innovative and sustainable solutions to global, local, and societal challenges through our educational programmes in the area of Collective Leadership and Stakeholder Collaboration.

Our vision is to empower future-oriented people to lead collectively towards a sustainable future, for example on institutional and cross-institutional challenges, from managing scarce water resources, to adapting to climate change, to securing access to adequate nutrition, or to creating responsible value chains.

With our **Capacity Building Programmes**, our **Transformation Support**, our **Collaboration Academy Network**, and our **Research**, we build competence for sustainability around the world. We empower leaders who anchor their action in the concern for the greater good and the future of humankind on this planet - for responsible business, people-oriented public service, and a strong civil society.

Our work is based on the core capacities for collective leadership:

The Collective Leadership Institute is a cutting-edge organization with deep expertise in bringing emerging paradigm leadership concepts to multi-stakeholder processes and projects in support of achieving the Sustainable Development Goals. This work is vitally important to the long-term flourishing of the human family, as well as serving the preservation of life and its beauty on planet earth.