Capacity WORKS

Toolbox – Success Factor 2 – Cooperation

gtz Partner for the Future. Worldwide.

Success Factor 2

Cooperation ... with internal partners

"C" stands for "craft"
"A" stands for "art"

2

Background

Development cooperation projects are joint ventures.[1] They are negotiated, planned, implemented and steered by a large number of actors[2]. The actors form a mobile system of mutual relationships and dependencies. They act on the basis of the roles and expectations ascribed to them, their influence and their resources, and adopt a supportive or a rejective attitude toward reform projects. The relationships, power, influence and cultural orientations of the actors change in the course of the cooperation. A further aspect is that the actors create for themselves an artificial reality. They invent an environment that is either conducive or hostile to them; they admire or demonise events and other actors. Their action strategies are determined not only by cultural orientations and the knowledge which they possess, but also by how they experience and interpret their relationships with other actors, and whether they are able to influence and shape the reform project. Aspects that can be precisely measured and quantified form only one part of the reality and life world of the participating actors. That world also includes powerful desires and interests, world pictures and inner drives. This powerful, intangible part of the actors' motivation can only be explored through interpersonal encounter and in continuous exchange with the actors. Intercultural communication and the sounding out of human motives must be based on individual experience. There is no other way.

Utilise different forms of cooperation *(best-fit mix)*. To achieve the agreed objectives, the participating actors must have a clear understanding of their roles and the division of tasks. In this context, the selection of participating actors and the shaping of their relationships with individuals and organisations play a major role. Effective cooperation does not arise by itself. It must be initiated, negotiated, shaped and coordinated. Forms of cooperation with varying degrees of commitment need to be identified and developed. The multi-stakeholder approach[3] seeks to meet these complex coordination requirements. In multi-stakeholder management the actors are viewed from a variety of perspectives: for instance with respect to their selection, their complementary relationships, their interests and any underlying tensions and conflicts.

Actors have different interests. Actors are affected by a project in different ways, and due to their different interests and relationships adopt different positions towards the project objectives. A development cooperation project structures the constellation of actors by focusing on the specific issues at stake. It offers new opportunities, opens up access to new knowledge and creates incentives to intentionally pursue balanced, socially just and peaceful development, as well as other often unintended and undeclared objectives.

Promote communication in the negotiation process. Development cooperation projects are considered complex because they are planned and implemented by several actors on the basis of overarching objectives that are, however, by no means coherent, and in an environment that is volatile. Communication is often difficult, because the range of strategic options and contingencies is broad. Any intervention is ultimately based on limited knowledge. The reduction of complexity to facilitate communication should make it easier to formulate various working and results hypotheses which can then be discussed and negotiated by the actors. This ensures that different perspectives are taken into account, and that the

[1] The term "joint venture" covers various forms of cooperation between actors: exchange of information, coordination, strategic alliances, working groups, networks and co-productions. These organisational arrangements take account of the diversity of the actors and their potentials.

[2] The term "actor" is used to refer to all public or private groups within a society who are linked by their respective shared needs and values, and act publicly as organised groups to articulate and assert their interests by various means: in dialogue, in negotiations and alliances with other actors, in accordance with democratic principles, or by wielding power and authority.

[3] This term refers to an approach in which several different actors plan and implement a project jointly through a process involving harmonisation and coordination.

actors' knowledge is fed into the negotiation process. This kind of communication should be promoted not only at the beginning, but also throughout the course of the project. Communication becomes a particularly conspicuous issue in a conflictual environment, where the do no harm[4] principle is to be applied and the formation of peace constituencies promoted. The interests of the actors, combined with targeted efforts to innovate sustainable structural change, make it necessary to negotiate the design, steering and results monitoring of projects jointly with the actors right from the start.

Identify and take into account different perceptions and discourses. The actors construct the world on the basis of their own life models, experiences, expectations and perspectives. Development cooperation projects cannot assume that they are dealing with objectively verifiable problems. The various actors see and interpret these situations differently. Planning and implementation must therefore take into account the different perspectives and interests of the participating actors. Furthermore, the specific discourse of development cooperation on problems and deficits often obscures our vision for potentials. Joint ventures are based on identifying potential, and opportunities to move and change things. To engage with the potential and change dynamics of the actors, projects need to create scope for dialogue and negotiation. This perspective enables us to identify the various discourses of the actors through which they addresses the issues that are important to them. These discourses reflect their knowledge of the issues, their willingness to change, the cultural orientations, prevailing norms, preferences and power relations. The discourses consolidate their identity, and at the same time divide them from other actors. They remind us that reality[5] is perceived and shaped through a semantic that is actor-specific.

Development cooperation projects lead to shifts in power. Social change processes always involve changes in the roles and relationships among the actors, as well as political, economic and social change, and gender-specific shifts in power relations. Projects and programmes of development cooperation are an intervention into existing social structures and processes, and these interventions change individual actors, their access to resources, their mutual relationships, and the social relationships, cultural orientations and institutions that are key to their behaviour. A profound understanding of the actors and their interests, goals and relationships is therefore absolutely crucial for planning and steering these projects. This knowledge is also needed to prevent projects from serving particular interests of individual actors, or even exacerbating potentially violent conflicts. Constructively influencing social change calls for conflict-sensitive management. The do no harm principle, which seeks largely to prevent conflict, is therefore based on a profound knowledge of the actors, and especially on a knowledge of whether in a conflict situation those actors would be more likely to play a mediating or a polarising[6] role. With the exception of this principle for strategic intervention, Capacity WORKS does not engage with the issues of prevention and transformation of conflicts within states. From a management perspective, however, (the actors') different interests, tensions and conflicts do indeed constitute a relevant area of work for the strategic development, planning and steering of development cooperation projects.

[4] Cf. Mary B. Anderson: Do no harm. How aid can support peace or war. London 1999. The principle has also been defined by BMZ as a cross-cutting task. The two key questions are: to what extent might the cooperation inadvertently be contributing toward the exacerbation and prolongation of a violent conflict? Through which projects or programme components might we help prevent conflict and promote peaceful conflict transformation?

[5] Reality as broadly construed by Peter L. Berger and Thomas Luckmann (The social construction of reality, London 1971) and Michel Foucault (The order of things, London 2001), is comprised of a constructivist discourse: a network of orienting utterances concerning a particular theme that connects or divides the actors. The discourse reflects knowledge on the theme, including the actors' social perspectives, their prevailing norms, their interests and their power relations, which in turn are cemented by the discourse. Discourses and narratives remind us that reality is not perceived directly, but is mediated by semantics and experience. In everyday situations, this can be demonstrated using the storytelling method.

[6] The overarching do no harm principle distinguishes two groups of governmental and non-governmental actors in this context: connectors and dividers. Cooperation can take place with both groups. But it must meet the minimum requirement that the connecting elements be strengthened and the dividing elements reduced.

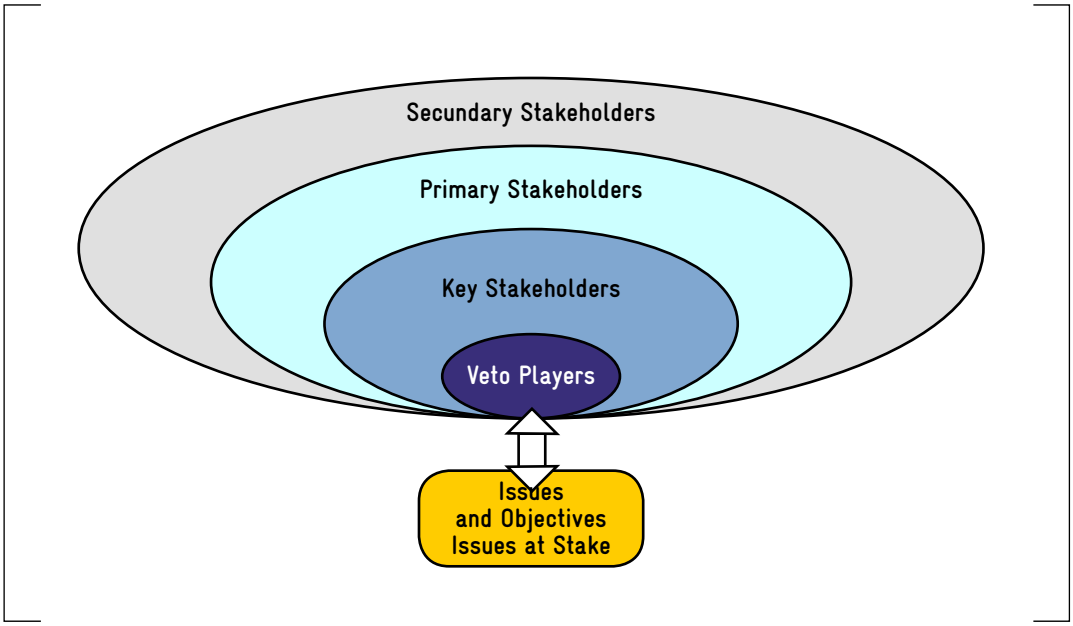
Tool 1
Stakeholder Map

C

1. Focus

Actors[1] who hold at least a potential stake[2] in a project and its change objective[3] are usually termed stakeholders. These actors hold a vested interest which they wish to protect and avoid losing if at all possible. Their material resources, their social position and their knowledge make them particularly potent, which enables them to wield significant influence over the design, planning and implementation of the project.

The term "primary stakeholders" is usually applied to those actors who are directly affected by the project, either as designated project beneficiaries, or because they stand to gain – or lose – power and privilege, or because they are negatively affected by the project in some other way, for instance if they have to be resettled.



"Secondary stakeholders" are actors whose involvement in the project is only indirect or temporary, as is the case for instance with intermediary service organisations.

[1] The term "actor" is used to refer to all collective public and private groups within a society who are linked by their respective shared needs and values, and act publicly as organised groups. The term "stakeholder" is applied to those actors who hold a vested interest in a project.

[2] The general issues at stake are usually closely related to a particular sector or theme such as watershed management, public financial management, budget planning or accountability.

[3] The core issues at stake are circumscribed and defined by the "change objective", which is a target state to be achieved in the medium term that is interpreted and judged differently by different actors.

Actors who are able to use their skills, knowledge or position of power to significantly influence a project are termed "key stakeholders". Key stakeholders are those actors without whose support and participation the targeted results of a project normally cannot be achieved, or who may even be able to veto the project, in which case they are termed "veto players". The stronger and more influential an actor is, the more this actor will tend to see himself or herself as the sole actor, or may seek to speak on behalf of or exclude other actors. In the process of negotiating participation, actors not only position themselves through their relationship to the issues at stake, their institutional position or their resources, but also reveal key aspects of themselves when they influence the participation of other actors.

A map of actors is produced by identifying and representing the relevant actors and their relationships. As well as the key stakeholders, it is also important to represent the primary and secondary stakeholders.

The map provides an overview of the constellation of actors. It allows first conclusions and hypotheses to be formulated concerning the respective influence of the various actors on the issues at stake in the project, and concerning the relationships and mutual dependencies among the actors. The map sheds light on alliances and problematic relationships between actors. Discussion of the map of actors can be used to help formulate strategic options and actor-specific results hypotheses.

The map of actors usually also closes information gaps on participation deficits (blank spots). It shows up the actors and relationships between actors we know too little or nothing at all about, where we need to obtain further information, and which actors we must involve in the project. The map of actors also corrects existing assumptions concerning individual actors and the relationships between them. Seen in the context of other actors, supposedly important actors become less significant, and apparently insignificant actors take centre stage.

To prepare an accurate map of actors it is necessary to do the following:

(i) Define the issues at stake
To circumscribe the area to be mapped and determine clearly the number of actors to be included, it is necessary to answer the following key question: What are the issues at stake?

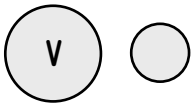
(ii) Define the point in time and periodicity
The actors form a dynamic system of mutual interdependencies. This web of relationships can change very quickly. It is therefore important to note the point in time at which the analysis of these relationships was carried out. The key questions are therefore: When do we draw up the map of actors, and when do we update it?

(iii) Separate the perspectives
Each actor has his or her own perspective. A map of actors therefore only ever represents the perspective of the individuals or groups involved in preparing it. The key questions are therefore: Whom do we wish to involve in drawing up the map of actors? Which maps of actors do we wish to compare with each other?

2. Method

1. Identifying the actors, representing the individual actors using circles and rectangles of various sizes.

Graphic elements:



The circles represent the primary and key stakeholders who directly influence the project. The size of each circle represents the degree of influence of the respective actors on the issues at stake. The letter V indicates that the actor is a veto player.

The rectangles represent secondary stakeholders who are not directly involved, but may nevertheless (potentially) exert influence.

2. Representing the relationships between the actors (strength of relationship, alliances, cooperation, conflict, etc.) using lines and arrows:

Graphic elements:

Solid lines symbolise close relationships in terms of information exchange, frequency of contact, overlap of interests, coordination, mutual trust, etc.

Dotted lines symbolise weak or informal relationships. The question mark is added where the nature of the relationship is not yet clear.

Double lines symbolise alliances and cooperation that are formalised contractually or institutionally.

Arrows symbolise the direction of dominant relationships.

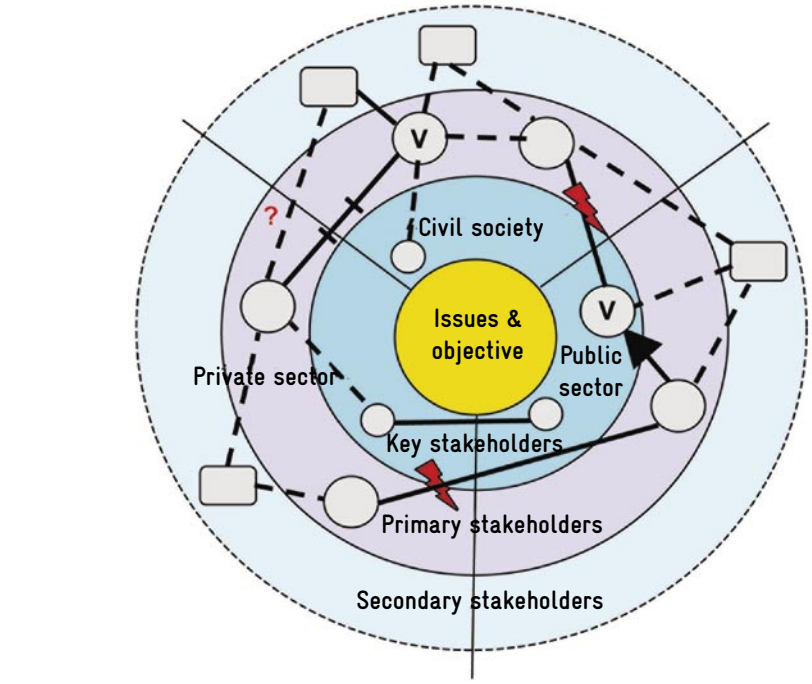
Lines crossed by a bolt of lightning symbolise relationships marked by tension, conflicting interests or other forms of conflict.

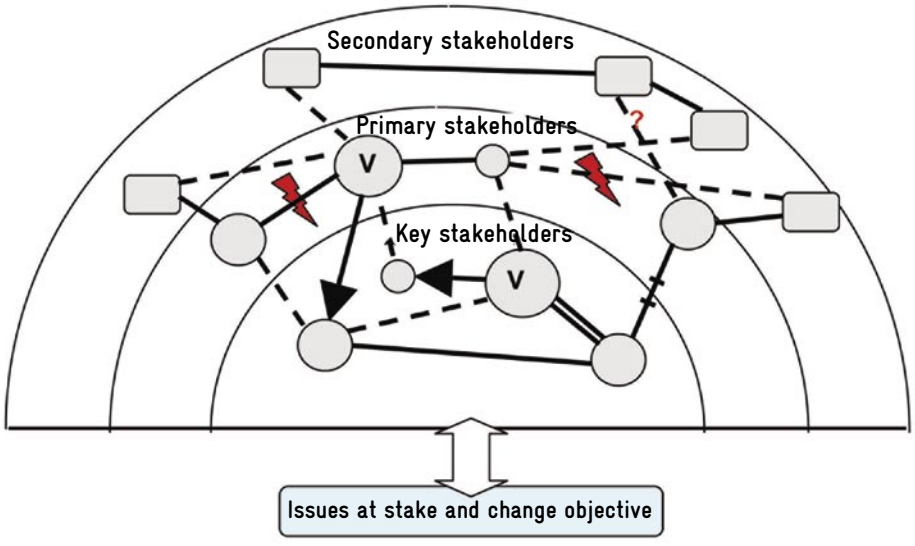
Crossed lines symbolise relationships that have been interrupted or damaged.

3. Two examples of visualisation:

3.1 The onion: This has the advantage that the actors can in the first instance be clearly assigned to one of the three sectors (i) public sector (state), (ii) civil society, (iii) private sector.

3.2 The rainbow: This has the advantage of a more systemic architecture. The actors can also be assigned to the three sectors in three rainbows. This generates a networked architecture, and the question of interfaces between the sectors is raised explicitly.


Civil society
Issues &
objective
Public
sector
Private sector
Key stakeholders
Primary stakeholders
Secondary stakeholders


Secondary stakeholders
Primary stakeholders
Key stakeholders
Issues at stake and change objective

2

Tool 2

Key Stakeholders and their Attitude to the Change Objective

A

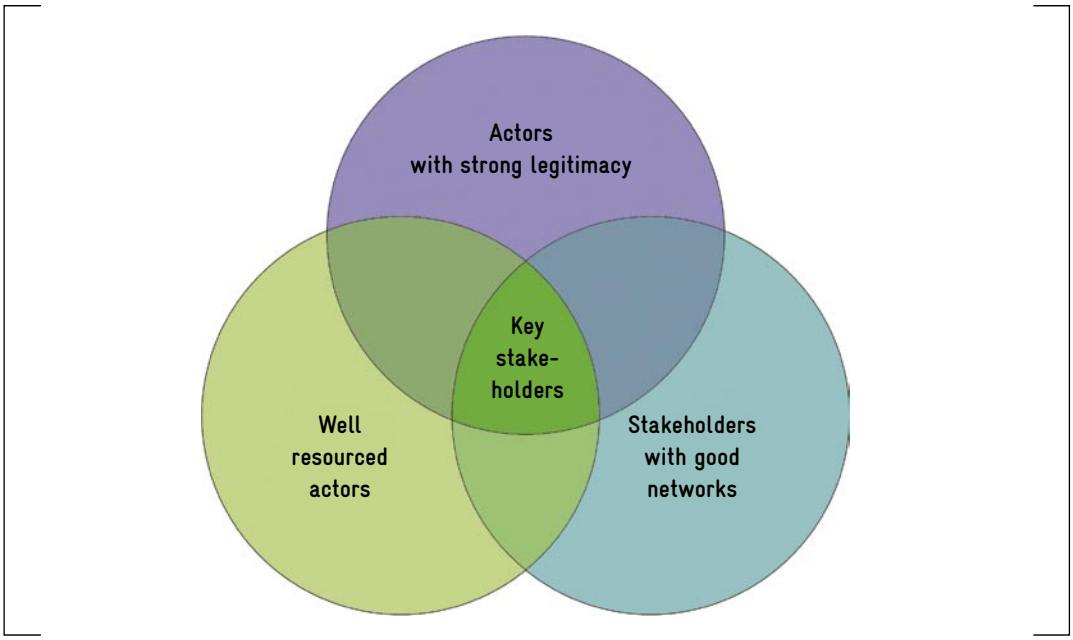
1. Focus

This tool sheds light on the different interests that the more important actors have in the issues at stake. It presupposes that these actors have already been identified, as described above under tool 2.1. To narrow down the number of key stakeholders further, it is helpful to differentiate between three core aspects:

- **Legitimacy**: Institutional position of the key stakeholder, ascribed or acquired rights that are for instance underpinned by the law, the institutional mandate and public approval, and are considered legitimate. This also includes key stakeholders without whose explicit approval the project would be inconceivable. These veto players can create key impetus and scope for the project, or can obstruct it.

- **Resources**: Knowledge, expertise, skills and material resources that enable the key stakeholder to influence significantly the issues at stake, or to steer and control access to these resources. This is also linked to the question of whether the key stakeholder disposes of the resources necessary for the project.

- **Networks**: Number and strength of relationships with other actors who are obligated to or dependent on the key stakeholder. Key stakeholders are usually well networked, i.e. they have a large number of institutionally formalised and informal relationships with other actors. Key stakeholders therefore wield significant influence on the participation of other actors, structuring some decisions as to whether certain actors will be included or excluded.



The interests of the key stakeholders are usually not entirely congruent with the change objective. This is only natural, bearing in mind the fact that the project is of an innovative nature. Any change will also generate responses of reserve and resistance. The actors notice a dissonance between their interests and not justified the change objective at the latest when they are called upon to depart from familiar paths

and learn new approaches. This can create tacit or explicit resistance in various forms: reserve, sceptical aloofness, objection or openly organised resistance against the targeted changes.

Actors can only learn from resistance if that resistance is made explicit, so that it can be addressed. The possible motives for resistance are manifold, and are closely linked to the change management process. Actors' self-interest and fears (of losing power for instance) are reinforced by values that have long remained stable, or by mistrust of other actors. Unclear or poorly transparent information concerning the project also reinforces resistance. If the resistance remains based on (tacit) assumptions or speculation, because it cannot be expressed or is not taken seriously, then it will also increase. And what begins as verbal assent may in the course of the project turn into reserve or even resistance.

To prevent a desired project from being vetoed, it is necessary to understand the interests of the actors. Once the perspective of the key stakeholders is understood, it is possible to alleviate feelings of uncertainty and address the resistance early on, so as to create a negotiation-oriented open climate for the desired reforms.

The varying degrees of congruence with the change objective affect the project, and wherever possible should be taken into account early on in the selection of strategic options.

2. Method

When analysing the attitudes of the key stakeholders to the change objective, it is important to ask the following questions:

- What interests do the key stakeholders have in the issues at stake?
- How congruent are these interests with the overarching change objective?
- If the actors assert their interests, how might this affect the change objective?
- What strategic options need to be developed in order to broaden the scope for action, and thus win the support of actors or remove obstacles?
- How must the change process be managed participatively so that the key stakeholders can be involved effectively?

Issues at stake and change objective of the project	
Key stakeholder 1	
Interests of the key stakeholder in relation to the issues at stake and the change objective	**Congruence with the change objective** - <<<<<< >>>>>> +
Possible impacts of harmony / dissonance / indifference of interests	**What to do? Options for broadening the scope for action[1]**

Key stakeholder 2	
Interests of the key stakeholder in relation to the issues at stake and the change objective	**Congruence with the change objective** - <<<<<< >>>>>> +
Possible impacts of harmony / dissonance / indifference of interests	**What to do? Options for broadening the scope for action[1]**

Key stakeholder 3	
Interests of the key stakeholder in relation to the issues at stake and the change objective	**Congruence with the change objective** - <<<<<< >>>>>> +
Possible impacts of harmony / dissonance / indifference of interests	**What to do? Options for broadening the scope for action**[1]

In a second step the matrix can be simplified in order to shed more precise light on objectives conflicting with the project, by removing the right-hand column Congruence with the change objective for each actor. To better understand possible conflicting objectives, it is useful to ask:

- To what extent might the project change the legitimacy, access to resources and networks of the key stakeholders?
- What fears or anticipated losses might motivate the actions of the key stakeholders?

Conflicting objectives		
Key stakeholder 1	**Congruence with the change objective** - <<<<<< >>>>>> +	Change in ● legitimacy: ● resources: ● networks:
Fears and anticipated losses:		
Key stakeholder 2	**Congruence with the change objective** - <<<<<< >>>>>> +	Change in ● legitimacy: ● resources: ● networks:
Fears and anticipated losses:		
Key stakeholder 3	**Congruence with the change objective** - <<<<<< >>>>>> +	Change in ● legitimacy: ● resources: ● networks:
Fears and anticipated losses:		

Discussion of this matrix can

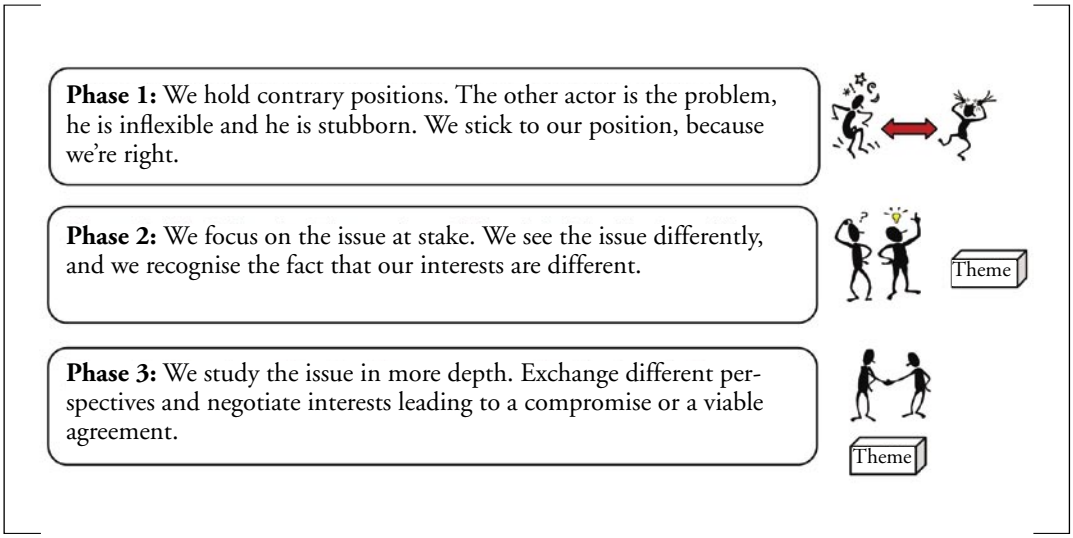
- help identify commonalities between the actors, for instance actors of the central government administration who in a decentralisation process would see themselves as standing to lose legitimacy and influence, and
- enable planners to address and work through the conflict of objectives with the key stakeholders early on. In the case of a decentralisation process this could mean, for instance, broadening their mandate to include new tasks of regulation, supervision and support of municipalities.

Project managers normally also come up against **conflictual relationships and conflicts of interest** among the actors. The first question to be asked is whether the conflict should be made explicit and addressed. This question is crucial, because tensions and conflicts also have their positive sides (see the

[1] For example in relation to information and communication, structuring of participation, strengthening of relationships between actors, access to new knowledge, support of negotiation processes, capacity development, etc.

section on Warning Signs). Especially where role conflicts are concerned, addressing the problem can help clear up other unresolved issues, for instance the division of roles between public and private sector actors. If the conflict is to be addressed, the management challenge is then to transform the conflict by performing a triangulation involving the two parties to the conflict and the issue.

Any conflict of relationships and interests comprises **three basic elements**: the two parties to the conflict, and the issue at stake that is giving rise to the conflict. The two parties to the conflict normally hold contrary positions. They each become annoyed by the other actor, attempt to weaken the other's position and to strengthen their own. Triangulation then aims to transform these positions into different interests. This takes place in three phases, as illustrated below:



Development cooperation projects and conflictuality: Positive aspects and warning signs

Conflicts are an everyday, normal aspect of work in a cooperation system. There are no relationships that are forever conflict-free. Where people cooperate, different opinions, needs and interests both of individuals and of organisations meet. Most everyday conflicts are resolved unspectacularly. We negotiate compromises, make concessions, and by the next day nobody knows there was ever a conflict.

Development cooperation projects can sometimes inadvertently trigger and exacerbate conflicts. The desired changes and new incentives they introduce create new lines of conflict among actors, or accentuate existing ones by making them more visible. A new land-use plan for instance might assign women an unusually active role, cause a shift in the relationship of dependency between crofters and landowners, or a shift in power relations as landholdings are legally reorganised. The development cooperation project is part of the conflict, and the question arises as to whether and to what extent we should become involved in transforming that conflict.

There may be latent (cold, smouldering, concealed) and manifest (hot, openly fought out) conflicts that mutually exacerbate each other. Conflicts are processes that usually make an unexpected transition from dialogue to verbal disagreement to conflict that arouses emotional responses. Anger, a sense of powerlessness and injured feelings fuel the conflict. The parties to the conflict become bitter opponents, and positions become entrenched. The elimination or at least removal of the opponent becomes the main objective. This process leaves a trail of destruction in its wake: irreparably damaged interpersonal relationships, physically and emotionally scarred people, ruined settlements, scorched earth.
It goes without saying that the actors – including ourselves – do not always behave rationally in conflict

situations. Motives for action comprise a blend of factors including the risk assessment, actors' perceptions of their own roles, and their biographical experiences. This makes it all the more important to gain a sound and detailed understanding of conflicts of interest and relations, and to observe these conflicts over a long period of time before we become actively involved. Conflict management requires professional expertise and a sober assessment by the conflict manager of his own role. This task confers status and power, but entails risks.

The ability to act appropriately in conflict situations and in a manner that will be accepted by the participants presupposes an **ability to both empathise and remain objective**. We should ask ourselves the following questions:

- What is actually going on here? What is at stake? How do I obtain the information I need in order to gain a first overview?
- What is my role? To what extent am I a participant in the conflict?
- What do I need that I haven't got, in order to help transform the conflict?

Conflicts cut across our plans and constrain our work. Our ability to understand the consequences of our actions and of the actions of others is limited. To get things back to normal we tend to seek hasty solutions. For many conflicts, however, there is no final solution within the given time frame and social context. We must accommodate our work to these circumstances, and live with the conflicts. We may be able to smooth them over, or defer them, but there is then always also a risk that they will flare up again.

To move away from this negative understanding of conflicts, it is helpful to focus on the **positive aspects** inherent in these problematic situations:

- Markers: Conflicts draw attention to symptoms and unresolved issues.
- Interests: Conflicts bring interests to light.
- Impetus: Conflicts heighten actors' self-awareness.
- Cohesion: Conflicts strengthen social relationships.
- Change: Conflicts facilitate change.

There is a broad range of options for action in conflict situations. These extend from observation via questioning through to active conflict moderation. The options selected and the intensity with which they are applied will depend on the causes of the conflict, its trajectory and its possible impacts. The ability to recognise conflicts early on and influence them such that the damage is limited and the parties to the conflict reach a consensual solution requires a wealth of social skills and life experience. It is also absolutely crucial that anyone seeking to help transform a conflict is accepted by the other participants. The following **warning signs** highlight a number of pitfalls:

Naivety: "It's a clear case, I know what the cause is." – But: conflicts have a hidden side comprised of narratives that are told differently by the various parties to the conflict.

Neutral mediator pose: "I am neutral!" – But: this self-appraisal is not sufficient for someone to play an active neutral mediation role. What is crucial is the acceptance of the individual by the parties to the conflict, and their expectations.

Potential for violence: "It can be sorted out." – But: we often operate in a context of simmering violence that we do not understand and that is beyond rational control.

The do-gooder: "I must help the disadvantaged groups." – But: this kind of premature partisan approach makes it impossible for an individual to act as mediator or moderator, and ultimately weakens the position of the disadvantaged groups.

The megaphone: "There's something I just have to bring out into the open." – But: many tensions and conflicts are everyday features of cooperation. They wax and wane continuously. Discretion is often more advisable than transparency. Outsiders are not entitled to go backstage and then broadcast everything for all the world to hear.

Tool 3

Forms of Cooperation and Roles

C

1. Focus

The actors who participate in a project in varying degrees and in various roles form a network of mutual dependencies. The extent to which the actors acknowledge these mutual dependencies, and the resulting need to negotiate implementation of the change objective with the other actors, is a key success factor for the dynamics, depth and sustainability of a project.

The network of mutual dependencies is ultimately based on the fact that none of the participating actors is able to achieve all the project objectives alone. Recognition of this fact on the one hand provides the rationale for a participatory approach. On the other hand, it also means the forms of cooperation must be negotiated such that the objectives can be achieved. Here, the aim is not to identify rigid work relationships formalised by rules and contracts. Loose relationships based on information exchange and coordinated action, or limited-term agreements, will often be sufficient.

Key features of cooperation relationships are[1]:

- The cooperating partners expect a benefit (value added) for themselves. They assume that the anticipated value added can only be created through the cooperation. In other words, the inputs and transaction costs will be recovered (benefit-orientation).
- The cooperating partners seek to minimise their transaction costs, and monitor the benefits derived from the cooperation by other cooperating partners (fairness and balance rule).
- The cooperating partners orient their joint activities toward their own strengths. They anticipate that the strengths of the other cooperating partners will help generate fresh potentials (synergy rule).
- The anticipated value added of the cooperation is generated through the interplay between the respective strengths of the cooperating partners (orientation toward strengths).
- The cooperating partners contribute certain strengths, but do not contribute absolutely everything they would have to offer (partial docking).
- The cooperating partners maintain their functional autonomy.
- The cooperating partners enter into binding obligations within the cooperation system that partially compromise their autonomy, but offset these constraints against the anticipated benefits of the cooperation.
- As a result of the cooperation a new social system arises that is defined by the participating actors, their relationships and the rules which they give themselves.

Political and social steering within a cooperation system arises through the interplay between various actors. The basic mechanism of communication and steering is **negotiation**. This differs from the closed hierarchical organisations of the public or private sectors, which are steered essentially through the mechanisms of hierarchy and rules. Most actors' professional experience is confined to steering within these kinds of systems. As a result they tend to transfer this experience to less hierarchical cooperation systems.

A new cooperation system is an intervention into existing, proven, political and social coordination and steering mechanisms that are based on more or less explicit agreements (laws, norms, customary law, tradition, notions of justice), for instance concerning natural resource management. Analysis of the flexible system of actors and their relationships enables planners to identify the various roles played by the

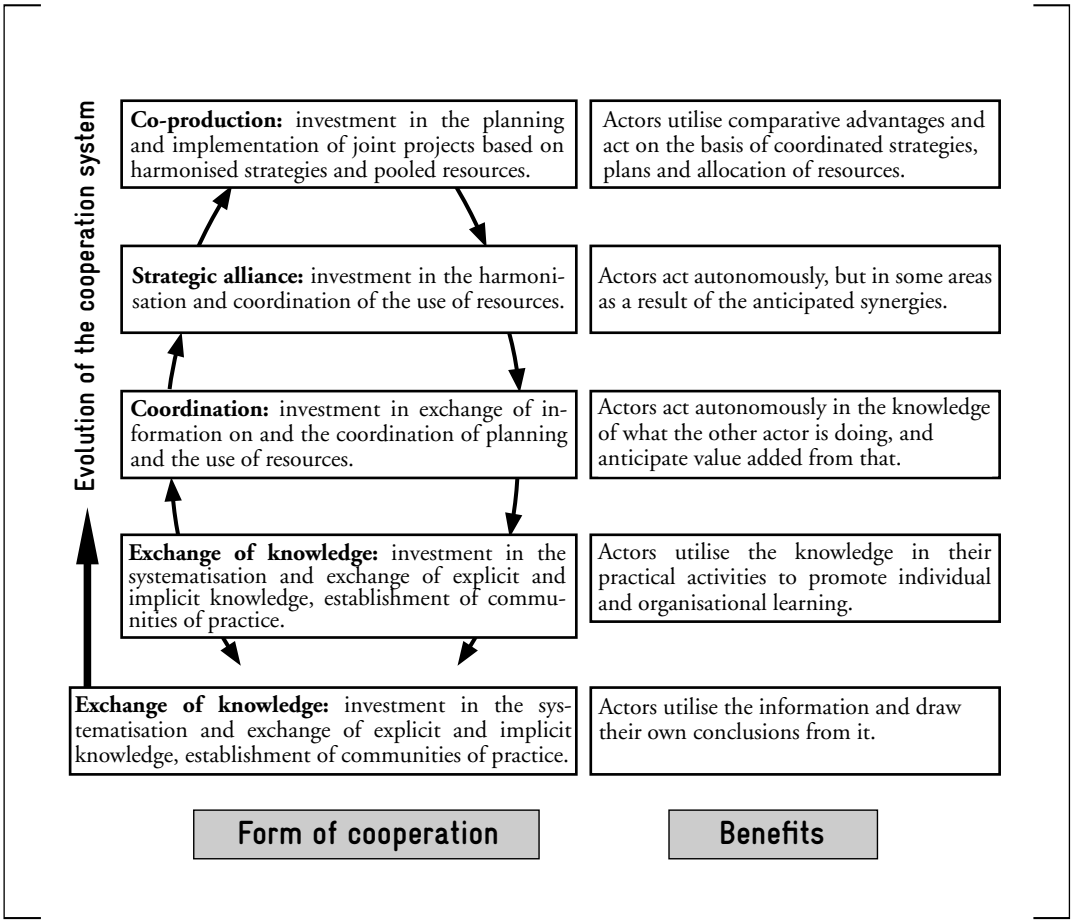
[1] Based on Leo Baumfeld, ÖAR, Wien

actors in relation to the issues at stake in the project. In other words, a development cooperation project structures the constellation of actors like a magnet. The actors position themselves in relation to it. They support or oppose the project, they calculate the risks, the incentives and the possible benefits.
The oft-extolled harmonious reconciliation of interests implied by the term 'win-win' situation is usually the exception. A long-term perspective may also collide with short-term interests and expectations, which normally play a stronger role in steering actors' behaviour. Usually a change or reform process creates both winners and losers. Having said that, the perceptions and behaviour of actors can change fundamentally in the course of a project, if changes create genuinely new relationships and spaces for negotiation.

2. Method

2.1 Stages of development

At their core, cooperation systems consist of the exchange of information between two actors. This exchange of information can become the basis for coordinated action, or may lead to a joint project. Yet there are many cooperation relationships which for good reason remain at the lowest level of development of information exchange. To understand why, it is helpful to use the following five-stage model[2]:



[2] Based on Leo Baumfeld, ÖAR, Wien

Features of the development stages of the forms of cooperation[3]:

- The stages of development are reversible. There is no automatic ascent to the next stage up.
- Cooperation systems normally embrace various stages simultaneously. In other words, a cooperation system may involve several stages of development at the same time.
- As cooperation becomes more intensive, there is an increasing need to negotiate binding rules and coordination mechanisms.
- All stages of development emerge on the basis of the exchange of information.
- Each stage of development requires different commitments and binding obligations.
- The step toward a next stage of development is the result of negotiations among the participating actors.
- There are no agreements or contracts that cannot be amended or broken.
- There are no general rules concerning either the number of actors or the coordination mechanisms.

Cooperation systems and networks are organisations of structured informality. This is to say that they invent the blend of structures and agreements on the one hand, and unregulated informal processes on the other, that is appropriate to the task in hand and acceptable to the actors.
Within cooperation systems, sub-systems for various tasks may enter into obligations of varying degrees. Establishing clear regulatory provisions for these obligations and communicating them is a key aspect of confidence building and trust inducement in cooperation systems and networks.

2.2 Forms of cooperation: Warning signs

In the course of time, cooperation systems develop their own forms of cooperation, which vary in terms of their respective purpose, size, openness, degree of formalisation, etc. Each of these structural features also harbours a potential for conflict, as outlined in the warning signs shown below:

Number of actors: Should few or many actors be involved?
As the number of actors increases, the negotiation and steering requirements rise exponentially. Groups of free-riders, thematic satellite groups and power circles form.

Homogeneity of the actors: Are the actors similar in terms of sector, activity areas, size, life cycle, region of origin, etc., or do they differ?
Homogenous groups of actors are boring, lack innovation, or tend toward competitive behaviour.
Heterogeneous groups have a high potential for innovation, but disintegrate if their differences are not capitalised upon.

Centrality (focality) of individual actors: Is there one or a small number of key stakeholders who wield(s) major influence over the cooperation, or are the partners largely equal in terms of their degree of influence?

[3] Based on Leo Baumfeld, ÖAR, Wien

A lack of transparency concerning the division of roles and decision-making, or asymmetries of information, tend to disrupt the cooperation system.

Openness (flexibility) of the cooperation: To what extent is the cooperation system interested in involving new partners? How easy or difficult will new partners find it to join the cooperation system? Too much openness can overstretch the cooperation system, as it constantly strives to integrate new partners. Too little openness can stifle growth and the capacity to innovate.

Degree of formalisation: Are the actors' agreements, and their processes for decision-making and doing business with each other, placed more on a formal (i.e. written) footing, or does cooperation function rather on the basis of verbal agreements and personal relationships? Unless the right balance is struck between the necessary minimum of regulatory structure and the maximum of informal flexibility (structured informality), transaction costs will be increased. Orientation towards performance and product will give way to an inward-looking approach, and the actors' confidence in the cooperation system will dwindle.

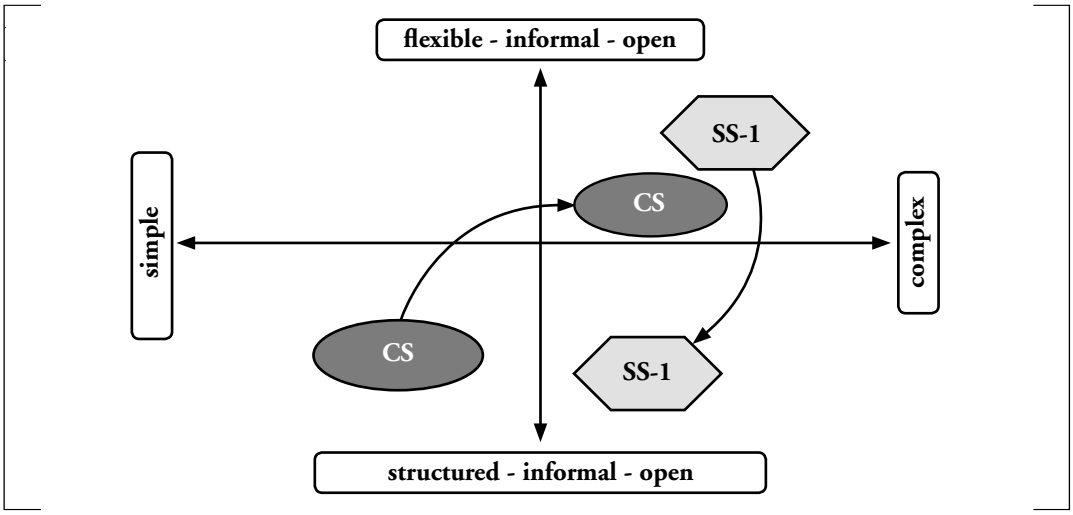
Intensity of coordination: How necessary is it that the actors see each other and coordinate their activities on a regular basis?
The costs of coordination must be proportionate to the anticipated benefits. Generally speaking, cooperation systems need the actors to meet face-to-face. This reduces the number of possible interfaces.

Length of the commitment: Is the cooperation planned to be of a short, medium or long-term nature? Cooperation systems can be institutionalised (e.g. decentralisation as a new system of cooperation between the central state and municipalities), but they can also become moribund if the benefit to the participants is not tangible and there is no joint strategic orientation.

2.3 Patterns of cooperation

As a first approach to characterise the cooperation system that may already exist or may yet have to be created, it is useful to compare three perspectives.

Perspective 1: Structured informality
Key questions: Where does our cooperation system stand today? In which direction should it be moving? Where are the sub-systems?



CS = cooperation system as a whole
SS-1 = sub-system of the cooperation system

Perspective 2: Links between actors and actions
Key question: What links between actors characterise the cooperation system?

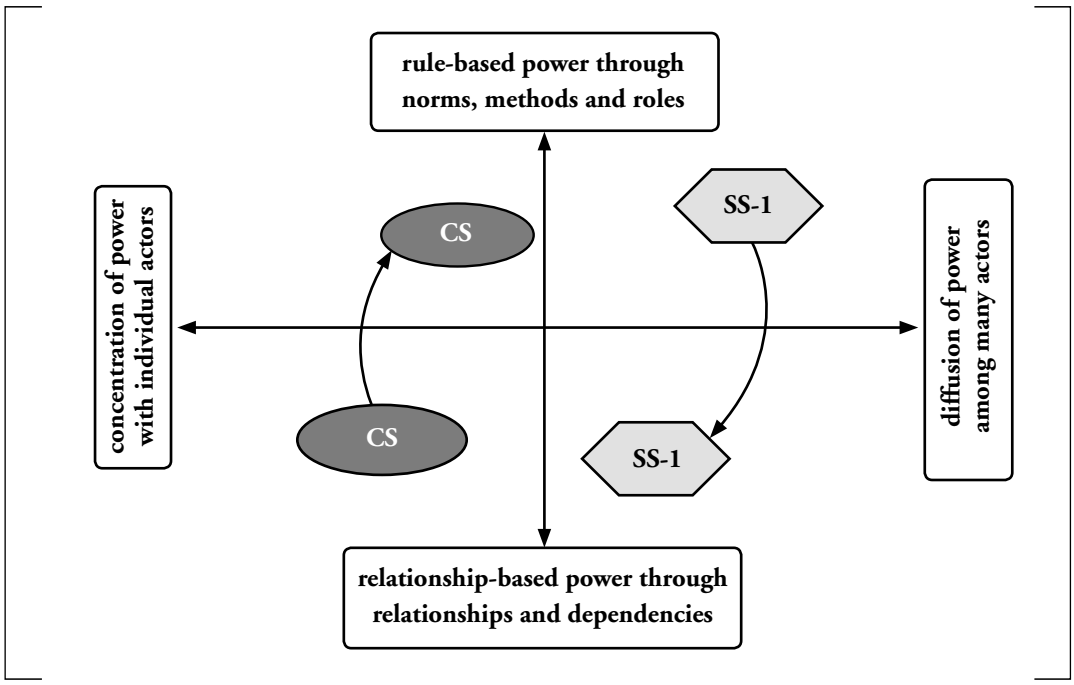
ACTIONS are loosely or firmly linked: informal, limited-term agreements vs. fixed rules and procedures	**loose**			
	firm			
		firm		**loose**
		ACTORS (persons, groups, organisations) are loosely or firmly linked		

The attributes "loose" and "firm" do not qualify the links as either "good" or "bad". Any cooperation system develops a balance of suitable links between actors and actions, and thus a measure of stability.

The form taken by the links between actors arises, for instance, as a result of the division of labour, power or charismatic figures that are constitutive of the cooperation system. Links between actions arise as a result of production processes, standardisation, quality management, which are in principle negotiable and interchangeable. Examples: during their experimental pioneering phase, cooperation systems often begin with firm personal links between actors and looser links to actions. In time, these actions become

linked into the system more firmly through procedures and rules, and the system develops continuity and stability.

Perspective 3: Power and influence
Key question: How are power and influence wielded within the cooperation system?

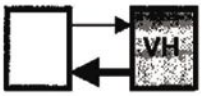
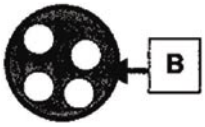
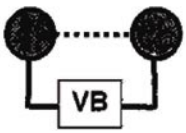


CS = cooperation system as a whole;
SS-1 = sub-system of the cooperation system

2.4 Roles in cooperation

Roles are not freely negotiated within the cooperation system. Governmental, civil society and private sector actors already have ascribed roles and expectations of other actors. This becomes clear with tasks that require coordinated action by the actors, such as drinking water supply or judicial reform. Nevertheless, it can be helpful to consider a number of roles specific to the cooperation system, in order to create clarity for the negotiation of possible roles and tasks within that system.

Role	Symbol	Short description
Node		The node contains the core tasks: • point of coordination and communication • networking among the actors • initiation of projects involving several actors

Role	Symbol	Short description
Manager		As a manager the actor plans and implements, together with other actors, individual projects that are decided upon and supervised to completion by the cooperation system as a whole.
Spokesperson/advocate		As a spokesperson or advocate the actor represents the interests and concerns of the cooperation system and the projects toward the public or politically relevant bodies.
Negotiator		As a negotiator the actor has a mandate to represent and negotiate the concerns of the cooperation system with third parties.
Process management and facilitation		The actor shapes the process architecture, organises the process and facilitates negotiations in the cooperation system.
Consultant		As a consultant the actor contributes knowledge and experience, and promotes self-reflection within the cooperation system. He is commissioned by the cooperation system and can also perform coaching functions for other actors.
Connector		As a connector the actor creates links • between subsystems that are important for a certain project • to the environment, e.g. governmental agencies.
Supporter		As a supporter the actor is available for various supportive activities, e.g. • support and consultancy • back office for smaller projects.
Participant		The actor participates in a project, e.g. as a • service provider • financing body.
Observer/feedback provider		The actor observes the activities of others and carefully communicates his observations and perceptions. He is a professional feedback provider.

Based on Leo Baumfeld, ÖAR, Wien

Tool 4

Network Management

A

1. Focus

Networks are negotiation-oriented, flat organisations that normally require purpose-built structures for effective communication among the actors. They develop on the basis of a variable geometry of actors' interests. Developing and promoting these networks requires a clear understanding of the interdependencies of the actors, and the incentives that motivate and drive their actions. These incentives include in particular:

- Economic incentives: access to new resources, market access, access to new knowledge.
- Status incentives: power accrual, influence, recognition, social relationships.
- Coherence incentives: enhanced performance when discharging mandate, strengthening of path dependency, and avoidance of dissonance with acquired behavioural patterns and cultural orientations.

Networks function on the basis of a culture of negotiation, which the actors need to acquire. This is necessary because networks replace the coordination mechanisms of the state (hierarchy) and the market with negotiation between interdependent actors. This usually necessitates the creation of an efficient and effective coordinating point or unit whose key task is to promote communication among the actors and structure negotiation processes.

EXAMPLE: Cooperation in Amazonia

German cooperation in the Amazon region aims to raise the effectiveness, coherence and efficiency of various governmental, civil society and private sector actors by harnessing synergies between various regional projects, country programmes and sector projects. This process is organised along four thematic axes:

- Regional planning: in the interests of a sustainable interplay between economic management, infrastructure development and the maintenance of ecosystem performance in Andean Amazonia.
- Forest policy in intersectoral dialogue: coordination and implementation of intersectoral policies that include both a forestry and a natural resource component.
- Environmental economics and sustainable value creation chains: making possible the sustainable economic utilisation of environmental goods and outputs.
- Institutional development and network management: promoting institutional performance and networking in the regional and national contexts.

In the case of natural resource policy in the Amazon basin, networks can form along these four thematic axes and be induced by external incentives, e.g. through competitive funds to finance programmes implemented by a network of actors.
Implementation calls for complex network management that takes into account the performance capability of the various global, regional and national actors, and defines the forms of cooperation for information and knowledge exchange, coordinated action and co-productions. Here, network management relates to the three core processes of harmonisation, coordination and production:

1. Regional and national policymaking: Negotiating and agreeing on rules and norms for natural resource policy in the Amazon basin by consolidating relationships among the national and regional actors, and supplying them with proven knowledge. – Example: coherent country policies of riparian states in relevant sectors (watershed management, fiscal policy, etc.).

2. Strategies and instruments of reform projects: Harmonising objectives, thematic focuses, and instruments of information and knowledge exchange and coordination. – Example: coordinated and universally accessible results monitoring based on ratios and indicators.

3. Thematic cooperation at the operative level: Negotiating and agreeing on cooperation between regional/national programmes on the basis of comparative advantages. – Example: co-production involving several national programmes and sector projects, with the aim of developing proven procedures that can be fed into the policymaking process.

Networks can potentially be related to any theme, and are formed on the basis of information and knowledge exchange. They are theme-based and also actor-specific in orientation. The structuring of the actor-specific orientation (inclusion and exclusion, definition of relationships, actors' capacity to articulate their interests, degree of participation) becomes crucial above all in the policy context, when new rules and norms have to be negotiated and agreed on. For reasons of practicability (time, resources, number of actors and interactions, number of interfaces), it is necessary to realistically define, agree on and gradually develop system boundaries, anticipated products and coordination mechanisms.

A group of states such as the riparian states of the Amazon faces a continuously increasing number of problems which, due to their geographical breadth and the interdependencies involved, can no longer be addressed using the traditional logic of states dealing with states. Global climate change, the uncontrolled trade in timber, conflicts of interest with petroleum companies, and the controlled use of biotechnologies provide numerous illustrations of this. Against the background of growing interdependence, the policy network brings those actors together who in any case hold an active interest in the issues at stake. These networks are based on the premise that, given the interdependencies involved, none of the participating actors are able to develop viable solutions on their own. The networks therefore build bridges between the public sector, civil society and the private sector.

Given their flat (i.e. horizontal) configuration, networks are considered to hold a high potential for democratically legitimate and stable agreements that are accepted by the actors. In the course of the negotiation process, the actors – who possess different interests – gradually develop a relationship of interdependence. They begin to understand other interests without sharing them. They begin to acquire new knowledge together. They begin to develop and explore a range of alternative options. As a result the solutions proposed in the course of the negotiation process become more realistic, context-sensitive and ready to implement.

AN EXCURSION: Policy networks and in-process consultancy

For modern theories on the management of interests in the policy negotiation process, the notion of the policy network is key[1]. Policy networks embrace various public and private corporate actors (public authorities, associations, interest groups, social movements, enterprises, political parties, local authorities, parliaments etc.). Their purpose is to bring individuals and institutions from various sectors and domains together, in order to address common problems in a negotiation

process. In the aforementioned example, the actors concerned are linked by the question of the future of natural resources and habitats in Amazonia. They are interdependent, but autonomous. The actors are autonomous in the sense that they can play out their interests in the policy negotiation process through power, influence and alliances. In their capacity as state, nature conservation organisations, indigenous people's organisations, timber companies or as pharmaceutical groups, they represent highly diverse interests, yet are linked horizontally (and not hierarchically). It is from this horizontal structure of the policy network that the basic steering mechanism is derived: negotiation. In policy networks, policies are shaped through interaction and negotiation between governmental institutions and non-governmental actors. The initiative of placing an issue on the agenda need not originate from a governmental actor – it may also come from a non-governmental group or groups. This marks a move by the state away from the directive tradition that became established in Europe in the 16th century and is reflected today in a large number of regulations governing public life. The rule of law does, however, prescribe that the state remains responsible for implementing the policy negotiated with the actors. Usually, though, the state shares the tasks of implementation with private actors. The process of negotiating solutions helps create a stronger will to assume responsibility, which is key to implementation. For steering, the question of participation and representativity becomes crucial. It would for instance be inconceivable and counter-productive to conduct a regional policy dialogue on the future of Amazonia without involving the private sector, or large global non-governmental organisations such as IUCN, CIFOR or WWF.

Policy networks largely prescribe their own rules and procedures, and create for themselves a framework of structured informality. This is to say that their members negotiate not only matters of hard content, but also density of rules, structure, forms of participation, and commitment to the negotiation process. The example outlined above illustrates the fact that policy networks often form a singular, frequently multi-layered architecture that emerges from nodes, sub-networks and institutionally defined relationships: a permanent secretariat, the network of national commissions, a regional conference of environmental ministers and thematic networks form parts of a systemic whole. To prevent the policy network from becoming entangled in the undergrowth of complex interfaces, and thus remaining immobilised, it must possess a mechanism for self-reflection. The network needs to know how networks function and monitor themselves, in order to be able to navigate and steer. Policy networks are an appropriate response to the need to strengthen participation by different actors and reduce democratic deficits. Whereas formerly it was states alone that determined international affairs and created international organisations at most for mutual coordination, today it is binding conventions between those states – produced in consultation with civil society and the private sector – that play a new steering role. This role is also influenced by civil society actors and multinational enterprises that operate regionally and globally – once again cutting across national borders. Against this background, regional policy networks that are tied to democratic consultation and decision-making mechanisms at the national level also make an important contribution toward promoting democratic governance.[2] Alongside these

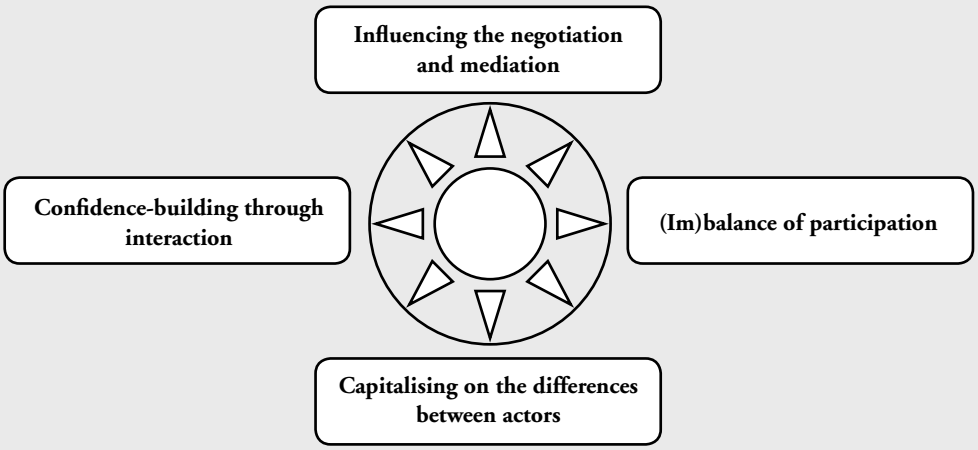
[1] For three different perspectives that cannot be dealt within any more debit here, see Frage der Repräsentation und Demokratie: Dingwerth, Klaus: Globale Politiknetzwerke und ihre demokratische Legitimation. Potsdam 2003. – Aus der Managementperspektive im öffentlichen Sektor: Kickert, Walter J. M./Klijn/Koopenjan (eds.): Managing Complex Networks. London, Sage 1997. – From the perspective of organisational sociology: Jansen, Dorothea, 2002: Netzwerkansätze in der Organisationsforschung. pp. 88-118 in: Jutta Allmendinger/Thomas Hinz (Ed.), Organisationssoziologie: special edition 42/2002 the Cologne "Zeitschrift für Soziologie und Sozialpsychologie". Wiesbaden: Westdeutscher Verlag.

[2] This does not make national programmes to modernise the state superfluous. Regional policy networks do, however, highlight the fact that national programmes could be supported substantially through regional mechanisms, such as the Amazon Pact implementation mechanisms.

positive democratisation effects, policy networks also have the capacity – by involving actors – to conceptualise complex problems appropriately and make them manageable.
Policy networks live from the heterogeneity of their participants, and the productive tension which that produces. In many respects, networks embody the new reality of a pluralistic political system in which governmental organisations compete with non-governmental actors in a situation of interdependence. Policy networks thus perform a broad range of functions:

- They facilitate negotiation and the setting of rules and standards.
- They bring actors from various sectors and with various perspectives and interests together around one table.
- They promote checks and balances among the actors as well as democratic governance.
- They serve as a space where the actors themselves can negotiate and develop new rules, norms and policies.
- They serve as innovative implementation mechanisms for conventions and agreements between states.

To influence the course of policy negotiation processes, there are a number of core tasks as described above: structuring of participation, agenda management, etc. As the process is ongoing, consultancy interventions can on the one hand strengthen self-reflection and thus self-steering by the actors. On the other hand there are at least four options for influencing the process.



In-process consultancy can engage with the negotiation process along the following three axes:

- Actors: by influencing and advising individual actors, for instance to strengthen their willingness to incorporate new knowledge or their ability to conduct the negotiation process.
- Relationships: by influencing relationships between the actors, because their level of mutual information, their willingness to exchange and communicate information to each other, and their mutual perceptions and expectations of each other form the basic fabric of the policy network.
- Rules: by influencing the rules and norms that steer the policy network and the negotiation process (concerning the power of definition over the agenda, participation, access to new knowledge, etc.).

2. Method: PIANO

This tool can be used both to help create a network, and to analyse and monitor its development status. It aims to strengthen the following success factors for network management:

- functional and active participation by actors
- strengthening of the shared vision and orientation
- confidence-building and consolidation of relationships among the actors
- maintenance of equilibrium among actors with different degrees of influence and implementation strategies
- strengthening actors' identification and motivation
- equal access to information
- maximum rate of learning through information exchange
- pragmatic orientation toward joint products
- communication on the network to non-network actors and securing of recognition
- minimisation of transaction costs for coordination and network management
- confidence-building and legitimacy of the coordinating actors.

A network is perceived and judged differently by the participating actors, depending on their vantage point and interests. To make these different perspectives visible and negotiable, it is helpful for the tool to be applied separately by different groups of actors.

P Products	I Incentives	A Actors	N Negotiations	O Orientation
1 Products	**5 Incentives**	**2 Actors**	**4 Negotiations**	**3 Orientation**
What is the next thing we wish to achieve or create in the network? What will be our contribution to that?	What motivates us to join and remain in the network? What benefits and value added do we expect to obtain from that?	What are our strategic goals? Who has similar / very different strategic goals?	What minimum agreements do we need for our work in the network? How should we ensure that these agreements are kept?	What vision do the actors in the network share? Where do we see the greatest divergences in the future?
How is synergy created? (i.e. when does 2 + 2 = 5): How do we promote the exchange of information and knowledge within the network most effectively?				
With whom do we wish to design and produce our products?	Which actors are we dependent on in order to create the anticipated benefit and value added?	Who should also be consulted or involved?	How should decisions be taken in the future?	What concrete measures will we apply to strengthen the shared orientation?

Tool 5

Confidence-building

C

1. Focus

Confidence or trust is an elusive quantity, because it cannot be produced on demand. It grows slowly, is invested and allowed to mature, but can sometimes be lost and tacitly withdrawn. It arises on the basis of mutual assumptions and cooperation experiences. When assumptions and cooperation experiences largely correspond, confidence grows – i.e. actors project predictable behaviour onto another actors. Confidence is a valuable economic resource in cooperation systems. It promotes the exchange of information and knowledge, simplifies and speeds up cooperation processes, and reduces overall transaction costs.

Confidence-building in cooperation systems is a systemic aspect of effective cooperation. As actors remain interdependent with regard to the change objective, hesitant scepticism, mistrust, tensions and conflicts are major obstacles to effective and efficient cooperation. The dilemma of confidence-building is that although it promises major benefits, it also entails risks. Confidence in invested on the basis of an anticipated, assumed behaviour by another actor. The old proverb 'trust but verify' sums up this situation on the side of mistrust.

It is not so much the explicit interests of the actors that are constitutive for confidence-building, but rather their mutual perceptions and assumptions. Actors with the same or similar interests may also sometimes mistrust each other. Confidence arises in the dynamic interplay of mutual projections, in which context large segments of the actors' intentions and influence remain initially hidden from view, backstage as it were. The dynamics of confidence-building become tangible when an actor makes an investment in it through communication, openness and the wielding of influence, without the other actor reciprocating. The investing actor will then withdraw, now sometimes more mistrustful than before. In other words, investment in confidence-building and trust-inducement is based on a principle of reciprocity – a precarious balance. The pendulum of trust between actors comes to rest at a point that is desirable and possible for both actors. This lowest point is usually equivalent to the maximum risk of breach of trust acceptable to a participating actor.

Trust is based in the first instance on the assumption that the other actor is positively disposed, and at the very least will not act to harm the actor investing the trust. Secondly it is based on a mutually transparent and symmetrical exchange of information on objectives, intentions and plans. Thirdly it arises and is consolidated by reciprocal action and a transparent and fair distribution of jointly earned benefits. Fourthly, in hierarchically structured cooperation arrangements with no provision for symmetrical information exchange, confidence becomes the loyalty demanded from above, and the latent mistrust of power from below as the lower echelons seek to protect themselves against possible power abuse. In all cases the experiences of third parties play a key role, as the actors observe the entire network of relationships and draw conclusions concerning the confidence that can or should be invested in other actors.

Confidence-building is a protracted process that requires a considerable investment of time and money. Confidence that has been built can easily be lost and quickly destroyed. Destroyed confidence is the biggest obstacle to further confidence-building.

Confidence is built along three basic axes:

- Confidence in the process of interaction between the actors: Previous positive and negative interaction experiences are utilised to make assumptions concerning the future behaviour of the other actor. If the observed behaviour appears predictable and free from harmful intent, trust is invested in that other actor, who accrues social capital.

- Confidence in the personal qualities of the actors' representatives: The age, sex, cultural orientation, charisma, profession or social status of actors influence the degree to which confidence is invested in them.

- Confidence in institutions: The degree to which confidence is invested in an institution is largely the result of its perceived neutrality, predictability, transparency of decision-making, fairness and accountability. This confidence in turn substantially facilitates the institution's ability to perform.

When new cooperation relationships are established, as is usually the case in development cooperation projects, careful confidence-building has a key role to play within the cooperation system. Opportunities for informal meeting and encounter are just as important here as transparently structured work processes. A joint excursion by representatives of different organisations, where the ice of mistrust between the actors is given an opportunity to thaw, can be just as important a contribution to the achievement of objectives as an agreement concerning the actors' rights, responsibilities and inputs.

2. Method

In a broad-based cooperation system it will be virtually impossible to study all relationships between actors. Where mistrust persists and tensions between actors build up, an attempt should be made to shed more light on relationships at least where the key stakeholders are concerned. Relationships of trust are to some extent closed in the sense that they require the actors involved to practice discretion. Actions speak louder than words, and this certainly applies to trust. It is therefore normally not possible to ask directly whether an actor is trustworthy, nor is it possible to ask why one should or should not have confidence in another actor. The study of individual relationships of trust should therefore be utilised to formulate working hypotheses, which can then be tested in practice.

The following analysis of confidence-building in a selected relationship between actors focuses on eight aspects; the total, average and deviation of the rated values (1 to 4) can provide important pointers for strategic options and promoting communication.

Analysis of confidence-building from an actor's perspective

1 Positive experiences with cooperation in the past					
Only negative cooperation experiences or none at all	1	2	3	4	Significant positive and beneficial cooperation experiences

2 Transparency and predictability of goals					
Intentions and goals are unclear and concealed	1	2	3	4	Intentions and goals are communicated and clear

3 Communication among the actors					
There are barely any opportunities for meeting and communication	1	2	3	4	Regular meetings and intensive communication

4 Observance of agreements and contracts					
Agreements are ignored and are rarely observed	1	2	3	4	Agreements are negotiated openly and are observed

5 Fair distribution of advantages and gains					
Advantages and gains are acquired unequally	1	2	3	4	Distribution is openly negotiated and a fair solution is found

6 Confidence in the representatives of the other actor					
The behaviour of representatives is arbitrary and changeable	1	2	3	4	Representatives are known and work to maintain good relations

7 Conflict management					
Tensions and conflicts are not talked about or addressed	1	2	3	4	Conflicts are addressed openly and constructed early on

8 Public image of the relationship					
The image is one-sided and disadvantageous for us	1	2	3	4	The agreed image strengthens our relationship and is positive

Rating:
total = ... average Ø = ... deviation = ...

Key questions for the evaluation:

- What are the strengths of the relationship on which confidence can be built?
- Where are major gaps in confidence evident?
- How can the cooperation relationship be consolidated, and how can more confidence be built?
- What tensions and conflicts are evident?

To monitor changes in confidence-building, it is helpful to repeat the analysis of a selected relationship between actors periodically. The method can be applied either by an external third party, or by participating actors themselves to promote self-reflection. Tact should be exercised here. Nobody can be forced to talk about confidence-building and any doubt they may have about trust invested.

Tool 6

Backstage and Learning Behaviour

A

1. Focus

A great deal can be learned by looking at a cooperation system involving numerous participating actors as if it were a theatre production. On the stage we see the actors play their roles, represent their interests and develop their relationships with other actors. They build relationships of trust, negotiate joint ventures, place the carefully built trust at risk, and plunge unexpectedly into deep conflicts. They act according to their roles, scripts, expectations, influence and resources, and with the other actors and their relationships in mind. They build a network of interdependencies. There are shifts in the power and influence wielded by the actors. Much remains poorly transparent and is kept concealed, because actors wish to be seen in a certain way. Information is exchanged, withheld and hawked. Actors are prompted to remember their lines, scenery is shifted, and backstage the casting of actors in their various roles is negotiated. Actors put on their costumes, props are distributed, and scripts are rewritten. Deceit and intrigue enter the action, and strings are pulled from above. Some actors move into the spotlight, others remain in the shadows.

The otherwise quite limitless creative possibilities are limited and steered by the actors themselves. They are the ones who create the structural conditions on the stage which enable them to develop their relationships. Theatre productions and cooperation systems create an inner world of implicit rules of which the actors are only partially aware, even though they themselves have created them. This inner world and the performance capability of the cooperation system are also crucially shaped and influenced by their actors' problem-solving behaviour and capacity to learn and manage change.

Understanding a theatre production and cooperation systems calls for detachment, self-critical reflection and a broad vision, because perception is not a purely technical and rational operation. Perception is selective, and involves components of projection, active organisation, attribution of meaning and construction of form.

Selection: Our attention focuses on things that confirm what already fits into our world view, do not generate any dissonance with our beliefs and cultural orientation, and appear useful to us. Led by our utilitarian outlook, we tend to believe that people will learn something in order to be able to use it later on. This need not be the case. People can enjoy a moment of learning as a welcome opportunity to encounter something new, and then return to the order of the day when the new experience no longer has a role to play.

Projection: We constantly project our desires and meanings into what we perceive. We assume that others share our perceptions, and are astonished when they do not. This becomes especially apparent in the interpretation of symptoms. Symptoms are observable and perceptible signals from which the status and dynamics of the cooperation system can be inferred. Symptoms need not necessarily point to a deficit or a weakness. They may also reflect strengths and potential. The diverse impressions that we gain from a cooperation system compel us to read patterns and trends into incomplete data. Symptoms are always tied to the people, processes, structures or products of the cooperation system. Individual symptoms in themselves tell us little or nothing. The symptom "lack of orientation and weak leadership" in a cooperation system may have unintended positive effects on the development of exploratory initiatives among the actors. In another case the same symptom might speed up the disintegration of positive elements, or lead to a situation in which useful potential goes to waste. Symptoms and analytical results must

therefore always be checked together with the actors of the cooperation system. This process of reflection allows accurate assessment of the differing significance of symptoms, because the same symptom can be interpreted differently. Precision can be interpreted as pedantry, managerial overview as a compulsion to control, creativity as chaos, discipline as rigidity, reliability as perfectionism, unreliability as cheerful flexibility, and discretion as wilful suppression of the truth.

Organisation and construction of meaning and form: The contents of perception are placed in relation to each other. This operation is shaped basically through the distinctions offered by a language. Perception and expectations, interpretations and intentions are harmonised to form a stable world which enables us to communicate about our actions. These viable fundamental beliefs form a reservoir of tacitly shared assumptions that combine to form a social framework in which the sense or meaning of things is constituted. New experiences are added to the framework. People have the ability to read a pattern into incomplete, fragmentary information, and to construct an overall picture from this. This kind of structure is captured through a process of associative thinking rooted in the life world, and obeys an economic logic: We don't need to know everything in order to make sense out of various items of information and data, and be able to act accordingly.

2. Method: Triangulation of three perspectives

To approach the various realities within a cooperation system it is useful to apply various comparative instruments. We will confine ourselves here to three perspectives: (i) the issue of the implicit rules backstage of the cooperation system, (ii) problem-solving behaviour within the cooperation system, and (iii) learning behaviour within the cooperation system.

Analysing the three perspectives – implicit rules, problem-solving behaviour, learning behaviour – leads to a deeper understanding of the cooperation system. It also generates conclusions concerning the management system, possible development paths and possible consultancy focuses to promote and strengthen

- individual actors, e.g. through integration and participation, improved conflict management skills, enhanced performance capability for project and financial management, or for cooperation with other actors in the cooperation system;
- individual relationships between actors, e.g. by promoting information and knowledge exchange, confidence-building forms of encounter, communities of practice, utilisation of information and communication technologies, incentives for new forms of cooperation;
- the cooperation system as a whole, e.g. by studying and mediating processes to negotiate norms, rules, cooperation guidelines, enhanced performance capacity of coordinating cores and improved evaluation of experience.

2.1 The unspoken rules

There are no hard and fast prescriptions on how to identify the unspoken rules. The route that takes us backstage leads across front stage, i.e. through everything that is tangible and visible in relation to priority setting, preferences, relationships and influence. To approach the micropolitical inner world of a cooperation system it is helpful to imagine the difference between a long-standing and a new member of that system. New members are not familiar with the unspoken rules. These rules are not announced at

introductory meetings, nor are they written down in any handbooks or guidelines. New members of an organisation need plenty of time to reach an understanding of how it really works.

The following questions, raised in one-on-one or in working group situations, help identify the unspoken rules:

Preferences

- What are the three most visible and measurable aspects of our cooperation system, for instance the efficient communication, high transaction costs, or visible products?
- What needs or themes would the cooperation system need to address more intensively?

Relationships

- What was decided on within the cooperation system , but implemented either not at all or only very slowly?
- Who considers the coordination mechanisms within the cooperation system to be competent, and who is dissatisfied with them?

Backstage – the subtext

- What would you advise a new member of the cooperation system to avoid doing and saying?
- What would you advise a new member of the cooperation system to do and say if he or she wanted to be accepted and fit in as quickly and smoothly as possible?

2.2 Problem-solving behaviour

The problem-solving behaviour of cooperation systems has proven a key factor in practice. Any analysis that takes this fact into account will therefore seek to answer the following three key questions:

- What practical experiences of change do the actors in the cooperation system possess? - Examples: internal restructuring and process acceleration, development of relationships with other organisations and cooperation management, development of new products and services.
- What problem-solving methods do the actors have at their disposal? - Examples: problem-solving groups, knowledge management, intervision, workshops.
- With what attitudes do the actors approach problem-solving and the performance of new tasks? - Examples: routine, curiosity, openness, reserve.

2.3 Learning behaviour

As different actors interact, cooperation systems create a fundamentally conducive learning climate through the exchange of information and knowledge, and horizontal cooperation between the actors. The learning orientation can, however, be constrained by veto power.

Veto 1: Division of labour and exclusion					
Little contact among the actors, high degree of specialisation among small groups who communicate in codes	1	2	3	4	Actors work in separate groups simultaneously, are horizontally networked and work on joint projects

Everyday observation:

Veto 2: Confusing architecture for innovation					
No clearly communicated innovative themes, dissipation in numerous uncoordinated initiatives and workshops with isolated channels of communication	1	2	3	4	Clear priority setting for innovation in a few thematic areas, bundling of initiatives, mainstreaming has high priorities, all pull in the same direction

Everyday observation:

Veto 3: Authoritarian and ideological blinkers					
Fixed articles of faith are repeated mantra-like, deviating opinions are frowned upon, critique is risky.	1	2	3	4	Actors are invited to contradict, critique is called for and rewarded, and actors are willing to experiment.

Everyday observation:

Veto 4: Pressure to act					
High density of rules wastes time, actors suffer from pressure of time and work	1	2	3	4	Actors perform routine tasks with ease. Scope is created for maintenance of relationships and new tasks.

Everyday observation:

Veto 5: Communication gaps					
Actors are poorly informed and use information gaps as a power resource, there are few opportunities for exchange	1	2	3	4	Actors are well-informed and communicate proactively.

Everyday observation:

Veto 6: Unutilised experience					
Evaluation of experience is an onerous duty and a special task, nobody is interested in results	1	2	3	4	Evaluation of experience is an integral part of the work process, actors evaluate experience periodically and utilise it

Everyday observation:

2

Success Factor 2

Cooperation ... with external partners

"C" stands for "craft"
"A" stands for "art"

2

Background

A smooth transition from external to internal cooperation and vice versa. The cooperation system of development projects is open. External cooperation partners can become internal partners, and vice versa. Against this background, cooperation with external partners and cooperation with internal partners are closely interrelated. For practical reasons we cannot always be cooperating with all the possible partners. There are for instance a whole range of actors and individuals, ranging from the parliament to the president of a country, with whom we do not cooperate directly, but with whom we do at least try to establish relationships, not least in order to make ourselves visible.

Looking beyond the boundaries of the core cooperation system. The different forms of programme-oriented joint financing and the combination of various development cooperation instruments in regional approaches[1] are changing international cooperation practices fundamentally. Two qualitative processes play a major role here: alignment and donor harmonisation. Both processes aim to strengthen self-reliance on the partner side, and increase aid effectiveness. In practice this means that projects need to seek complementary partners actively and early on, and coordinate cooperation with them.

The international debate. Forms of joint financing and Poverty Reduction Strategies (PRS) are based on efforts to increase development cooperation effectiveness. The traditional approach of stimulating development through a large number of projects has generated only limited effects, and is considered in some cases to be counter-productive for the following reasons:

- The large number of relatively complex and uncoordinated interventions by different donors leads to coordination problems, duplication of activities, overlaps, friction and inefficiency.
- It is almost impossible to implement coherent development strategies for a sector. High transaction costs are generated for planning, implementation and monitoring.
- Administrative structures become overstretched, and parallel structures are created in the developing country administrations.
- Donors tend to dominate priority setting.
- Ownership and commitment are undermined and weakened.

In recent years, the international debate concerning these weak points has led to the formation of Sector-Wide Approaches (SWAps), especially in key sectors such as health, water, energy, education and transport. The international debate has, however, been further buoyed by coordinated programme-oriented development cooperation above all within the scope of the planning and implementation of national Poverty Reduction Strategies, realisation of the *Millennium Development Goals (MDGs)*, and efforts to strengthen ownership and coordination *(Paris Agenda; European Development Consensus).*

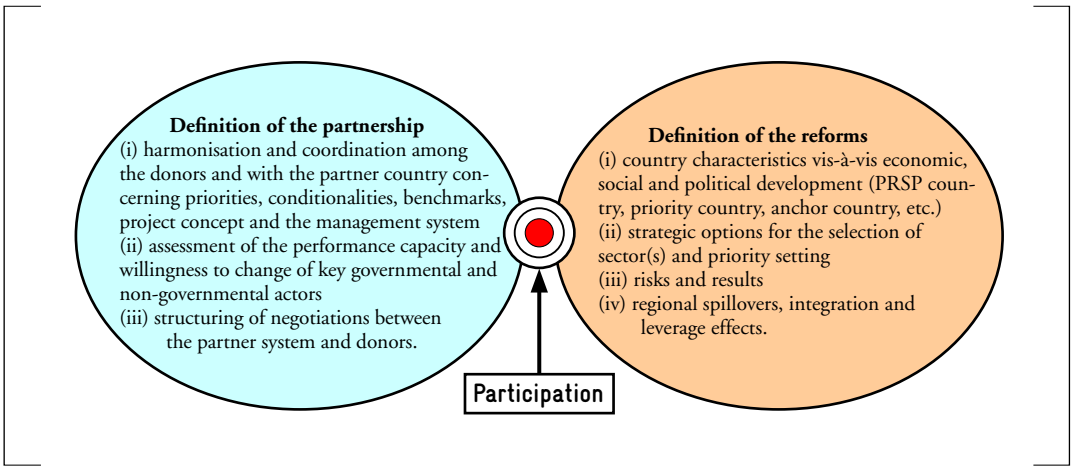
Essentially the international debate has led to a broad consensus within the development community that country ownership of the formulation, implementation and evaluation of development strategies must be strengthened, in order to sustainably increase the efficiency and effectiveness of investment for development.

The variable geometry of complementary partnerships. Projects are no longer simply the outcome of a regular process of coordination and negotiation between a partner country and a donor. New FC and

[1] For one example see: F. von Stieglitz, W. Engelberg, T. Heindrichs, H. Krüger: Deutsche Entwicklungszusammenarbeit in der Amazonasregion. Ein Orientierungsrahmen. Version of 19.06.2006

Background

TC projects emerge definitively on the basis of a variable geometry of partnerships and reform activities. Points of reference include for instance: national reform programmes, comparative advantages of donors, the variable performance capacity of implementing organisations, selection of strategic options in the priority areas. Projects are the outcome of a process of negotiation between the participants on the donor and partner country sides, which in each individual case leads to a different best fit selection of strategic options. This requires all participants and partners to display a high degree of openness and flexibility in the negotiation of approaches and tools, in planning and in implementation. The selection of strategic options and priorities, the definition of modes of financing, agreements on the conceptual approach and management structures, and models of joint financing emerge from a process of negotiation and coordination that is influenced by a number of variables. This process essentially involves two interdependent dynamics of negotiation.



Participation in all phases of the design, implementation and evaluation of complementary partnerships plays a key strategic role here. Participatory capacity development is the instrument of choice. Participants' performance, steering and cooperation capacities are strengthened, enabling them together with other actors both to raise the effectiveness and efficiency of investment for development, and to guarantee accountability vis-à-vis the various actors and the public.

Overarching objectives of coordination with complementary partners. Pursuant to the OECD-DAC Paris Declaration on Aid Effectiveness, coordination with complementary partners should help achieve the following:

- Ownership: Projects strengthen partner-country reform commitment and ownership. It is crucial that this ownership should not be confined to the central state, but should also extend to the civil society and decision-making mechanisms at all levels (national parliaments, municipalities), thus guaranteeing full broad-based country ownership.
- Alignment: Reforms are aligned with partner system policies, and partner-country structures are utilised to develop them further.
- Donor harmonisation: The manifold regulations and procedures of different donors are harmonised, and donor strategies are aligned with partners' strategic priorities. As a result, transaction costs can be reduced on both the donor and the partner sides. Due to their comparative advantages, donors participate in the policy dialogue, and engage in silent partnership by proxy in other areas.
- Managing for results and accountability: Accountability for the use of funds is based on the development results achieved, and not on the use of the donor funds for the designated purpose.

- Leverage: Through the coordination and standardisation of donor procedures, reform programmes can achieve significantly greater leverage than traditional project aid to support structural reforms.

Modes of delivery of German TC. TC projects can play a key role in complementary partnerships if they succeed in utilising their own core competences, for instance their in-country presence and competence, the complementarity of Germany's development cooperation organisations, their experience with in-process consultancy in complex reform projects, which requires iterative coordination of different interests (multi-stakeholder approach), their sectoral expertise in key sectors, their experience in the creation and application of professional results monitoring and accountability systems, or their experience in the participatory development, planning and implementation of projects that require a multi-layered approach and cooperation between the state, civil society and the private sector. Possible modes of delivery include:

- Support in the negotiation and formulation of projects including all the relevant actors and interests (participant analysis, multi-stakeholder approach).
- Transfer of expertise in macroeconomic sectors; audit offices, public financial management, including public revenues.
- Introduction of participatory and negotiation-based decision-making mechanisms among partners and donors.
- Support of the partner side in establishing sustainable steering and regulation systems that meet the minimum requirements of transparency and accountability.
- Development and application of effective participatory instruments for results-oriented project steering, especially results monitoring that feeds authentic information into the decision-making process.

Tool 7

Stakeholder Map in the World Outside

C

1. Focus

To focus on coordination with complementary partners, we first of all need to ask which key actors are located outside of our core cooperation system. To demarcate the boundaries it is appropriate to take as yardsticks the reach of the consultancy activities and the financial inputs. At the same time, by looking beyond the boundaries of the core cooperation system we also obtain useful information on resources that can be mobilised by the project to help achieve its objectives and strengthen our own cooperation system.

The first step when seeking useful partnerships and alliances is to map the landscape of actors outside our cooperation system. We need to establish who the potential partners are, and how they are positioned in relation to our project.

This kind of map of external actors provides first pointers as to which direction coordination and communication efforts should be taking, and which external complementary partners we should be contacting with a view to possible cooperation.

When drawing up the map of actors in relation to a concrete project, we distinguish between three segments:

(i) The global segment
This includes organisations whose area of activity at the global level is relevant to us, and who provide access to global networks. Examples: UN organisations, World Bank organisations, international conventions and their coordination units (e.g. Global Environment Facility, GEF).

(ii) The regional segment
This includes possible complementary partners who operate in transboundary, regional contexts. Examples: regional development banks, ASEAN, SAADEC, CAF, Mercosur, OTCA.

(iii) The national segment
This includes possible complementary partners in a partner country, especially the national and subnational organisations of the public administration, as well as civil society and private sector actors.

The term "relevant complementary partners" is used here to mean institutions, organisations and networks that possess resources (personnel, time, money, knowledge, political influence, experience) that might be useful to our project in achieving its objectives.

When drawing up the map of actors in the world outside, particular attention should be paid to the following points:

1) Defining and demarcating the scope
The mapping of the actors outside our cooperation system should be based on a clearly defined thematic area, in order to limit the number of actors and guarantee a manageable order of magnitude. Normally this thematic area or issue will be defined in the formulated objectives of the project.

2) Identifying and distinguishing different organisational forms.
Actors outside our core cooperation system have different forms of organisation: either as a part of the public administration, or as NGOs, networks, private companies, etc. It is appropriate to distinguish between these organisational forms when mapping potential partners.

3) Simple representation
Since this is merely an overview map of the possible complementary partners, it is appropriate to first of all show only the main actors. The relationships between those actors, their degree of networking or their performance capacity in relation to the project theme can be added in a second step.

2. Method

1) Identifying the relevant complementary partners for the project outside our cooperation system.

There are four key questions:

- Which actors outside our established cooperation system possess resources that could be helpful to us in achieving our project objectives?
- Is there one actor who possesses relevant key resources (major financial clout, extraordinary expertise, broad network of relationships, major experience, political influence and reputation etc.)?
- In which segment does an actor operate – global, regional or national?
- Does our cooperation have any formal or informal contact with this actor, and is the actor close to our cooperation system or do barriers exist?

2) Representing the actors using the symbols below.

Notes on the visualisation of the actors

Meaning of the actor symbols:


Individual organisations (e.g. ministry, association of municipalities, NGOs, government research institute, church, etc.)


Cooperation systems and networks

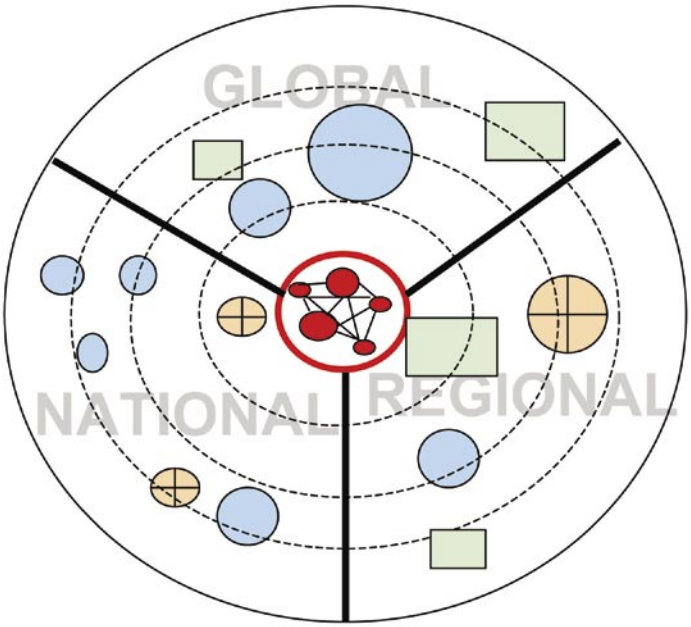

Individuals (resource persons and door-openers)

Using and placing the symbols:

- The larger the respective actor symbol is, the more important the actor is for our reform project or the more resources he is able to mobilise in relation to the project.
- The closer the actor is moved toward the centre (= GTZ cooperation system), the closer is our existing relationship to the actor, or the easier our access to him.


= GTZ cooperation system

Example:



Tool 8

Key Actors in the World Outside

A

1. Focus

Alignment and harmonisation can only take place if and when (i) the participating actors operate in a common thematic area, and (ii) there is at least a minimum of congruence of objectives between the actors. The search for complementary partners, and harmonisation and coordination with them, can then serve as a basis to strengthen the shared thematic priorities and promote greater congruence of objectives. This does not mean that priorities, approaches and objectives should be standardised. Complementarity capitalises on diversity. Sustainable and effective alliances are based for instance on the fact that one partner possesses local operational implementation experiences, while another – who shares the same or similar overarching objectives – wields strategic political influence. Focusing on diversity requires us to be flexible and open. We must be even more willing than usual to adapt our own instruments and procedures to the needs of cooperation.

To characterise more precisely the relevant complementary partners in the world outside our cooperation system, it is helpful to shed light on congruence with regard to the issues at stake:

(i) Presence of the actor in the relevant thematic area
This has three indicators:

a. Financial power
This indicator reflects the scope of financial resources with which the actor operates in the thematic area.

b. Expert power
This indicator shows how much knowledge and expertise the actor possesses in the thematic area.

c. Political position power
This indicator shows how much influence the actor has on the setting of rules, norms and laws, as well as their implementation.

In an ideal world, a project would of course cooperate with all actors who possess financial power, expertise and political position. That would make those actors part of the project's internal cooperation system. In reality, however, this is only partially or not at all the case, either because the actors are not interested in cooperating, or because the development cooperation project does not make contact with them. These gaps could be closed through careful management of external cooperation relations.

(ii) Congruence of the actor's objectives with GTZ objectives
This has two indicators:

a. Congruence with project objectives
This indicator reflects the degree to which the actor's goals are congruent with the results targeted by the project. At the same time strategies, methods and procedures may differ.

b. Congruence with overarching objectives
This indicator reflects whether the actor's overarching objectives are congruent with ours, for instance in relation to democratic decision-making or sustainable natural resource management.

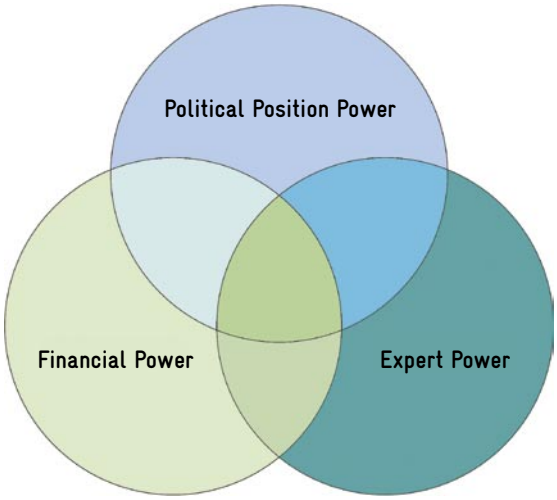
2. Method

a) Assess the possible complementary partners in the thematic area relevant to us on the basis of three key questions; locate the actors in the graphic below.

(i) Which are the organisations and networks that possess financial power in the thematic area of our project? ‡ Financial Power

(ii) Which are the organisations and networks that possess expert power in the thematic area of our project, and for instance perform research? ‡ Expert Power

(iii) Which are the organisations and networks that possess political position power in the thematic area of our project? ‡ Political Position Power



From the graphic containing the three circles we can see which complementary actors could be considered as project partners, which partners need to be contacted, and with which partners a process of coordination needs to be initiated.

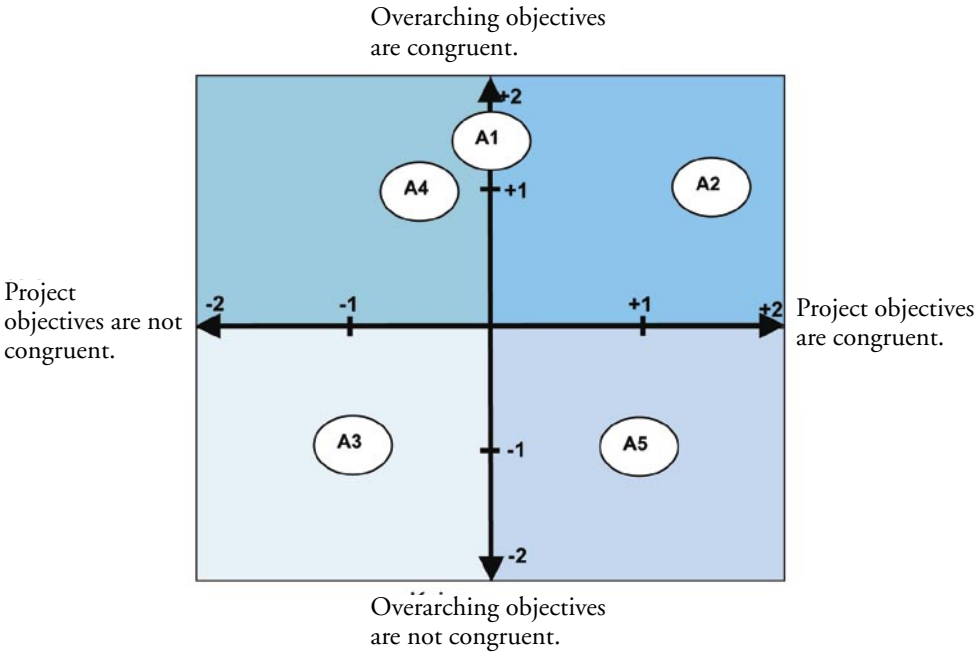
b) Assess the relative congruence of objectives by asking two key questions.

Key question 1 (congruence with project objectives): To what extent are we pursuing the same objectives?	
Actors	Rating and comment
Actor 1	0
Actor 2	**+1.0**
Actor 3	-1.0
Actor 4	+1.0
Actor 5	**+1.0**

Key question 2 (congruence with overarching objectives): To what extent do our overarching objectives overlap?	
Actors	Rating and comment
Actor 1	+1.5
Actor 2	+1.5
Actor 3	-1.0
Actor 4	-0.5
Actor 5	-1.0

The rating scale goes from +2 to -2 (+2 = congruent, -2 = not congruent); the results are then plotted along the axes in the square shown below.

Example:



Tool 9
Needs Analysis

C

1. Focus

Focusing on the outside world of possible complementary partners usually already creates openness and strengthens coordination. This perspective can be further supplemented and refined if we ask ourselves which further add-ons and partnerships would be particularly desirable for our project, for instance in order to scale up practical solutions in other contexts, to achieve leverage, or to feed the experiences gained into the policy dialogue.

To define this need precisely and understand our own role better, we need to think about the performance profile of our own cooperation system. Only when we assess our own (limited) performance capacity realistically can we make any reliable assertions concerning what we lack and where a complementary partnership would be of further assistance to us.

The inputs required to maintain an external partnership will depend on whether it involves merely a periodic exchange of information, coordinated action, or contractually agreed co-production within the scope of a long-term alliance. It is important to look carefully at our own needs, so that we do not overburden our own cooperation system with too many interfaces with external partners, and so that we can define these interfaces more precisely.

To explore our own need for external support, we need to define various criteria and draw up a concrete performance profile for our cooperation system. The graphic representation of this profile then highlights possible capacity gaps, and provides concrete pointers as to what we need to look for in external complementary partners.

2. Method

a) Assessing our cooperation system
Shown below are five examples of criteria that might be used to assess our cooperation system. These criteria can also be replaced by others, or can of course be modified. For each of the criteria an assertion (item) is formulated , which is then rated on a scale of 0-3: 0 = absolutely false; 3 = absolutely true.

(i) Financial resources:
Our cooperation system has sufficient financial resources to achieve the project results as formulated, and especially to scale up the results in other contexts and utilise them in the policy dialogue.
‡ rating, e.g. 2.5

(ii) Knowledge and expertise
Our cooperation system has access to the current expertise needed in order to achieve the project results as formulated.
‡ rating, e.g. 1

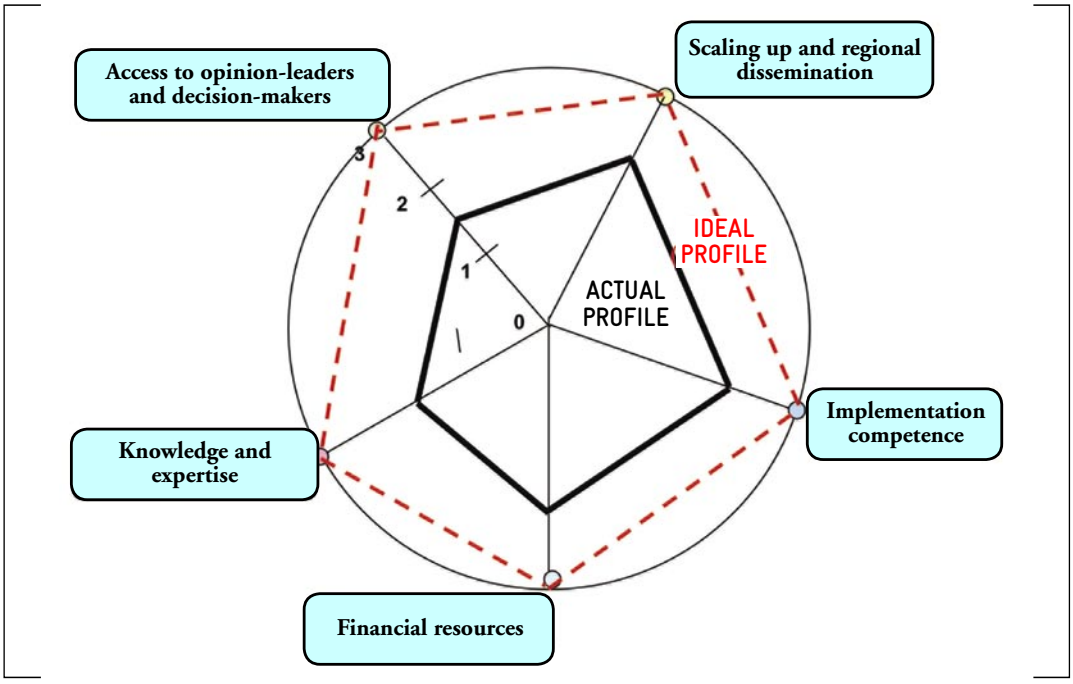
(iii) Access to opinion-makers and political decision-makers
Our cooperation system has good access to the relevant opinion-makers and political decision-makers.
‡ rating, e.g. 1.5

(iv) Scaling up and/or regional dissemination
Our cooperation system feeds the solutions we develop into the policy dialogue effectively, and the solutions are also applied in other contexts.
‡ rating, e.g. 1.5

(v) Implementation competence
Our cooperation system cooperates with organisations that possess sufficient implementation competence.
‡ rating, e.g. 2.5

b) Showing the results
The rating values obtained under a) are entered along the lines representing the respective criteria, and the points joined up. The result is a performance profile of our cooperation system (ACTUAL profile).

Example:



a) Interpreting the results
The graphic shows the difference between an IDEAL profile and the ACTUAL profile of our cooperation system. Discussion of the results in the example shown leads to the following conclusions:

- We need additional knowledge and expertise.
- We need support in applying concrete solutions (regional scaling-up).
- We lack access to opinion-leaders and political decision-makers.
- We do not require additional financial support.
- We do not need any external support for monitoring and analysing experience.
- We are strong on implementation, and do not need any external partners for this.

Follow-on question: With which potential complementary partners can we close competence gaps?

- To access additional knowledge and expertise, a partnership with various public and private research institutions or a global network would be conceivable. Perhaps this knowledge management task can also be outsourced.
- To improve access to relevant opinion-leaders and political decision-makers and boost the leverage of our project, we might create a committee comprising representatives of various institutions which can be used as a policy network.

Tool 10

Comparative Advantages

A

1. Focus

Complementary partnerships are often based on balance and transparency. They become viable and sustainable, even in the event of conflict, when the participating partners believe that the advantages emerging from the cooperation will be distributed fairly, which is to say proportionately, transparently and in a process of open communication. Partnerships are **relations of exchange** based on cost-benefit calculations made by the participating actors. These relations of exchange are based on the fact that we have something to offer that is qualitatively different from what others offer. We are attractive to a potential cooperation partner only if he believes that he will receive something in return that is proportionate to his input to the cooperation.

This **incentive to cooperation** arises when we establish clearly in our own minds what our comparative advantages are, and how we are going to make them visible. It is of no benefit if we ourselves know what special things we have to offer in certain areas, but others do not. This is particularly true of contracts where the quality of our own performance is crucial.

This tool is designed to stimulate reflection on our own core competencies. This reflection relates not to German TC in general, but to the **specific cooperation programme**. It differs from the routine and rather dull project description, which usually provides information only on what we intend to do. The core competence profile distinguishes three aspects:

(A) Strategies and concepts

What strategies and concepts distinguish us from others?

How are these strategies and concepts linked to the international debate?

How do these strategies and concepts help make our cooperation more effective?

(B) Management and steering

What tools and methods for steering projects and cooperation are we able to offer?

What are the distinguishing features of these tools and methods? Where do we possess sound expertise and process experience in different contexts?

(C) Evaluating experiences and learning

What participatory methods for monitoring and evaluation do we have at our disposal? How do we design evaluation and revision structures that permit feedback of authentic experience into the development project management process? How do we support learning and change processes in organisations?

2. Method

a) Preparing a list of comparative advantages

On the basis of the three aspects (A), (B), (C) a short one-page list of core competences is drawn up. This key question: What do we as a project have to offer in the three areas? The question should be answered as concretely as possible, and where possible backed up with an example.

Here is an example of a list taken from a project:

A Strategies and concepts

We help structure and deliver advisory services to the policy dialogue on the agenda for decentralisation. In the negotiation and harmonisation of interests among interdependent public and private actors and

between national reform programmes and donors we pay close attention to three points: (i) access to new knowledge on practical models of decentralised administration, (ii) support for consultation with actors at various levels, especially on fiscal issues, and (iii) involvement of the bodies for institutional political participation: parliament, commissions, associations, political parties and trade unions.
We attach special importance to the clear definition of decision-making levels, and the strengthening of results-oriented development project management and steering capacities at the central, provincial and municipal levels.
We also promote donor harmonisation in specific areas: public financial management, including public revenues and courts of audit.

B Management and steering

We have introduced participatory, negotiation-based decision-making mechanisms among partners and donors in order to be able to steer the programme in consultation with the partners.
We therefore promote in particular the participation of governmental and non-governmental actors in political processes, in order to strengthen ownership at all levels. We possess sound expertise and in-process experience in the:

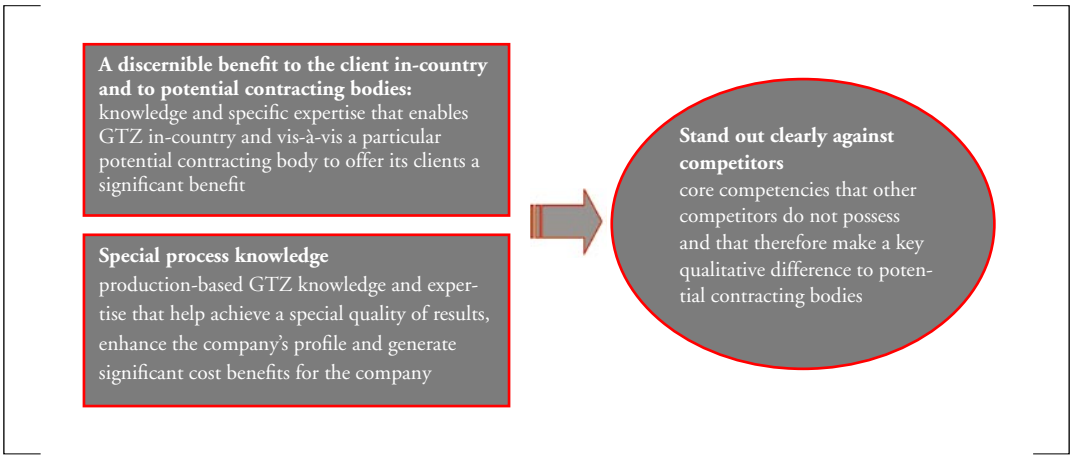
- introduction of a proven instrument for participatory municipal budgeting
- strengthening of cooperation and network management within and between municipalities
- delivery of advisory services on internal management issues within the administration at all levels (human resource development, financial management, etc.)
- strengthening and acceleration of internal administration processes
- strengthening of sectoral competencies and leadership.

C Evaluating experiences and learning

We attach particular importance to the utilisation of local experience in municipalities, as this helps feed authentic information into the policy negotiation process. We support partners in establishing project portfolio management and monitoring.
We promote supervisory and monitoring mechanisms to promote accountability and social responsibility.

b) Presenting the core competences

The short list of core competences provides an overview of the possible incentives for external partners to enter into a partnership with us. It will always be referred to when contacting possible complementary partners, especially when implementation contracts are being awarded. The three aspects (A), (B), (C) can be presented in such a way as to market them to best advantage, perhaps structuring them using the following three elements:



Tool 11
Shaping Partnerships

C

1. Focus

Shaping partnerships is a broad field. Human beings are social creatures, and as such are constantly connecting and splitting up, both amicably and not amicably. Having carefully studied the psychological transfer mechanisms, power relations, intrigues, relations of economic exchange, and the institutional and legal aspects involved, experts have concluded that the field is almost inexhaustible. Nonetheless, an attempt will now be made to outline a few fundamental aspects of a successful partnership in the context of practical cooperation.

As a matter of general principle it should be ensured that the regulation and structuring of partnerships does not hinder the process of cooperation. A minimum of regulation should be applied, so that the cooperation can function and develop as flexibly as possible. Having said that, certain cultural orientations may require the partnership to be regulated precisely from the outset. Conversely, some cultural preferences can crucially facilitate and accelerate informal harmonisation and coordination.

As various partners cooperate, the need for coordination and harmonisation increases. Coordination measures can then help facilitate and optimise the process of cooperation, and improve mutual learning. A partnership has a structure, which we can imagine as a river bed. It develops as a process that we can liken to a river that flows more or less quickly along the river bed. The participants are carried along by the river. The same moment never occurs twice. The shared journey and the shared experiences are part of the process. Here, it is appropriate to bear in mind the following.

(i) Create common structures

- **Gradually establish a coordination platform**

In most cases joint coordination is necessary to guarantee cooperation between different partners that goes beyond the exchange of information. Coordination above all guarantees communication, nurtures relationships and helps reconcile divergent interests. Where best to place this task – with one of the partners or with an independent organisational unit – will certainly depend on the heterogeneity and the number of relationships involved. A coordination platform will simplify cooperation between the partners, and raise their performance. At the same time it will be a source of questions and problems. It generates costs, and can lead to information imbalances and poor transparency.

- **Agree on binding terms of engagement**

Partnerships with explicit terms of engagement tend to be more successful. This begins with the frequency of meetings and the setting of agendas. This can begin with a simple agreement comprising a joint declaration of intent, which as the partnerships progresses then leads to a list of guidelines on the purpose and coordination of the partnership. The partnership thus gains an institutional framework providing orientation for the cooperating partners, and which can be reviewed periodically.

- **Formulate shared objectives as milestones**

There are partnerships and alliances that define ingenious objectives right from the start. Normally this is not advisable, as the objectives only become more realistic once they are formulated through the process of cooperation. It is helpful to agree on a strategic orientation, and to identify a few milestones pointing in this direction.

- **Defines rules for conflict management**

Conflicts are an everyday part of partnerships. They can begin with misunderstandings or coordination

gaps, and gradually escalate. It makes sense during the first phase of the partnership to agree on a number of rules for conflict management, for example arising from a first misunderstanding. These include above all multi-stage arbitration procedures that can also involve third parties. Through these mechanisms, tensions and conflicts can be addressed early on while they are still at a low level of escalation.

(ii) Shaping processes: creating trust and building bridges

- **Identify and understand different interests and expectations**

Partnerships always consist of two or more partners with different interests and expectations. All the participating actors have their own reasons for entering into cooperation. The cooperation is based essentially on the different nature of these interests, and on a recognition of the fact that joint objectives can only be achieved when these interests are managed and reconciled. Identifying and understanding these interests is key to building a viable partnership.

- **Create mutual trust**

Trust arises when actors communicate and convey transparent information on their own interests and intentions. Mistrust and prejudice vis-à-vis parties in cooperation are the result of information asymmetries among the participants. The participating parties must be able to rely on each other. Building trust begins with a mutual positive disposition, and with the assumption that each partner is bringing something valuable to the relationship. It is therefore appropriate to make resources available for face-to-face trust-building during right at the outset.

- **Make lessons learned and success stories visible**

Partnerships grow in strength when the participants periodically evaluate their experiences and make their success stories visible. Self-steering capacities are the key resource to strengthen partnerships.

2. Method

a) Checklist 1: Shaping successful partnerships

Shaping successful partnerships	Assessment			Measures
	absolutely	**partially**	**not at all**	
A joint coordination platform is established				
Binding terms of engagement are defined				
Joint milestones are defined				
Conflict management rules are formulated				
Different interests and expectations are taken into account				

Mutual confidence-building activities are taking place or are planned				
Periodic evaluation of experiences and joint success stories are made visible				

b) Checklist 2: Features of successful partnerships

Features of successful partnerships	Assessment			Measures
	absolutely	partially	not at all	
Individuality All cooperation partners contribute something that is of value to the others, but remain autonomous				
Significance of cooperation The cooperation relationship is important to the participating actors				
Interdependence The cooperation partners complement and need each other; none can achieve alone what all can achieve together				
Investment The participating partners mobilise the resources available to them, and in so doing demonstrate their interest in partnership				
Communication The cooperating partners keep each other informed and avail themselves of opportunities for exchange. Tensions and conflicts are addressed early on				
Integration The cooperating partners offset imbalances of information and participation				

Institutionalisation The cooperation relationship is cemented through a minimum of agreed, useful rules				
Integrity The cooperating partners behave with integrity, openly keep each other informed, and in so doing deepen mutual trust				

Tool 12
Negotiation

A

1. Focus

The basic mode of communication in cooperation with complementary partners is negotiation. Clearly, the participating partners become interdependent if they wish to pursue shared objectives. This applies to all forms of informal and contractually formalised partnerships. At the same time the individual participants also pursue their respective individual objectives, and have their own methods for performing their work, to which the other participants have only limited access.

The shaping of interdependent partnerships depends basically on how the participants negotiate, how they exchange knowledge and how they achieve solutions that generate benefits for all the participants, or at least the majority of them. Imbalances in the distribution of benefits lead to increased expectations among those who walk away from the negotiation empty-handed, or who feel disadvantaged. This means that over a prolonged period of time the partnership will gain stability if and when the negotiations lead to a balanced distribution of benefits. It is mistaken and unprofessional to believe that every negotiation can forge a win-win situation. There are winners and losers. The most important thing is how that is dealt with in the long term.

In negotiations between cooperating partners, clashes occur between different interests – interests that are legitimate from the partners' point of view. The negotiating culture should therefore be such that the partners also wish to maintain and continue good relations with each other after the negotiation. This can be achieved when negotiations between cooperating partners are conducted such that hardened negotiating positions can become softened, interests openly addressed and new opportunities for creative agreement harnessed. The starting point for this is acknowledgement of the legitimacy of different concerns and interests. Then, if the concerns and interests of all participants are identified, there is a chance that a number of new agreements can be reached. Exploring these possibilities means allowing the negotiation process to constantly discover and assimilate new aspects. Negotiation seeks to make the cake larger, before cutting it up into slices. One such enlargement of the cake would for instance be compensation provided to offset a disadvantage suffered by an actor.

In summary, negotiation involves the following:

- acknowledgement of the different interests of the actors
- broadening of the system boundaries during the negotiation process to include new elements
- precise definition of the various interests, and the advantages and drawbacks of different solutions
- development of solutions that are better for the participants than no solution at all or than leaving the partnership.

Although this logic may be compelling, real negotiations never follow this pattern exactly. Negotiations are influenced by time and place, and above all by the participants themselves, who influence the process with their various cultural orientations and more or less transparent strategies. How the negotiation proceeds is dependent on how successfully the process can be structured together with the participants. Within any negotiation process, the structure of the process itself is always also negotiated. The less structured the process is, the more urgent it becomes to recall some basic principles for the negotiation of partnerships.

(i) Objectivity
The participating cooperation partners usually tend to attribute the problem (scarce resources, poorly defined responsibilities, conflicting objectives, etc.) either to one partner's position or to the relationships between partners. The drawback of this attribution is that the negotiation then tends to address positions as opposed to objective issues, and the objective of the negotiation becomes to change the behaviour of the other cooperating partner. This, however, runs counter to the basic idea of negotiation between partners who are different and who pursue different interests. Successful negotiation in partnerships must therefore seek to focus attention on the objective issue at stake, e.g. scarce resources or poorly defined responsibilities. When pursuing that path, it will be necessary to make detours. It may prove necessary for the participating partners first of all to express their mutual perceptions, and give vent to their feelings of annoyance.

(ii) Identify and acknowledge different interests
The participating partners in cooperation often tend to sweep their different interests under the carpet. Cultural orientations and the need to create a semblance of harmony can lead to actors behaving as if all participants had the same interests. Recognition of the fact that different cooperation partners have different interests, and the right to assert those interests in negotiations, has first of all to be achieved in the course of the negotiation process. The negotiating partners usually work out in their minds in advance whether they have an alternative to negotiation, and at what point and under what circumstances they might want to leave the negotiation process. This point of possible concessions is not fixed, but may be deferred as a result of the acknowledgement of interests, or the emergence of new aspects in the negotiation process.

(iii) Enlarge the cake
The more precisely light is shed on the object of the negotiation from various sides, the more new information flows into the negotiation. It is helpful here also to listen to the expert opinions of third parties. This broadens the options available, stops actors from fixing their minds on what they take to be the only conceivable solution, and creates new perspectives. Ideally, this will create a range of possible solutions for the negotiating partners which they will at least identify as such.

(iv) Agree on assessment criteria
To evaluate these different solutions, the negotiation can focus on agreeing assessment criteria. These should shed light on the possible benefits for the cooperating partners, and the long-term consequences of the solution. Finally, on the basis of these transparent solutions it then becomes possible to consider issues of compensation in order to reconcile divergent interests.

2. Method

Based on the principles outlined above, the following five steps of negotiation have proven useful in practice:

Theme of negotiation	Measure
1. Separate positions and facts: declare interests, explain reasons for one's own position.	
2. Obtain new information jointly on the issues being negotiated: analyse subject matter in detail, listen to experts.	
3. Build trust: clarify mutual expectations, exchange information on cooperating partners.	
4. Develop alternative options: utilise new information on the issue at stake, promote creativity.	
5. Agree on assessment criteria: evaluate solutions and consider compensation.	

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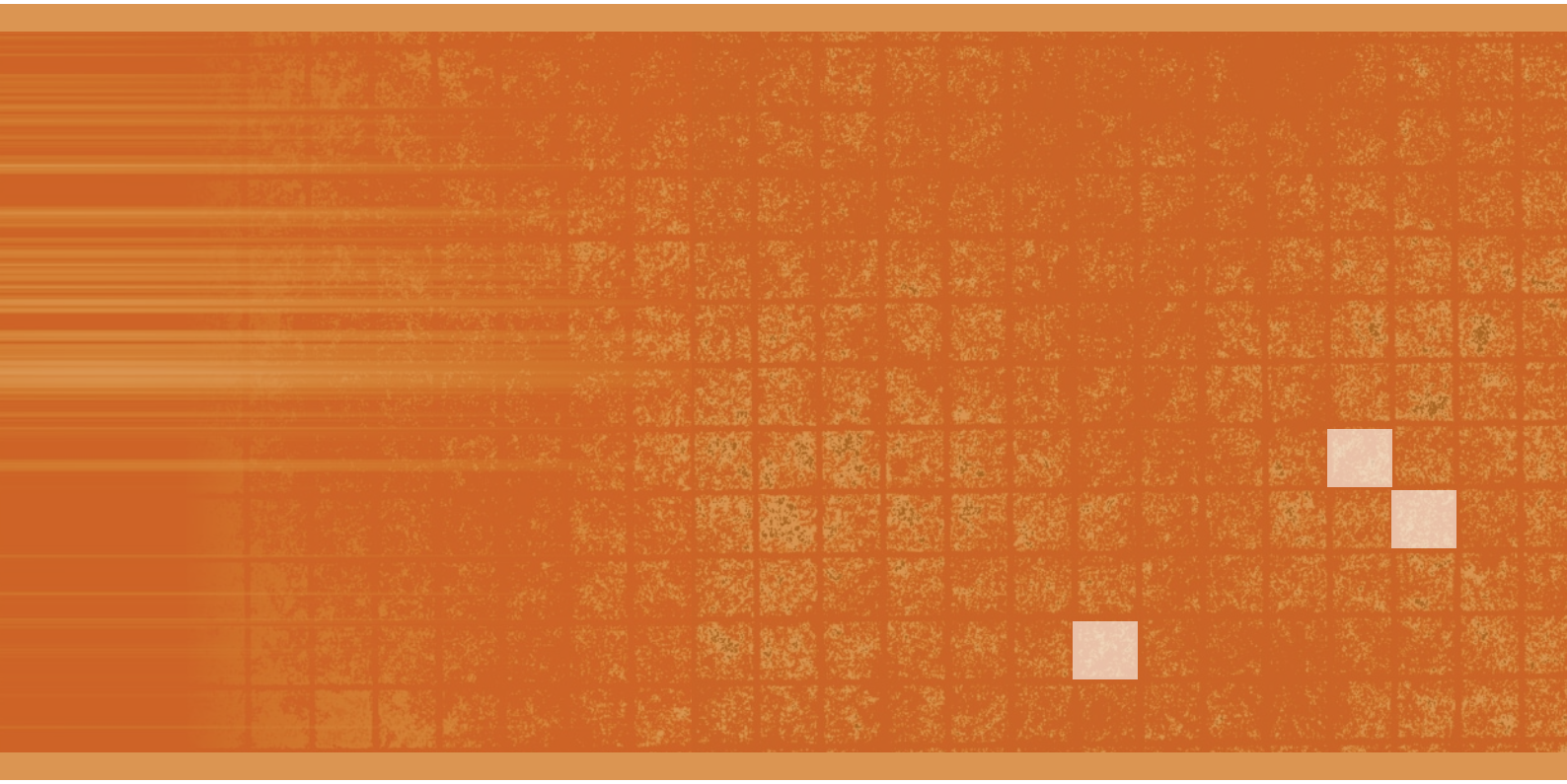

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