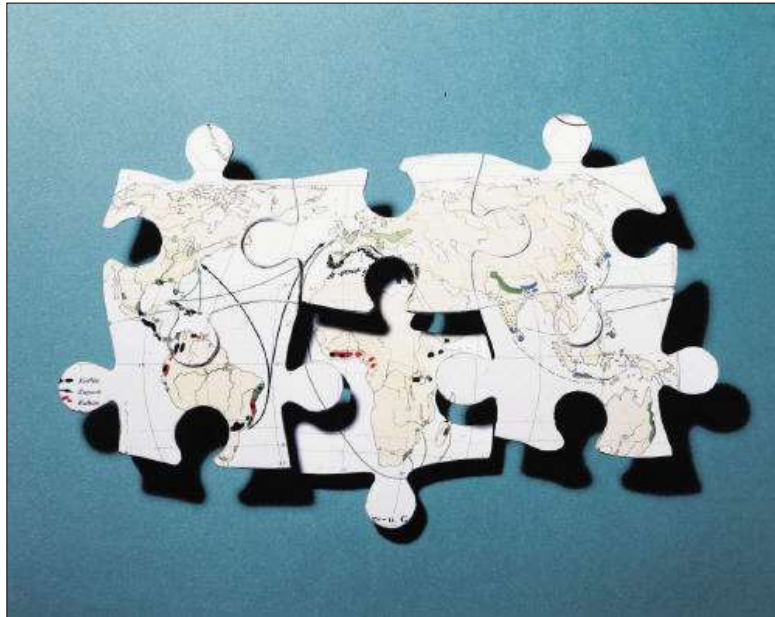


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Joint IFAD-AfDB Evaluation on Agriculture and Rural Development in Africa

A Review of Partnerships



Benchmark Study and Evaluation Template

Final Report of Part 1 of Partnership Review

Contents

EXECUTIVE SUMMARY	4
1 INTRODUCTION	6
1.1 Mandate and Methodology	6
1.1.1 Background and Overall Objective of the Joint Evaluation	6
1.1.2 Objectives of the Review of Partnerships	6
1.1.3 Objectives of this Report	6
1.1.4 Methodology	7
1.2 Underlying Assumptions	8
1.2.1 The Model of Multi-level and Multi-sectoral Governance	8
1.2.2 Partnerships as Systems of Cooperation	8
1.2.3 Partnership Patterns	9
1.2.4 The Partnership Cycle	11
2 BENCHMARK REVIEW	12
2.1 Good Practice and Lessons Learned	12
2.1.1 Case 1: Lessons from IFAD Partnerships: IFAD and GEF	12
2.1.2 Case 2: Lessons from Multi-Sector Partnerships in Water and Sanitation Projects: Business Partners for Development (BPD), Water and Sanitation Clusters	14
2.1.3 Case 3: Lessons from Capacity Building Programmes for local Civil Society in East Africa: The Partnership of ECOVIC, FORUM SYD and SIDA	16
2.1.4 Case 4: Lessons from Collaborating in Global Policy Networks	18
2.1.5 Case 5: Lessons from the World Bank: Modernisation of Agricultural Services Programme (PROMSA), Agricultural Research Component, Ecuador	21
2.2 Theoretical Approaches to Partnership Management	23
2.2.1 The Multi-dimensional Set Up of Partnerships	23
2.2.2 New Economics of Organisation: The Principal Agent Theory	26
2.2.3 A Systemic Approach to Development Partnerships	28
2.3 The Paris Declaration on Aid Effectiveness	31
2.3.1 Link to the Paris Declaration	31
2.3.2 The International Harmonisation Agenda	31
2.3.3 Management for Results	33
2.3.4 Mutual Accountability	35
3 THE GENERIC PARTNERSHIP EVALUATION TEMPLATE	37
3.1 Assessing the Partnership Structure and Governance	39
3.1.1 Organisational Set up	39
3.1.2 Partnership Strategy	40
3.1.3 Governance	42
3.2 Assessing the Partnership Process	43
3.2.1 Formal Interaction	44
3.2.2 Partnership Culture	45
3.2.3 Learning and Innovation	46
3.3 Assessing the Partnership Performance	47
3.3.1 Relevance of Objectives and Partnership	47
3.3.2 Effectiveness and Efficiency	48
3.3.3 Impact and Sustainability	49

4	GUIDING PRINCIPLES FOR THE APPLICATION	51
5	BIBLIOGRAPHY	52
6	ANNEX 1: WORKSHEETS FOR EVALUATORS	55
7	ANNEX 2: RESULTS-TEMPLATE	58

Figures and Tables

Figure 1: Multi-level and Multi-sectoral Governance	8
Figure 2: A Generic Cooperation System in Agriculture and Rural Development in Africa	9
Figure 3: The Generic Partnership Cycle	12
Figure 4: A Systemic View of Partnerships	29
Figure 5: The Aid Effectiveness Pyramid	32
Figure 6: The Generic Partnership Evaluation Template	38
Table 1: Partnership Patterns	10

Executive Summary

Mandate and Methodology

The International Fund for Agriculture Development (IFAD) and the African Development Bank (AfDB) mandated odcp consult gmbh to undertake a benchmarking study to learn from good practices related to partnership that may be found in other development organizations, and to develop a **generic template** against which the performance of partnerships in agriculture and rural development programmes between the AfDB and IFAD may be measured. This mandate is **part of the Partnership Review**, one of the four components of the overall Joint Evaluation (JE) of IFAD's and AfDB's policies and operations in agriculture and rural development (ARD) in Africa. IFAD and the AfDB are both important players in agriculture and rural development in Africa. They have provided the continent with a combined cumulative total of more than \$10 billion in loans and grants for agriculture and rural development. This sum increases to \$17 billion when co-financing and borrower contributions are included. The joint overall evaluation seeks to answer four overarching questions. (i) In assessing the AfDB's and IFAD's performance in the continent, what have been the opportunities and constraints in achieving developmental results? (ii) Have AfDB and IFAD made appropriate strategic choices with respect to sub-sector and geographic focus, emphasis on target groups, selection of partner institutions, and the range of instruments deployed? (iii) How have business and management processes in both organizations contributed to their performance, impact and strategic objectives? (iv) How useful has the partnership agreement between AfDB and IFAD been and what is the two agencies relative comparative advantage in furthering their common objective of reducing poverty in Africa? IFAD's and AfDB's policies and programmes in agriculture and rural development are operated by multi-level, multi-sectoral and multi-stakeholder partnerships. In the horizon of the guiding questions, the structure, management and performance of such partnerships are of crucial relevance.

The report on this benchmark study is based on a desk research containing three major steps: (1) Screening of world literature and looking back on personal experiences to identify good practices; (2) Analysing the information gathered and extracting the essence to create a generic partnership evaluation template; (3) Drawing up a generic template which is applicable to different forms and scopes of development partnerships.

Benchmark Review

To identify good practices and subsequently the determinants of successful partnerships (according to both theory and practice) the report is analysing a range of existing partnership case studies, ranging from agency-driven bi-lateral partnerships to Global Public Policy Networks. Further, the authors discuss different complementary approaches from the theory of partnership and network management. Particular emphasis is put on systemic approaches, looking at partnership as a multi-dimensional cooperation set up where the different actors form a system of mutual relationships and dependencies. The systemic view on partnership is complemented by an application of the Principal-Agent Theory on development partnerships. This approach allows a closer look at accountability and delegation issues in partnerships and gives important hints on how to deal with the problem of information asymmetries in partnerships.

The review of literature is wrapped up with an analysis of the partnership-related donor commitments in the Paris Declaration on Aid Effectiveness, making explicit linkages to the core issues like harmonisation, alignment, management for results and mutual accountability.

Lessons from the Benchmark Review

The review of concrete examples from theory and practice indicates that standardised programme evaluation methodologies may not be sufficient to determine whether collaboration among institutions is working, i.e. is generating an added value in view of the problem solution. Partnerships for development are realised in a specific environment and within an actor's landscape that is characterised by large power imbalances and high cultural diversity. These specific challenges seem to be the reason why positive outcomes and sustainable

development impacts on the ground are not easy to achieve - as also experienced by IFAD and AfDB in the field of agriculture and rural development in Africa.

Therefore, the authors recommend to move away from traditional evaluation models that focus purely on the assessment of quantifiable results, so-called hard facts. Not just because it is rather difficult for partnerships to determine how far any changes are attributable to their work but also because the soft issues related to partnership management (i.e. the management of diversity, questions of power distance, mutual trust and respect, commitment and recognition) are crucial for the success of collaborative endeavours in development cooperation.

The Generic Partnership Evaluation Template

Taking into account the lessons from the benchmark review, the authors recommend to structure partnership evaluations alongside the **three core dimensions** of collaborative arrangements:

A) The partnership structure and governance

How is the partnership organized and how is it taking decisions on its work?

B) The partnership process

How do the different actors interact and learn in the partnership?

C) The partnership performance

What are the results achieved in terms of outcome and sustainability?

Accordingly, the generic evaluation template is based on these three dimensions and provides a set of questions for evaluation which will serve as a reference questionnaire for the evaluators applying the template to specific partnerships. Because it is a comprehensive generic template, it can and should be subject to adjustments by the evaluators to best fit the specific context of an evaluation.

1 Introduction

1.1 Mandate and Methodology

1.1.1 Background and Overall Objective of the Joint Evaluation

Agriculture and rural development (ARD) are again gaining much attention, both in Africa and worldwide. This is also because, of Africa's 900 million people, about two thirds live in villages and small rural towns. At the same time, international donors are strongly committed to the harmonisation and alignment of their assistance policies and programmes. There is much need and scope for learning from past and ongoing experiences with ARD in Africa, as well as with partnerships and harmonisation.

Against this background and in order to contribute to exploring such issues, the Office of Evaluation (OE) in IFAD and the Operations Evaluation Department (OPEV) in the AfDB are undertaking a joint evaluation (JE) of their policies and operations in agriculture and rural development (ARD) in Africa.

An approach paper was written in October 2006 and an inception report in October 2007. Following the inception report there will be a interim (desk review) phase that will result in an interim report to bring preliminary findings together and define in more detail the substance of the fieldwork phase that is expected to include in-depth enquiry in a number of countries.

The interim phase will consist of four components, namely, a review of ARD policy and context in Africa, a meta-evaluation as a basis for assessing the performance of IFAD and AfDB operations, an evaluation of partnerships, and, finally, a review of business processes.

This working paper is part of the fourth component of the JE, the evaluation of partnerships.

1.1.2 Objectives of the Review of Partnerships

The objective of the partnerships review is to assess how well IFAD and AfDB have been partners with each other and with other key players in development in the past, and to provide recommendations on how to develop and maintain partnerships most effectively in the future. The review is limited to partnerships formed for or related to ARD in Africa.

The review of partnerships will follow a three-step approach, namely:

- (i) conduct a benchmarking study to learn from good practices related to partnership that may be found in other development organizations, and to provide a template against which the performance of the AfDB and IFAD may be measured;
- (ii) assess the partnership performance of the AfDB and IFAD, including an examination of the determinants of observed results; and
- (iii) identify the principal additional partners of both organizations in ARD in Africa and assess the performance of these partnerships. Taken together these steps will allow future partnerships between the two organizations, as well as others, to be based on the actual results achieved in the past, the causes of those results, and to be guided by the approaches and experience of other organizations.

The subject of this working paper is to carry out the first step outlined above, the benchmark review and the elaboration of a generic evaluation template.

1.1.3 Objectives of this Report

By elaborating this working paper, the authors have – according to the Terms of Reference (ToR) issued by the OE and the OPEV - three main tasks to fulfil:

- (1) Scan world literature to identify good practices and subsequently the determinants of successful partnerships
- (2) Identify the incentives, disincentives used to develop and nurture partnership activities found in other organisations
- (3) Define a generic template against which AfDB and IFAD partnerships performance can be assessed

Accordingly, the main objective of this working paper is the elaboration of a generic evaluation template which is derived from good practices identified by screening world literature.

1.1.4 Methodology

The report is based on a desk research containing three major steps:

- Screening of world literature (theory and practice), looking back on personal experiences and linking up with the Paris Declaration on Aid Effectiveness to identify good practices and subsequently the determinants of successful partnerships.

Guiding question:

What management principles can we distil from the theory and practice of partnership management?

- Analysing the information gathered and extracting the essence to create a generic partnership evaluation template.

Guiding question:

What are the generic patterns that determine successful partnerships?

- Drawing up a generic partnership evaluation template which is applicable to different forms and scopes of development partnerships.

Guiding question:

How can we draw up a generic template which is at the same time comprehensive and easy to apply to different contexts?

1.2 Underlying Assumptions

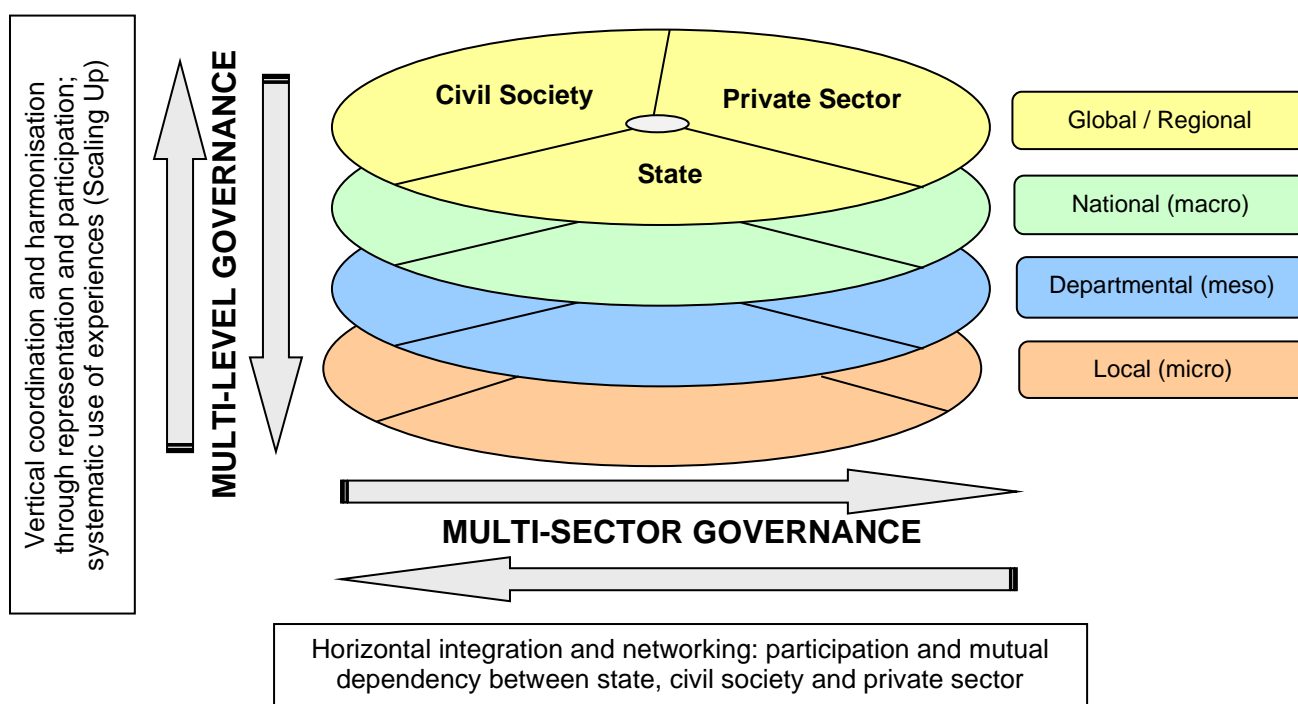
IFAD and AfDB are involved in a wide variety of partnerships which differ in their purpose, their set up, their capacity and their composition. It is therefore not surprising that there is no single model or template which can be applied on all of AfDB and IFAD's partnerships.

Nevertheless there are certain generic models which explain partnership structures and processes. We recommend that the following generic partnership models - representing the underlying assumptions of the authors - are kept in mind when assessing AfDB and IFAD partnerships.

1.2.1 The Model of Multi-level and Multi-sectoral Governance

Our understanding of development partnerships is based on a model of multi-level and multi-sectoral governance (see figure 1). We assume that successful partnerships for development follow a multi-stakeholder approach, including stakeholders from the global to the local level and from the different sectors of society (civil society, state and private sector). By 'including' we mean the informed participation of all stakeholders on the decision-making processes that affect their lives.

Figure 1: Multi-level and Multi-sectoral Governance



1.2.2 Partnerships as Systems¹ of Cooperation

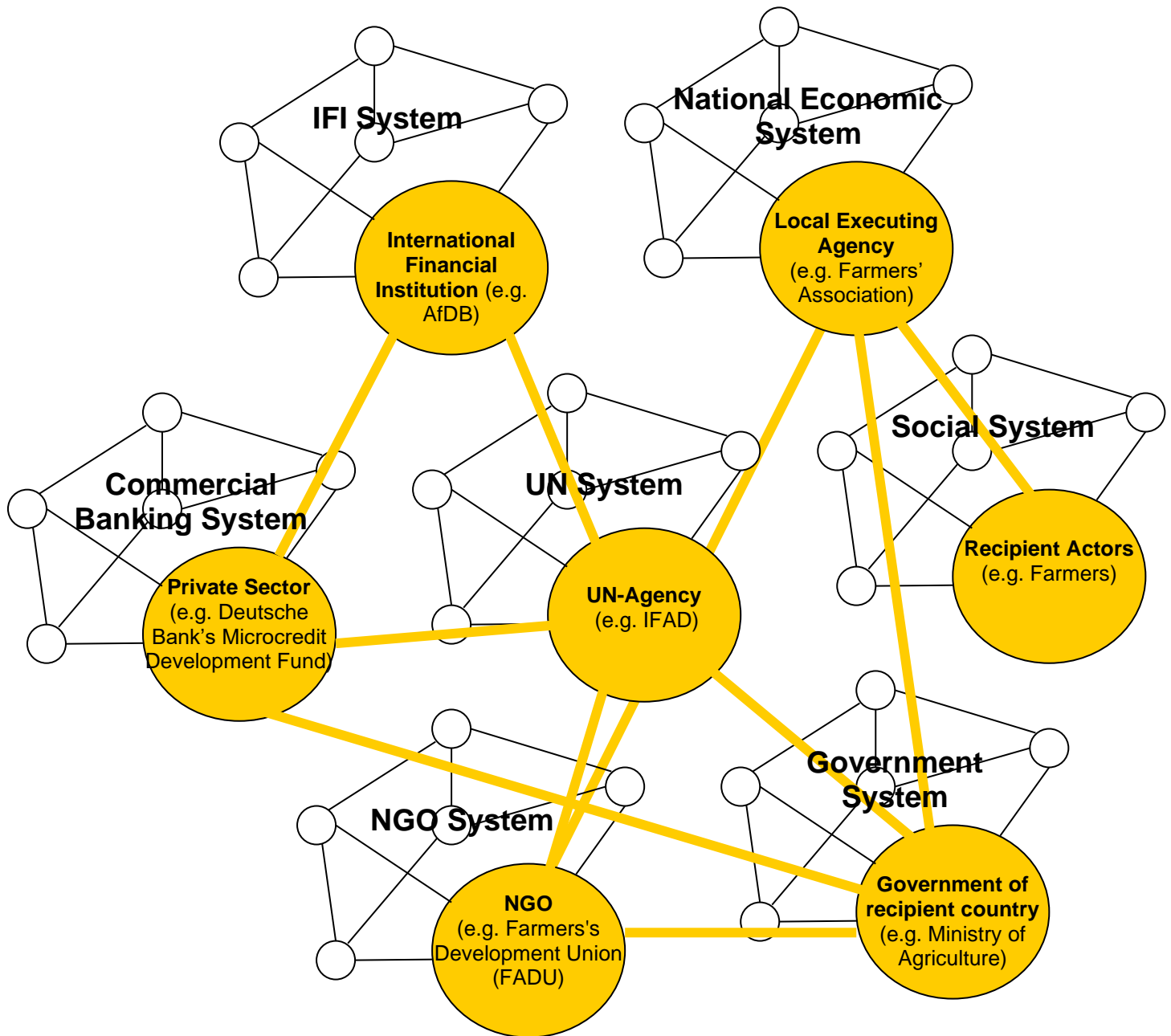
The report is based on a systemic understanding of partnerships. The authors assume that partnerships are a form of cooperation, where the various actors form a flexible system of mutual relationships and dependencies whereby every participating actor is also part of other sub- or supra-systems.

¹ A more detailed description of the systemic approach to partnership management can be found in chapter 2.2.3 of this report. The systemic view and concept refers to the following four patterns: (i) Interdependence of managerial functions between the involved partners, e.g. communication, leadership, decision making processes. (ii) Interaction between individual and collective objectives that are the result of a bargaining process. (iii) Permeable and changing system boundaries. (iv) Dynamic response to systems interventions and steering decisions.

Hence, when assessing partnerships it is crucial to look at the bigger picture by incorporating the various sub- or supra-systems into the analysis, taking into account that all actors are strongly influenced by their 'home systems'.

The figure below (see figure 2) shows in a simplified way a typical multi-stakeholder partnership system of IFAD / AfDB in the field of rural and agriculture development, including one of the sub-systems the different partners belong to. Every actor participating in this exemplary development partnership is at the same time an integral part of at least one other system. Or in other words: each partner has different hats to wear, and the better you know these different hats the better you know the intentions and incentives of the partners.

Figure 2: A Generic Cooperation System in Agriculture and Rural Development in Africa



The network in orange represents a generic IFAD/AfDB Development Partnership in the field of agriculture and rural development in Africa

1

Partnerships vary enormously in both size and scope. At one end of the spectrum there are large strategic partnerships addressing global issues. At the other end, small community-based partnerships dealing with the problems of a single community. Given their varying size and scope, it is important to be clear about the kind of partnership we are dealing with before applying any models or checklists. The table below lists some of the key characteristics of partnerships and allows for a first classification of the partnership we are dealing with. The table should not be viewed as an all inclusive list but as a loose type of categorisation enabling a better understanding of the potential roles and types of partnerships.

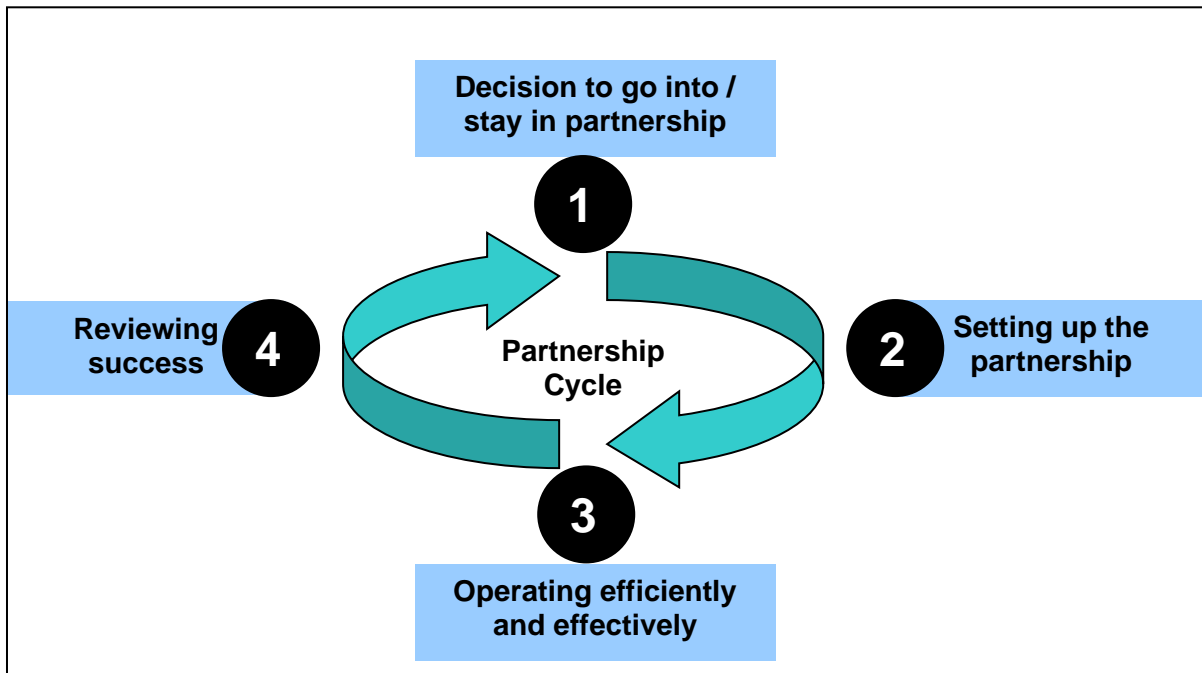
Table 1: Partnership Patterns

Purpose	Exchange of Knowledge and Information	Coordination	Co-Production	Implementation
Degree of formality	Articles of Association	Charter		Code of conduct
	Constitution	Contract		Memorandum of Understanding
	Letter of Intent	Terms of Reference		Informal correspondence
Power structure	Hierarchical	Network Structure		Core group and secondary partners
Actors involved	Public - public	Public – private		Public – civil society
	Private – private	Private – civil society		Multi-stakeholder
Sectors targeted	Single-sector approach		Multi-sector approach	
Outreach	Global	Regional		National
	Departmental	Local		Multi-level
Character of the inter-organisational relationships	Strong ties	Moderate ties		Weak ties
The policy field concerned (e.g.)	Rural and Agricultural Development	Water & Sanitation		Humanitarian Aid
Duration	Short-term (project-related)	Long-term		Undefined
Financial Resources	One source	Group source		Multiple sources
Number of Actors involved	High	Moderate		Small

1.2.4 The Partnership Cycle

As mentioned above, IFAD and AfDB are involved in different types of partnerships and the actual partnership processes vary from case to case. Nevertheless we recommend working with a basic model of a partnership cycle when assessing partnerships. This very simple process model (see figure 3 below) can serve evaluators - irrespective of the size and scope of the partnership to evaluate – as a backbone for the assessment.

Figure 3: The Generic Partnership Cycle



2 Benchmark Review

2.1 Good Practice and Lessons Learned

What management principles can we distil from successful partnerships for development?

The practice part of the benchmark review is based on five selective cases of development partnerships. The selection criteria were:

- *Availability of reliable data:* Due to the limited scope of the assignment we only selected partnership cases which have already been analysed and documented in one form or the other in view of their set up and their management structures.
- *Variety of cases:* It was the intention of the authors to select different partnership set ups to get the whole range of partnership management structures
- *Good and bad practice examples:* Although the cases selected are mainly positive examples we also chose one example of a failed partnership, which gives us the opportunity to learn from mistakes.

The following five cases have been selected:

- The IFAD-GEF Partnership
- Business Partners for Development (BPD), Water and Sanitation Clusters: Multi-sector partnerships in water and sanitation Projects.
- The Partnership of ECOVIC², FORUM SYD³ and SIDA⁴: Capacity building programmes for local civil society in East Africa.
- Global Public Policy Networks (e.g. CGIAR, The World Commission on Dams, The International Campaign to Ban Landmines)
- PROMSA, Agricultural Research Project, Ecuador: Lessons from the World Bank

To be able to compare the different cases, the authors had to reduce the information available down to some key points which were then put into a basic template.

2.1.1 Case 1⁵: Lessons from IFAD Partnerships: IFAD and The Global Environment Facility (GEF)

Context:

IFAD, an executing agency of the GEF, established an IFAD-GEF Unit in 2004 to play a catalytic role in addressing the links between poverty and global environmental degradation. The unit designs impact-oriented, high-quality programmes and projects that complement and diversify IFAD's investments at country and regional levels. At the same time, it helps develop innovative partnerships to fight rural poverty and environmental degradation.

GEF is an independent financial organisation that helps developing countries fund programmes and projects to protect the global environment. Since it was established in 1991, GEF has provided US\$ 6.2 billion in grants and has generated more than US\$20 billion in co-financing from other sources to support over 1'800 projects that produce global environmental benefits in 140 developing countries and countries with economies in transition.

Problems / issues addressed by the partnership:

The Millennium Ecosystem Assessment identifies the vulnerability of the 2 billion people living in drylands around the world as one of the most critical problems affecting ecosystems

² The East African Communities Organisation for Management of Lake Victoria Resources

³ The Swedish NGO Centre for Development Cooperation

⁴ The Swedish Development Cooperation Agency

⁵ Source of data: <http://www.ifad.org/operations/gef/index.htm>

today. Their vulnerability is related to damage to ecosystems, which reduces water availability, threatens forests and farm yields, and increases the menace of climate change and agrochemical pollution.

Globally, an estimated US\$ 42 billion in income is lost each year in areas immediately affected by desertification. The indirect economic and social costs may be much greater, affecting areas beyond those directly involved.

The overall aim of the partnership is to challenge these developments by fighting both rural poverty and environmental degradation.

Partnership approach:

The IFAD-GEF partnership facilitates interventions that capitalise on linkages between GEF strategic priorities and IFAD programmes and projects, to make them mutually reinforcing and to ensure maximum financial and ecological sustainability.

Associating IFAD's lending instruments with GEF grants widens the spectrum of interventions of both organisations and strengthens the development of programmes and projects in marginal lands and degraded ecosystems, and in post-conflict situations.

Success factors / Lessons learned

- **Common goal and understanding:** IFAD and GEF share the common understanding that it is difficult to achieve improvement in the global environment without sustainable management of natural resources and enhancement of the livelihoods of rural people. Their common goal is to fight both rural poverty and environmental degradation.
- **Strategic orientation:** IFAD's operation are driven by the country strategic opportunities paper (COSOP), a guiding instrument that identifies the choices and opportunities through which IFAD investments can ensure a positive impact on poverty. The COSOP is the core instrument for designing and managing country programmes and has proven to be effective in identifying impact-oriented IFAD/GEF investment opportunities.
- **Complementary competencies:** both institutions bring in their own specific skills and create synergies. IFAD's diverse portfolio and experience, together with the GEF commitment to the Rio Conventions' guiding principles, has lead to the adoption of system-wide policy and institutional change and to the removal of existing barriers.
- **Multiplier effect:** IFAD's flexible programme approach and long-term lending framework, together with its ability to secure high co-financing ratios, enable it to play a crucial role as a GEF executing agency. Catalytic investments mobilise greater resource flows, leading to a considerable multiplier effect for both IFAD and GEF investments. For each dollar provided by the GEF, so far IFAD has mobilised an average of US\$5.26.
- **Clarity of roles and responsibilities:** IFAD takes the role of an executing agency to the GEF what makes the management set up very clear.
- **Established coordination mechanisms:** in 2004, IFAD was setting up a IFAD-GEF Unit, dealing with all issues related to the IFAD-GEF partnership.
- **Accountability mechanisms:** As a guarantee of transparency, IFAD maintains the highest fiduciary standards, in line with international best practices. It is one of the few United Nations agencies that comply fully with International Financial Reporting Standards, and it is subject both to an annual external audit and to ad hoc internal audit investigations.
- **Quality Management:** The IFAD-GEF partnership builds on a newly strengthened quality assurance system.
- **Spill over effects:** The IFAD-GEF partnership is progressively broadening the corporate strategies of both organisations by bringing together poverty reduction and sustainable natural resource management as key items on the same agenda.
- **Harmonisation:** Evolving under its own performance-based allocation system, IFAD is well placed to ensure optimum resource allocation predictability and harmonisation with the GEF's resource allocation framework.

2.1.2 Case 2⁶: Lessons from Multi-Sector Partnerships in Water and Sanitation Projects: Business Partners for Development (BPD), Water and Sanitation Clusters

Context:

Business Partners for Development was created to examine the effectiveness of multi-sectoral approaches to development incorporating the strengths and competencies of public, private and civil society stakeholders. The aim is to understand the dynamics of multi-sector partnership approaches particularly with reference to services of the poor communities.

The Water and Sanitation Cluster works with eight focus projects around the world, e.g. Upgrade and expansion of local water networks in Dakar, Senegal, Developing water supply and sanitation services for marginal urban populations, La Paz and El Alto, Bolivia.

Problems / issues addressed by the partnership:

The Water and Sanitation Cluster aims to improve access to safe water and effective sanitation for the rising number of urban poor in developing countries.

Partnership approach:

The eight focus projects were all set up as tri-sectoral partnerships, incorporating private sector funding and technical contributions, public sector monitoring and regulation, and civil society/NGO sector links with the communities/households.

Success factors / Lessons learned:

The approach to extracting from which to analyse the efficacy of multi-sector partnerships is three-pronged: 1) by supporting partnership-oriented research on thematic project elements; 2) by creating forums for analysing the sector-specific benefits and challenges of working closely with organisations from other sectors; and 3) by documenting the evolution of the partner in specific focus projects.

The key lessons that were drawn out of the eight focus projects were the following:

- **Context is key**

The environments in which these projects operate are invariably complex. The various influences on decisions at the project level create different demands on the partnerships. Partners and partnership projects are impacted by economic and political events. Practitioners from several projects noted that the pressure to produce results allowed insufficient time to carry out a sound context analysis.

Key success factors included a relatively stable and predictable economic environment, the degree of political will, and the existence of some form of regulatory framework which allowed for grievance mechanisms should the partners run into difficulties.

- **Building on existing assets and filling gaps**

Tri-sectoral partnerships are presumed to incorporate private sector funding and technical contributions, public sector monitoring and regulation, and civil society/NGO sector links with the communities/households. To some extent the experiences in the projects challenge these assumptions. In practice, the different organisations that come to the table might not offer what is expected from them. NGOs often came with funding and communities were often mobilised by public and private sector staff.

The key recommendation here is to understand what is available on the ground, enhance the capacities of existing resources, determine the best way to fill the gaps, and then expect that as the partnership matures and capacity develops, roles may shift and the partnership may need to be modified.

⁶ Sources of data: Caplan, K.; et al. (2001): Flexibility by Design: Lessons from Multi-Sector Partnerships in Water and Sanitation Projects. BPD Water and Sanitation Clusters, London; Caplan, K. / Jones, D. (2002): Partnership Indicators, Measuring the effectiveness of multi-sector approaches to service provision. London.

- **Understanding partner incentives and conflicts**

For each partner, understanding one's own individual and institutional incentives, negotiables, obstacles, and assets (including reputations) proves the primary starting point for partnering.

Too often, partners fail to differentiate between individual institution and stakeholder-wide incentives. For example, a private sector or public sector official may be inclined to group NGOs together in terms of their motivations and constraints. Though in some cases NGOs' macro assessment of the project might be similar, their decision-making styles, capacities and drivers may be quite different.

NGOs may also perceive private sector partners as all much the same though private sector partners responsible for design might have quite different approaches and incentives to those responsible for operations and maintenance. Similarly financial incentives might not always be about making profits but may be about reducing the risks of doing business; NGOs may also have financial incentives though these are not usually for profit. Finally, poor communities have incentives and barriers to partnering and participation as well. These need to be understood in order to achieve a sustainable impact on the communal level.

- **Understanding time frames and time requirements**

Different stakeholder groups work within the bounds of different time frames. Public sector officials are usually driven by election cycles, private sector firms by predetermined contract direction and their internal reporting cycles, and NGOs by donor and community cycles. Ideally a partnership process will allow the different stakeholder groups to strive for modest milestones that coincide with their individual cycles. This will occur not without negotiation and mutual understanding. Too often the pressure is on to produce the results, even though partners have not been given or made the time to get to know each other. Investing time at the beginning will save time and money in the long term as each partner becomes more familiar with how other partners make decisions, invest resources and take action.

- **Differentiation between individuals and institutions**

Without doubt, the nature of the individuals that come to the table is critical to the effectiveness of the partnership. Partnership projects need champions to carry the cause and sell the idea and process. However, to ensure sustainability, partnerships need to move carefully and systematically beyond the individuals and into institutions. As individuals also move on, mechanisms need to be put in place to ensure smooth transition. Induction programmes, frequent and structured reviews, rotating chairs and other mechanisms will enable broader ownership.

- **Flexibility to adapt to changes**

Separate from changes in staffing and representation, other influences will force change within partnership projects. Change should be expected even if the exact nature of the changes cannot be anticipated. In order to accommodate change, institutions need to build up the capacity for partnering, i.e., the capacity to recognise the vital contribution of each stakeholder, the capacity to understand the constraints partners face, the capacity to compromise and negotiate fairly, etc.

Effective partnering not only requires a workable interface between representatives and organisations sitting at the table but it requires that each partners develops effective communication channels within their own individual organisations.

Finally, partners need to recognise and determine milestones and targets - to identify when review is necessary and to create exit strategies for different stakeholder groups. A partnership is not the end goal, but a mechanism to deliver project objectives.

2.1.3 Case 3⁷: Lessons from Capacity Building Programmes for local Civil Society in East Africa: The Partnership of ECOVIC⁸, FORUM SYD⁹ and SIDA¹⁰

Context:

The ECOVIC/FORUM SYD pilot partnership started in July 2003 with a SIDA grant of US\$ 300'000. The aim of this pilot was to 'empower and build capacity of ECOVIC to achieve its' mission and overall objectives at the regional and chapter level'. FORUM SYD had a capacity building, advisory, coordination as well as monitoring role to ECOVIC. A bridging period for the partnership was requested by ECOVIC and FORUM SYD and granted for a period of six months ending June 2005. This was subsequently extended to December 2005.

Problems / issues addressed by the partnership:

The purpose of the ECOVIC/FORUM SYD partnership was to strengthen ECOVIC and its member organizations. The support the partnership received from SIDA was to meet operational and capacity building costs. Several areas were highlighted for more work in terms of capacity building support, e.g. relationship between the region and chapters; and relationship between the chapters and the grassroots.

In terms of operational costs, ECOVIC and FORUM SYD needed to be supported on: administration (personnel and rent); office running costs; office furniture and equipment; and purchase of a vehicle. In terms of capacity building support was requested for: internal capacity building activities; external capacity building activities; organisational assessment; organisation development and training; and monitoring and evaluation. These activities were further elaborated in various Memoranda of Understanding and work plans.

Partnership approach:

The high and competing expectations by ECOVIC, its members and to some extent FORUM SYD and SIDA seem to have obscured the need to carefully consider the appropriate model for the ECOVIC/FORUM SYD pilot partnership.

ECOVIC mainly expected funding and broadly defined capacity building; FORUM SYD to transfer SIDA funds as well as develop a robust civil society programme in the Lake Victoria region; and SIDA support civil society work to improve both the Lake Victoria and the lives of the communities in the basin.

From ECOVIC, it is clear that a lot of the members, Chapters and officials of ECOVIC at the East Africa regional level expected a relationship between two generally equal partners with a view of building an organisation with a structure similar to the East Africa Community. FORUM SYD on the other hand, appears to have understood the model as being one where FORUM SYD received and transferred SIDA funds to ECOVIC. The latter was generally expected to be a strong and fairly independent organisation which determined its own agenda for development.

The ambiguity about the model of partnership notwithstanding, the underlying assumption, at least from SIDA's perspective was that a partnership that strengthened local civil society building on experiences of the Swedish civil society, was necessary if civil society in the Lake Victoria region was to realise the goal of improving the livelihood of the Lake Victoria basin communities through sustainable management of natural resources. Instructively, however, it was not clear if SIDA's perspective and approach to intervening in the Lake Victoria basin was commonly understood and reflected in the expectations of ECOVIC and FORUM SYD. At a more rudimentary level, that a partnership agreement exists does not necessarily mean that a model was considered in the first place. Even in the course of implementing the activities formulated to realise objectives of the partnership, it appears a

⁷ Source of data: Grace Lubaale, Alfred Omenya (2007): The Partnership of the East African Communities Organisation for Management of Lake Victoria Resources (ECOVIC) and the Swedish NGO Centre for development Cooperation (FORUM SYD); Sida Evaluation 07/07

⁸ The East African Communities Organisation for Management of Lake Victoria Resources

⁹ The Swedish NGO Centre for Development Cooperation

¹⁰ The Swedish Development Cooperation Agency

model would evolve incrementally. At an operational level, the partnership structure suggests that the model was not generally appropriate.

Success factors / lessons learned:

An evaluation of the partnership carried out by the Department for Evaluation and Internal Audit, an independent department reporting directly to SIDA's Board of Directors yields the following lessons:

- **Lack of ownership of the capacity building processes:** in the ECOVIC/FORUM SYD pilot partnership insufficient preparation for the said capacity building was done. Even in the bridging fund period, there is no evidence of learning to carefully plan for capacity building. Thorough preparation for capacity building while does not make its evaluation less difficult, it certainly makes it manageable and verifiable. However capacity cannot be built solely on the basis of external interventions, both the processes and products must be owned.
- **Performance-based long term support instead of one-off project funding:** donors should not expect that civil society organisations are ready-made implementation partners or that their claim for stakeholder participation is always valid. Although community based organisations have a much better record and credibility in this regard, careful vetting, including reliable situational analyses and field visits is greatly needed. Moreover, donors must understand that their conditions will invariably affect the shape of the civil society sector in the region. Well negotiated, performance-based long term support that allows an organisation like ECOVIC to learn and develop rather than one-off project funding is more likely to yield results, at least in terms of a strengthened civil society. Further there is need to seek an intervention that would balance institutional strengthening and direct activities.
- **Mismatch between level of support (input) and the anticipated outcomes:** support to the ECOVIC/FORUM SYD pilot partnership did not yield the outcomes that either party anticipated. Arguably, the level of support to ECOVIC was inadequate for a relatively young and unsophisticated organisation.
- **No clarification of partnership objectives:** although stated in the agreements, the parties had not clarified with each other the quantity and quality of outcomes expected and interests did not converge to the degree anticipated. Inevitably, the form of support encouraged a rapid growth of the superstructure that ECOVIC is today. The current search for funds to sustain staff, offices and other recurrent costs risks driving ECOVIC into activities run by secretariat rather than enable its members to do so. The potential damage such a development can inflict on ECOVIC should be a reminder that interventions can cause as much harm as good if not well designed and managed. Further the tendency of ECOVIC board members to become employees of the organisation and also to implement programmes is an area that will cause conflicts.
- **Stakeholder participation is critical to the effectiveness of pilot partnerships:** a lack of participation in planning, management and monitoring and evaluation commonly afflicts a pilot partnership and implementation of its programmes. It is even much more significant in policy and advocacy work where legitimacy and evidence to support arguments and positions are required. Legitimacy and good governance are strengthened through regular communication with the membership.
- **The dynamics of running a regional network NGO:** there are also lessons that one learns in relation to the dynamics of running a regional network NGO. There is need to draw a clear line between governance and management issues in such structures. Elected officials should strictly perform only policy issues, and leave management to the Secretariats. Mechanisms of accountability should be carefully built into the organisation. Regionalism requires inculcation of a culture of respect for unity in diversity and respectful interaction between different parts. This should be supported with robust communication mechanisms. Further, network organisations, which are also regional, are complex organisations that take time to build. This means that they must transform

structurally, before they eventually mature. This transformation should be understood as a necessary good, not merely as a failure of previous efforts.

- **The problem of donor-driven development initiatives:** within ECOVIC/FORUM SYD pilot partnership it is variously argued that FORUM SYD was a reluctant partner only persuaded by SIDA to work with ECOVIC, thus to that extent the partnership was donor-driven. A reluctant FORUM SYD engaged in a pilot partnership with what eventually emerges as a much weaker ECOVIC. Different expectations coupled with different understanding of the roles of the partners undermined the conditions for a vibrant and productive partnership. In some instances it could then be reasonable to argue that the difficult relations were directly related to a weak ECOVIC. It is widely understood that ECOVIC suffered serious organizational weaknesses at the inception of the partnership. These ranged from leadership to governance; lack of staff to weak organizational structures and systems; lack of funds to volunteers with inadequate skills among many other weaknesses. Addressing organisation weaknesses in ECOVIC has not brought about immediate change.

2.1.4 Case 4¹¹: Lessons from Collaborating in Global Policy Networks

Context:

Both IFAD and AfDB are involved in various types of partnerships, from traditional bi-lateral to multi-stakeholder and multi-sector partnerships. Some of the partnerships the two institutions are involved in can be classified as policy networks (e.g. the Global Environmental Facility GEF or the Consultative Group for International Agricultural Research CGIAR).

Problems / issues addressed by the partnership:

Policy Networks respond to two major problems policy makers are facing today:

- *The operational gap*
Policy makers and public institutions lack the information, knowledge, and tools they need to respond to complex policy issue areas.
- *The participatory gap*
Policy makers and public institutions hesitate to include an increasingly large and diverse set of non-state actors in traditional policy making venues and deliberations.

Policy networks address governance gaps at the local, national, regional or global level by performing a variety of different functions:

- *Awareness Raising (e.g. The International Campaign to Ban Landmines)*
- *Gathering and disseminating knowledge (e.g. The Consultative Group for International Agricultural Research CGIAR)*
- *Implementing policies (e.g. The Global Environment Facility GEF)*
- *Setting of standards (e.g. The World Commission on Dams WCD)*
- *Producing and fostering new public goods (e.g. The Medicines for Malaria Venture)*

Partnership approach:

Policy 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

¹¹ Source of data: Reinicke, Wolfgang H. / Deng, Francis M.: Critical Choices. The United Nations, networks, and the future of global governance, Washington DC 2000; Benner, T. and Reinicke, W.H. (2002) Shaping Globalisation: The role of global public policy networks, in: Transparency: A Basis For Responsibility and Cooperation, Bertelsmann Foundation; see also Global Public Policy Case Studies, Global Public Policy Institute, Berlin 1999/2000.

key task is to promote communication among the actors and structure negotiation processes.

Success factors / Lessons learned:

Looking at the experiences of these existing policy networks, we can outline a set of the most fundamental principles necessary for a network to produce tangible results:

(i) Fostering mutual trust and respect

Lack of trust and misperception among network actors are regarded as the central obstacles to successful cooperation in networks. To overcome mistrust among actors – which frequently has deep roots, deriving from longstanding antagonistic relations and diverging interests among NGOs, private companies, governments and international organisations – the following management principles should be taken into account:

- Undertake consultations and spend extra time at the outset of a cooperative initiative, despite the transaction costs incurred, in order to learn about the different motives, time frames, objectives, languages and stakeholders of each partner.
- Agree on mechanisms for communication and dispute resolution
- Combine the emphasis on process with a focus on results, e.g. by setting concrete milestones as part of a common work plan
- Create ‘easy wins’ (cooperation on pilot projects yielding relatively quick results) to complement laborious consultation processes and to provide motivation for the network actors

(ii) Managing assumptions and expectations

Most policy networks bring together public, private and civil society stakeholders and are, by nature, awkward arrangements that require significant compromise and negotiations. Insufficient analysis of both the disincentives and incentives to partner with others pose challenges to successful networks. Understanding and taking into account the different partners’ expectations and assumptions at the outset of a collaborative endeavour increases the chance for its success. The following measures can be taken:

- Ask about the perceptions and expectations of all partners involved before starting out
- Establish feedback mechanisms that allow all partners to regularly communicate how they perceive the partnership process and its performance
- Monitor the different perspectives and perceptions of the partnership among the partners and discuss the results

(iii) Exercising leadership

Although networks are often coupled loosely and decentrally organised, leadership is a key variable for the success of a network, whereby leadership should not be understood as simply exercising power or influence, but rather in terms of political and social entrepreneurship. Promoting successful cooperation in policy networks presupposes:

- Breaking up established loyalties within organisations in order to make room for new forms of cooperation
- Avoiding the formation of blocking coalitions as well as the domination of the network by individuals or single institutions
- Debunking established and often rarely questioned principles
- Managing the different roles and expectations of the network actors and the policy network as a whole
- Accepting inputs from all constituents (ensuring legitimacy of actions taken by the network)
- Mobilising resources whilst relying on a diversified funding structure (relying on a single funding source not only provides an insufficient financial basis in the medium and long term but also affects the legitimacy and public image of the network)

(iv) Managing interfaces

Another key management task in networks is the coordination of intra as well as inter-organisational relations. Successful management of the interfaces within as well as between the organisations consists of three key tasks:

- Mediating among the highly diverse organisational cultures
- Finding common ground across wide-ranging interests
- Using innovative techniques to communicate

In some networks, an independent secretariat plays a key role in this interface management. In the first phase of network formation, established organisations often take over the function of a secretariat, as they can often rely on an infrastructure already in place.

(v) Inclusion of all relevant actors

A broad representative inclusion of all relevant actors is a key prerequisite for successful cooperation in policy networks. Due to imbalances of power and access, very often this prerequisite is not met. To tackle the problem of inclusion / exclusion, three principles should be applied:

- *Inclusion of all stakeholders*
It is fundamentally important to include the full range of stakeholders early in the process, regardless of their status and power.
- *Capacity building*
Capacity building should aim at supporting potential network actors to attain the necessary financial and knowledge resources for effective participation in networks.
- *Embedding in local / national policy debates*
Embedding policy networks in national policy debates and established decision mechanisms by including members of parliament and representatives of national government agencies, for example, is key to success of the network; it builds early community allegiance and creates awareness of local impediments for the process.

(vi) Ensuring legitimacy

Policy networks are an important contribution to the debate on innovative forms of policy making. As other actors in the policy making arena, policy networks also have to guarantee for accountable and transparent structures. To ensure the legitimacy of a policy network, three issues have to be kept in mind:

- Networks can only be as transparent and accountable as their participants. Therefore codes of conduct can help to guarantee accountability and transparency on the part of all actors.
- Networks need proper process standards. Such standards should take into account and operationalise general principles such as transparency and subsidiarity. Formulating common goals and terms of engagement also form important parts of this endeavour.
- Evaluating the results of networks and integrating them into established institutions are key for fostering the legitimacy of their resolutions.

(vii) Maintaining structured informality

Networks must avoid falling into the trap of becoming just another institution, with an established bureaucracy and a rigid hierarchy. Network managers must therefore focus on maintaining structured informality - on keeping relationships loose and non-confining while at the same time building in enough organization and framework to get things done. One way to dodge the institutional trap is to build the network on existing institutions, keeping the network's own secretariat to a minimum. Built-in review processes, internal and external, can also help prevent ossification of the network's structures, practices, and people.

In brief there are three key lessons learned from the practice of policy networks:

- 1) Most policy networks are multi-sector partnerships and by nature awkward arrangements that require significant compromise and negotiations. **Insufficient analysis of both the disincentives and incentives to partner with others pose challenges to successful networks.**
- 2) **Networks can only be as transparent and accountable as their participants.** Therefore codes of conduct can help to guarantee accountability and transparency on the part of all actors.
- 3) **Networks have to maintain a system of structured informality** - on keeping relationships loose and non-confining while at the same time building in enough organization and framework to get things done.

2.1.5 Case 5¹²: Lessons from the World Bank: Modernisation of Agricultural Services Programme (PROMSA), Agricultural Research Component, Ecuador

Context:

The World Bank agricultural research project for Ecuador was carried out in cooperation with the government of Ecuador and was one part of the three-pronged Modernization of Agricultural Services Program (PROMSA). The other parts (covering Agricultural Extension and Plant and Animal Health) were supported by the Inter-American Development Bank (IDB).

The initial budget was US\$ 27 million of which US\$ 21 million was financed by the World Bank loan, US\$ 2.9 million by the executing agencies and US\$ 3.1 million by the Government of Ecuador.

Problems / issues addressed by the partnership:

The overall goal of the project was to strengthen Ecuador's national capacity to do agricultural research, with an aim to increase agricultural productivity and output while preserving or enhancing the natural resource base. The project was based on three pillars.

- (i) Introducing a competitive research Grants programme
- (ii) Developing research and education exchange partnerships with international science institutions
- (iii) Strengthening the national research institute, INIAP

Partnership approach:

For each component of the project, a different partnership strategy has been applied:

- (i) *Competitive Grants:* A contract was provided to a foreign consulting company (Natural Resources International Ltd. – NRI) to manage this component together with the scholarships for INIAP staff. They together formed a team that became known as the Unidad Ejecutora del Fondo Competitivo (UEFC). Additionally a reference group was set up, made up of members of the target group, other scientists, local industrialists and extension workers. The purpose of this reference group was to oversee the implementation of the project.
- (ii) *Strengthening the national research institute, INIAP:* This component was carried out in close cooperation with the INIAP with the aim to promote the inclusion of Ecuadorian scientists as long-term consultants of the institution
- (iii) *Project Implementation Unit:* To manage the technical aspects of the Competitive Grants component, another international consulting firm was contracted.

Success factors / Lessons learned:

- **Political and economic context:** The implementation of the project coincided with a period of great political and economic upheaval in Ecuador and was negatively impacted

¹² www.worldbank.org ; Implementation Completion Report (SCL-40750), Report No: 34520

by it (e.g. shortage of counterpart funds in the early years of the implementation, lack of consistent dialogue because of frequent changes within the Ministry of Agriculture).

- **Commitment of the recipient government:** INIAP was not perceived a priority issue for the Ministry of Agriculture which for the most part of the initiative assumed a hands-off attitude. Stronger commitment to the project on the part of the government would have helped the project implementation. The lack of political will resulted in a lack of sustainability of the project.
- **Continuity within the implementation agency:** Frequent changes of the management team were the reasons for the rather slow start of the project. Stabilisation of the team after the appointment of the final Director of PROMSA in 2000, led to a significant improvement in performance.
- **Supervision:** The initiative benefited from having the same Task Manager throughout who participated in all supervision missions and led the Mid-term Review. This served to ensure a consistent approach on the part of the World Bank and contributed to a thorough understanding of project requirements.
- **External financial resources:** Because most counterpart resources are available in kind (personnel, facilities) the external financial contribution is essential as leverage to initiate the process.
- **Political will and staff support:** Serious reforms of an established national research establishment requires a combination of political will and staff support. Reform from within of established public entities is very difficult to achieve, and a more feasible approach may be through external incentives such as the competitive allocation of resources. There also needs to be pressure from outside constituencies that demand that change.
- **Collaboration with government authorities:** The executing agency needs to work closely with the highest government authorities to promote change.

→ Key lesson learned from this World Bank Initiative: **For change projects to be successful and sustainable, they have to be aligned with the recipient country's priority agenda. If the project is not perceived a priority issue by the responsible government authorities, political will and commitment stay weak and the project lacks sustainability.**

2.2 Theoretical Approaches to Partnership Management

What management principles can we distil from the theory of partnership and network management?

The theoretical part of the benchmark review is based on a discussion on selected theoretical approaches. The approaches discussed in this chapter can be seen as complementary to each other, treating different aspects of the management of collaborative endeavours, looking at the issue from different perspectives.

2.2.1 The Multi-dimensional Set Up of Partnerships

In order to get a better understanding of how partnerships are working, it is useful to identify and analyse the different processes that shape a partnership. Following Thompson/Perry¹³, there are five key dimensions that together signify collaborative action, and therefore are determining for every partnership:

(i) The Governance Dimension

Partners who seek to collaborate must understand how to *jointly* make decisions about the rules that will govern their behaviour and relationships; they also need to create structures for reaching agreement on collaborative activities and goals through shared power arrangements. These arrangements enable the partners to adopt a collective responsibility for the problem they face and to have a shared vision and commitment to a supra-organisational goal which allows them to move towards problem solving rather than problem blaming.

The term partnership or collaborative governance implies (1) a lack of authoritative structure or hierarchical division of labour¹⁴; (2) an awareness that all involved actors are not only directly responsible for reaching an agreement but must also impose decisions on themselves; (3) a willingness to accept that all participants have legitimate individual interests, such that outcomes reflect group consensus, not coalitional or power politics; (4) an understanding that this kind of governance emphasizes openness in information sharing, respect for others' opinions, and most likely lengthy negotiations to reach agreement.¹⁵

However collaboration does not mean everyone has to agree on the best possible solution; it only means that everyone has to be willing to support the collective decision once it's made. To be able to guarantee this collective responsibility, certain structures and norms have to be in place.

(ii) The Administration Dimension

Partnerships are not self-administering enterprises. Organisations collaborate because they intend to achieve a particular purpose. To achieve this purpose that brought the organisations to the table in the first place, some kind of administrative structure must exist that moves from governance to action.

Experiences show¹⁶ that the presence of clear roles and responsibilities, the capacity to set boundaries, the presence of concrete achievable goals, and good communication were the key characteristics of successful partnerships.

The implementation of partnership agreements is often rather complex as traditional coordination mechanisms such as hierarchy, standardisation, and routinisation are less feasible across organisational boundaries than within them, and communication among partners is based more on interdependent relationships than on contractual agreements.¹⁷

¹³ Thompson/Perry 2006.

¹⁴ Huxham 1996.

¹⁵ Thompson 2001.

¹⁶ Thompson 2001.

¹⁷ Huxham and Vangen 2005; O'Toole 1996.

Key administrative functions identified in the top-down management literature – functions such as coordination, clarity of roles and responsibilities, and monitoring mechanisms – are also stressed in the collaboration research¹⁸, but they take on new meaning in the light of horizontal relationships found in collaborative settings. The classic recommendation to simplify the implementation chain of action does not work for partnerships. Such social constructs do require a central position for coordinating communication, gathering and disseminating information, and – most important – keeping partners alert to the jointly agreed rules that govern their relationships, the so called *social coordination*¹⁹ of the partnership. Experiences²⁰ from multi-level partnerships show that the trust building among partners and the political will to work together in new ways was augmented by administrative will in the use of bureaucratic mechanisms that helped to maximise some degree of predictability.

But talking about the importance of administrative arrangements, we also have to pay attention to finding the right balance between administrative capacity (through coordination and elements of hierarchy) and social capacity to build relationships. Beside formal structures there has to be space for informal activities among partners.

(iii) The Autonomy Dimension

A defining dimension of partnerships that captures both the potential dynamism and the frustration that is implicit in collaborative endeavours is that partners are most likely to share a dual identity: They maintain their own distinct identities and organisational authority separate from, but simultaneously with the collaborative identity. This creates an intrinsic tension between self-interest (pursuing individual goals and maintaining its organisational identity) and collective interest (achieving the partnership objectives and maintaining a partnership identity).²¹ This tension can be referred to as the autonomy accountability dilemma²² and concludes that because partnerships are voluntary, partners generally need to justify their involvement in it in terms of its contribution to their own aims, or refrain from collaborating altogether.

When partnership objectives conflict with the autonomous goals of individual partner organisations, identities are at stake. And unless the particular problem is of sufficient urgency to all partners, it is likely that individual missions will outplay collaborative missions.

Case studies²³ on collaborations show that reconciling private interests with collective interests became possible only when partners began to understand the problem in terms of the high stakes of *not* engaging in a shared solution. In general, reconciling individual interests with collective interests is often too difficult for many partnerships, and therefore often the main reason for the failure of collaborative endeavours.²⁴

(iv) The Mutuality Dimension

Although information sharing is important and necessary for collaboration, it is not sufficient for it to thrive. Organisations that collaborate must experience mutually beneficial interdependencies based either on differing interests (complementarities) or on shared interests, which are usually based on homogeneity or on appreciation and passion for issues that go beyond an individual organisation's mission – such as the moral imperative of environmental degradation or a humanitarian crisis.

Complementarity can be described as the situation when one party has unique resources (skills, expertise, or money) that another party needs or could benefit from (and vice versa). We then speak of so called exchange relationships that are supported by the dependency theory.²⁵

¹⁸ Bardach 1998; Ring and Van de Ven 1994.

¹⁹ As described by Freitag and Winkler 2001.

²⁰ Brinkerhoff 2002: Case study of the Barani Area Development Project in Pakistan.

²¹ Bardach 1998, Tschirhart, Christensen, and Perry 2005.

²² Huxham 1996.

²³ Logsdon 1991.

²⁴ Huxham and Vangen 2005.

²⁵ Pfeffer 1997.

The premise of complementary partnerships is that organisations should stick to what is most integral to their operations (their core business), contribute what they do best (their key competencies) to the partnership, and determine which of these core competencies appropriately add value to what each of the other participating organisations are contributing (complementary contribution).

For organisational behaviour scholars, mutuality is seen as a win-win problem-solving technique that addresses the conflicts inherent in differing interests.²⁶ The more consensus partners can forge out of differences based on each other's needs, the greater the likelihood they will be able to collaborate.

(v) The Trust and Reciprocity Dimension

In partnerships, individual partners often demonstrate a willingness to interact collaboratively only if other partners demonstrate the same willingness. This tit-for-tat mentality is based on the perceived degree of obligation, such that the partners are willing to bear initial disproportional costs because they expect their partners will equalise the distribution of costs and benefits over time out of a sense of duty ("fair dealing").²⁷ Reciprocity is widely acknowledged as a key factor for successful collective action.

Only over time, as collaborative partners interact and build reputations for trustworthy behaviour, they may find themselves moving away from the more contingent "I will if you will" reciprocity to longer-term commitments based on institutionalised "psychological contracts".²⁸ As indicated by mentioning the so called "psychological contracts", trust is the second facet of norms that are crucial for successful collaboration.²⁹ Trust can be defined as a common belief among a group of individuals that another group (1) will make good-faith efforts to behave in accordance with any commitments, (2) will be honest in whatever negotiations preceded such commitments, and (3) will not take excessive advantage of another even when the opportunity is available.³⁰ Trust is a central component of collaboration because it reduces complexity and transaction costs more quickly than other forms of organisation.

Partnerships are expected to be more sustainable if personal relationships supplement formal organisational role relationships and formal agreements mirror informal understandings and commitments.

Although the importance of mutual trust in collaborative processes is widely acknowledged, there are certain doubts that real trust among people or institutions that did not know each other beforehand is achievable. Relationships may bloom quicker and partnerships produce results and impacts more effectively if the individuals sitting around the table like each other. Sometimes, though, this might be too much to wish for as partners just need to find mechanisms to get on with the business of negotiating, implementing and reviewing their work. This leads to the question if it would be more realistic to speak of the importance of mutual respect instead of mutual trust.

What can we draw from the multi-dimension model of partnership?

- 1) If we **understand the variable and complex nature of the five dimensions** that compose partnerships we are better prepared to engage in collaborative activities than those who focus merely on achieving individual goals through collaboration.
- 2) In managing collaboration, the challenge is not to reach the highest level on all five dimensions but to **seek an optimal balance among them**. Each situation demands a different equilibrium among the five key dimensions to achieve an optimal mix for the partners in that context.
- 3) The most costly resources of collaboration are not money but time and energy, neither of which can be induced. Public and private managers need to **budget the time necessary to negotiate with the collaboration partners across the five dimensions** – governing,

²⁶ Hellriegel, Slocum, and Woodman 1986.

²⁷ Van de Ven 1994.

²⁸ Ring and Van de Ven 1994.

²⁹ Bachmann, R. / Knights, D. / Sydow, J. (2001): Trust and Control in Organizational Relations.

³⁰ Cummings and Bromiley 1996.

administering, paying attention to the tension between self-interests and collective interests, forging mutually beneficial relationships, and building reciprocal and trusting relationships.

2.2.2 New Economics of Organisation: The Principal Agent Theory

The Principal-Agent Approach

The principal-agent approach is derived from the so-called 'new economics of organisation'. In this context, the basic starting point is where one actor (the principal) has an incentive to delegate power to another actor (the agent) with the expectation that subsequently the latter will act in a way which is consistent with the initial preference of the former. The incentive to delegate is usually motivated by a desire to reduce transaction costs.

The principal-agent theory argues that principals must solve two basic tasks in choosing their agents. They must select the best agents, whether employees or contractors (or, for that matter, other third parties who serve as agents), and create inducements for them to behave as desired. Principals must also monitor the behaviours of their agents to ensure that they are performing their tasks well.

Thus, the principal-agent approach suggests that in an ideal situation well-chosen agents can be left alone to determine the policy that the principals would themselves have chosen, given the time and resources.

The Principal-Agent Problem (PAP)

The Principal-Agent Problem (PAP) relates to the problem of asymmetric information in a contract relationship. It gained wide prominence with the work of Nobel Prize Winner George A. Akerlof and his article 'A Market for Lemons' published in the Quarterly Journal of Economics in 1970. The general argument of this article was that the agent (employee, salesman, contractor, manager, etc.) is better informed about a specific task to be executed or the product to be sold than the principal (employer, client, customer, shareholder, etc.). The agent may use the information advantage to take an action unobserved by the principal or conceal the true cost or valuation of his work.³¹ Hence the principal is facing to major problems when choosing an agent as well as managing the relationship to the respective agent:

- 1) **Adverse selection:** The principal can never know everything about an agent (qualifications, personal agendas, etc.). Hence, he cannot necessarily know which candidate is best qualified for a task. Given that all candidates will try to sell themselves equally well, the employer may well appoint an applicant whose price is higher than their economic value.
- 2) **Moral hazard:** The principal can never be sure of knowing the full details of the agent's performance. There are always signals about an employees' or a contractors' performance, such as reports, complaints and direct observation, but the employer can never know the full story. Principals are thus typically at an information disadvantage with respect to their agents, and agents therefore have an incentive to work to less than their capacity, since they know that performance inadequacies may not be detected.

Application of the Principal-Agent Model in the Field of Development Cooperation

The essential paradigm for the analysis of market behaviour is that economic agents pursue, at least to a certain extent, their private interest. Also in a field such as development cooperation, these private incentives have an important role to play and have to be considered when analysing the performance of certain single actors as well as partnerships.

Development Cooperation is largely based on a two-stage delegation process of tasks, which is related to the Principal-Agent Problem (PAP) in institutional economics. This two stage

³¹ Laffont and Martimort 2002

delegation process can cause high transaction costs and unintended outcomes in development programmes:

- The first delegation of tasks usually happens in the developed country where the donor / public contractor pays an organisation involved in development cooperation to carry out programmes in developing countries that contribute to sustainable poverty alleviation.
- The second delegation of tasks occurs within the developing country where the respective development organisation hires local partners to carry out the actual development programmes and projects.

Delegation always implies conflicting objectives between the agent (e.g. the development organisation) who has been selected for his or her specific knowledge and the principal (e.g. the donor) who hires and pays the agent but can never hope to completely check his or her performance.³²

If we now transfer the principal-agent model to the specific situation of IFAD/AfDB partnerships in the field of agriculture and rural development in Africa, we can assume that there are a number of institutional arrangements between IFAD/AfDB and their sub-contracted local partners where principal-agent problems are likely to appear.

As the theory explains, IFAD/AfDB are not able to fully control the performance of their partners (e.g. local farmers' associations, NGOs, local government agencies, etc.) in carrying out the IFAD/AfDB projects and programmes, because they – at the bottom line – have to rely on the selective information they get from their partners. This does not necessarily mean that the agents (the local executing agencies) are misleading the principal (IFAD/AfDB) but in such cases where the information asymmetry between the principal and the local agents is significant, and where the agents are heavily depending on the funding of the respective principal, there is an increased chance of PAPs like moral hazard and adverse selection. In other words, according to the theory, sub-contracted partners of IFAD/AfDB are likely to use their information advantage to take actions unobserved by IFAD/AfDB or conceal the true cost or valuation of their work.

As mentioned in the inception report that is guiding the overall evaluation, only slightly more than half of all evaluated IFAD/AfDB development projects in the field of rural and agriculture development in Africa have shown satisfactory performance and had a sustainable impact.³³ Looking at these rather poor results through the principal-agent lens, we can observe a typical indicator for principal-agent problems: the lack of sustainability of development activities. The theory comes up with two explanations for this lack of sustainability:

- 1) Sub-contracted local agencies have a strong interest in securing continuous funding by their principals. To please the principals, they present good short-term results, neglecting the more important and sustainable long-term impacts of the projects and programmes.
- 2) As donor agencies (the principals) respond more positively to visible changes (e.g. a new road or a new school built), sub-contracted local actors prefer to start new projects than continue or improve old projects.

The question is now how to better control the PAP in development cooperation. The key issue that is addressed by this theory is certainly the management set up of partnerships. The PAP is always a steering and accountability problem. In many partnerships, the parties stop interacting as soon as the partnership agreement is signed. But only after the signature, the collaborative action starts. And this collaborative action implies a clear management set up with the presence of accountability mechanisms.

Some concrete measures to improve the accountability of partnerships are³⁴:

- **Clarifying responsibilities**

³² Arrow 1963.

³³ See IFAD-AfDB Joint Evaluation, Inception Report.

³⁴ Steets. J. (2005): Developing a Framework: Concepts and Research Priorities for Partnership Accountability, GPPi Research Paper Series No. 1.

The contribution of an agent to a policy problem can be unclear when responsibilities are not clearly assigned. This is the case both for the responsibilities of the partnership as a whole and of individuals and task forces within a partnership.

- **Improving the provision of information**
Generally, the principals want information on anything for which they hold the partnership accountable. The challenge for any organisation is to find the right balance between the necessary scope and degree of detail in reports and their usability.
- **Clarifying the principals' expectations**
The expectations held by different principals are important for creating accountability in two aspects: first, a partnership can only attempt to fulfil the expectations of its various principals if these are clearly articulated. Second, the expectations are needed as standards for evaluating a partnership's activities and linking them to positive or negative sanctions.
- **Strengthening sanctions**
The ability to impose negative or positive sanctions is the ultimate means through which principals control the agent's behaviour. Sanctions can range from protest to withdrawal of financial contributions or even the withdrawal of the participation in the partnership.

What can we draw from the Principal-Agent Approach?

- 1) **Delegation always implies conflicting objectives between the agent** (e.g. the local executing agency) who has been selected for his or her specific knowledge **and the principal** (e.g. the donor agency) who hires and pays the agent but can never hope to completely check his or her performance
- 2) **Working in partnerships requires concrete measures for accountability:** Clarification of roles and responsibilities, continuous exchange of information, clarification of expectations, and a list of possible sanctions.
- 3) **Decision makers** in multi-stakeholder partnership arrangements need to tap authentic information about processes and results from the operators that are close where the results emerge.
- 4) **The Principal-Agent approach** is a relatively static model that **does not take into account the imperfections of "markets"** themselves as it is the case in the market of international development cooperation (e.g. the lack of choice in purchasing services in developing countries).

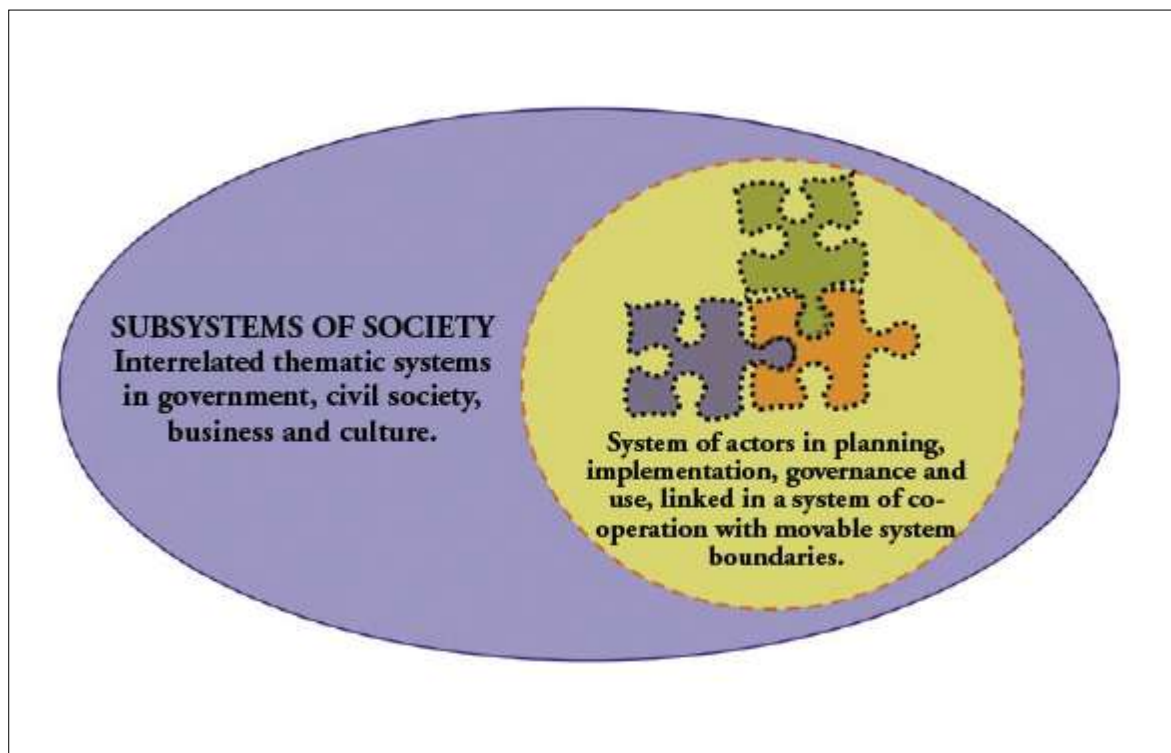
2.2.3 A Systemic Approach to Development Partnerships³⁵

When looking at development partnerships from a systemic perspective, we assume that in a partnership, the various actors form a mobile system of mutual relationships and dependencies whereby every participating actor is also part of other sub- or supra-systems.

In development cooperation we are dealing with a movable architecture of overlapping systems, supra-systems and subsystems with varying degrees of formal structure, rule density and chaotic interaction. The systems are complexly embedded in one another and exert a mutual influence, and they have a tendency to reproduce themselves: administrations, firms and non-governmental organisations create patterns that repeat themselves. System boundaries are changing over time and are marked by access limitations and gates, rules and power of definition, specialist language and rituals. No system can communicate with all the others to the same degree; systems are also limited by the number of communication interfaces that they can maintain and manage.

³⁵ This chapter is based on 'Capacity WORKS', the new Management Model for Sustainable Development of the German GTZ, designed by odcp consult gmbh; see also Sydow, J. (2001): Management von Netzwerkorganisationen. Gabler, Wiesbaden.

Figure 4: A Systemic View of Partnerships



Managing system boundaries

The dynamic nature of development partnership makes it impossible to determine precisely in advance where the system boundaries are and which actors are included respectively. Development partnerships are geared towards change. This means that thematic windows are opened and closed over the course of time, that cooperation with individual actors is completed and new actors are sought, and that the partnership as a whole must respond to changes in its environment.

As a rule, the boundaries of cooperation systems tend to expand in the course of implementation as new opportunities and strategic options arise. It is therefore expedient to discuss the issue of system boundaries at regular intervals – not as a theoretical exercise but as a practical task in order to remember and concentrate on the essence.

We can approach the regular discussion of system boundaries and their pragmatic definition from two directions:

- (i) A partnership has a thematic focus. It deals with selected supra-systems, subsystems and sectors of society and sets these in motion. Examples: an irrigation system and the various farming communities connected to it; public drinking water supply utilities and the associated government regulatory authorities; the political negotiation system on decentralisation, tax administration and local authorities.
- (ii) A partnership is itself a social system in which particular actors are involved in planning, implementation, steering and utilisation; they shape and govern their internal relations through economic exchange and socio-cultural behaviour patterns. Examples: actors who belong to the partnership programme as a result of their position in the public administration; actors who have resources the partnership needs; actors who are to assume new tasks as part of the partnership programme.

It is helpful if the discussion about system boundaries is conducted from two points of view: with a view to the overall system and supra-systems (bird's eye view) and with a view to individual subsystems of actors that are linked to the programme (frog's eye view).

Defining system boundaries is initially limited to the practical question of participation: Which members of the supra-systems and subsystems of society should be involved in planning, implementing, steering as well as benefiting from the development initiative? If the question refers to a particular purpose, e.g. the specialist knowledge required for implementation, the economic exchange relations or the reach of the information on the project, it becomes clear that the partnership's system boundaries are very permeable and can sometimes extend a long way, e.g. to markets, media and the general public.

Taking into account the actor's view

Looking at cooperation systems from a functional point of view we can observe that actors belong to particular sector-specific knowledge systems (e.g. rural development, watershed management, public finance management), to a system of economic exchange (e.g. money for goods or services) regulated via markets, institutions or hierarchies, as well as to a system of social and cultural behaviour patterns. The actors move in different systems, but they are embedded in a home system from which they relate to other systems.

Development partnerships are joint ventures and therefore negotiated, planned, implemented and steered by a large number of actors. 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 a partnership. 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.

To achieve the agreed objectives, the participating actors must have a clear understanding of their roles and the division of tasks within the cooperation system. 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 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.

What can we draw from the Systems Approach?

- 1) Development partnerships are complex systems, consisting of various **interdependent actors** which are also part of other sub- or supra-systems which influence their action and define their strategy regarding the issue at stake.
- 2) The capacity of multistakeholder partnership systems to reach results depends mainly on the capacity to monitor, share experience, **adapt and learn**. This implies flexible corrections within an agreed frame of orientation (macro orientation and micro flexibility)
- 3) As a rule, **the boundaries of cooperation systems tend to expand in the course of implementation as new opportunities and strategic options arise**. It is therefore expedient to discuss the issue of system boundaries (i.e. the scope of the partnership) at regular intervals.
- 4) Aspects that can be precisely measured and quantified form only one part of the reality of the participating actors. **The powerful, intangible part of the actors' motivation can**

only be explored through interpersonal encounter and in continuous exchange and dialogue with the actors.

2.3 The Paris Declaration on Aid Effectiveness

What management principles can we distil from the donor commitments in the Paris Declaration on Aid Effectiveness?

The Paris Declaration on Aid Effectiveness is one of the pushing factors for the overall IFAD-AfDB Joint Evaluation on ARD in Africa. Therefore, it is important to look back at the donor commitments made in this declaration and extract the key principles for the management of development partnerships.

2.3.1 Link to the Paris Declaration

As it is the main goal of the AfDB-IFAD Joint Evaluation to increase the effectiveness and efficiency of agriculture and rural development in Africa this joint endeavour can be seen as a concrete step of IFAD and the AfDB in implementing the Paris Declaration on Aid Effectiveness.

Not only the overarching goal of the evaluation but also the 'jointness' of it is exemplary for the changing development architecture where the adoption of joint strategies, joint programmes and joint evaluations become increasingly important to donors and their partners in recipient countries. Looking at the international harmonisation agendas developed in Rome (2003), Marrakech (2004) und Paris (2005) it is not the question 'if' but 'how' to improve partnerships for development with a particular focus on the harmonisation among donors and the alignment of partnership strategies with the strategies and preferences of the partner countries.

In view of the evaluation of IFAD-AfDB partnerships it is important to pay particular attention to the five key principles of the Paris Declaration: Alignment, Ownership, Harmonisation, Managing for Results, and Mutual Accountability. All these principles play a substantial role in partnerships.

To discuss the inter-linkages between the Paris Declaration and successful partnership management of IFAD-AfDB partnerships, we will have a closer look at the following three key issues:

- The international harmonisation agenda
- Result-oriented partnership management
- Mutual accountability

2.3.2 The International Harmonisation Agenda

In the Rome Declaration on Harmonisation (2003) donors³⁶ committed to both:

- reviewing and identifying ways to amend, as appropriate, individual institutions' and countries' policies, procedures, and practices to facilitate harmonisation
- work to reduce donor missions, reviews, and reporting, streamline conditionalities, and simplify and harmonise documentation.

The first question to be answered in this regard is the question of what we mean by harmonisation.

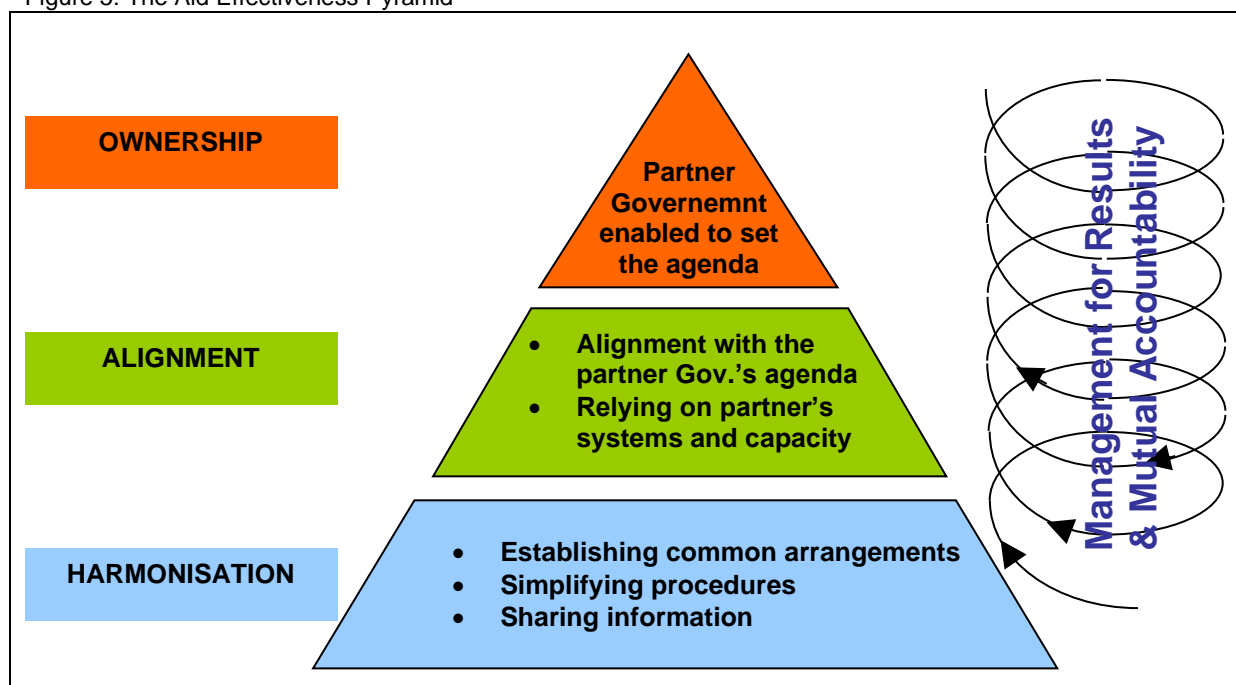
³⁶ IFAD as well as AfDB were signatories.

At present the term harmonisation has two usages within the international community.³⁷ First, it is used as a synonym for the wider range of activities related to strengthening partnerships with partner governments and thus includes the concepts of *country ownership*, *alignment*³⁸ and a narrower definition of *harmonisation* (as being something between donors) within it. It also includes the assumption that effective partnerships not only require donors to act according to these concepts, but also that:

- partner governments take a leadership role in setting the development agenda and in coordinating donor efforts
- development assistance is increasingly delivered in accordance with partner countries' priorities
- donors rely upon partner country systems and procedures

In practical terms it means that all of the activities supported by the OECD DAC's Working Party on Aid Effectiveness and Donor Practices (WP-EFF), as illustrated in the figure below, are discussed as part of the 'harmonisation' agenda.

Figure 5: The Aid Effectiveness Pyramid



The narrower meaning of harmonisation focuses on the co-ordination and merging of processes, institutions and systems among the aid agencies. This is separate from alignment, which is development assistance coherence with into the systems and institutions of the recipient country's government usually with special focus on the PRS.

Hence, the ideal would be if harmonisation among donors is led by the relevant government authority and is an integral part of the government institutions and systems.

Harmonisation assumes that donor institutions and systems (e.g. IFAD-AfDB partnerships) actively support:³⁹

³⁷ Balogun, P. (2005)

³⁸ It was suggested that this should be seen as a medium term process that may comprise a number of intermediate steps. The first step involves, for example, donors synchronising their procedures with partners' key policy cycles (e.g. budget cycle). The concluding step is reached when donors fully rely on partner systems. This process requires close co-operation between the donor community and the partner country. See DAC Guidelines and Reference Series: Harmonising Donor Practices for Effective Aid Delivery. Good Practice Papers, OECD.

³⁹ These are the three broad areas identified by the OECD-DAC Working Party on Aid Effectiveness and Donor Practices (WP-EFF); see also DAC Guidelines and Reference Series: Harmonising Donor Practices for Effective Aid Delivery. Good Practice Papers, OECD 2003.

- (i) the development of common arrangements for planning, managing and delivering aid:**
 - Increased use of joint diagnostic reviews
 - Joint strategies
 - Joint operations
 - Joint financing arrangements
 - Common procedures for project environmental assessment

- (ii) the gradual simplification of procedures and specific requirements in order to reduce their burden on partner governments:⁴⁰**
 - Streamlining conditionalities
 - Reducing number of field missions
 - Reducing number of reports required by donors
 - Harmonising financial management and procurement procedures
 - Delegated cooperation (donors should rely on one another for specific tasks)

- (iii) the sharing of information to promote transparency, improve coordination and reduce duplication of activities:**
 - Allow access by partner government and other donors to agency's country analytical work.
 - Increase use of diagnostic reviews from other agencies.
 - Introduce systems for donors to regularly disclose commitments and disbursements at country and sector level

2.3.3 Management for Results

'Managing for Results' is one of the key principles of the Paris Declaration and means managing and implementing aid in a way that focuses on the desired results and uses information to improve decision making.⁴¹ As seen in figure 5, managing for results has to be considered a cross-cutting issue in the international harmonisation agenda and should be an integrated part of all activities related to harmonisation and alignment of development cooperation. More concrete, donors committed in the Paris Declaration to:

- Link country programming and resources to results and align them with effective partner country performance assessment frameworks, refraining from requesting the introduction of performance indicators that are not consistent with partners' national development strategies.
- Work with partner countries to rely, as far as possible, on partner countries' results-oriented reporting and monitoring frameworks.
- Harmonise their monitoring and reporting requirements, and, until they can rely more extensively on partner countries' statistical, monitoring and evaluation systems, with partner countries to the maximum extent possible on joint formats for periodic reporting.

⁴⁰ It meets the objective of diminishing aid transaction costs while eluding the cost of negotiating common or harmonised procedures.

⁴¹ View Paris Declaration on Aid Effectiveness, Chapter II. Partnership Commitments; see also: Third International Roundtable on Managing for Development Results. Theme Paper: Leadership & Accountability: Creating a Culture of Results. 2007.

The foundation of managing for results is formed by the Management for Development Results (MfDR⁴²) Core Principles.⁴³ They are applicable at all levels and within a variety of interventions (national, sector, program, project and organisation). There is significant synergy between the core principles and they should all be considered at every phase of partnership activities:

Principle 1: Focus the dialogue on results at all phases of the development process

- A multi-stakeholder dialogue takes place throughout any partnership initiative (. planning, implementation, and evaluation) to ensure that the focus always remains on managing toward outcomes.
- All partners jointly own the process of defining and managing for outcomes at all phases (regardless of when they enter the partnership), and agree to take collective responsibility for any partnership initiative's results orientation
- The partnership management use risk assessment and risk management strategies to ensure that all partners and stakeholders understand the risks that are likely to affect results achievement.

Principle 2: Align programming, monitoring, and evaluation with results

- Implementation strategies and activities are designed to directly support the partnership outcomes (as defined in the partner country's own national or sector development strategies), and are continuously adapted over time to ensure that planned outcomes are achieved.
- Indicators and M&E strategies are logically linked to desired outcomes and impacts.
- The same set of indicators is used consistently throughout any partnership programme or project to provide evidence of ongoing results performance. Ongoing M&E activities analyse the degree to which planned outcomes are actually attained so that implementation can be adjusted as needed.

Principle 3: Keep measurement and reporting simple

- Measurement and reporting on results are kept as straightforward as possible.
- Partner countries and donor institutions are committed to minimising costs and avoiding duplication by using country-defined indicators as the basis for performance assessment and reporting.
- The indicator framework for managing results should, to the extent possible, be harmonised to minimise system transaction costs and facilitate comparative analysis

Principle 4: Manage for, not by, results

- Planned outcomes are clearly defined at the beginning of any intervention, and then the resources and inputs required to attain these outcomes are identified.
- Planned partnership outcomes form the focal point for any ongoing management decision.
- If key targets of the partnership are missed, all involved parties collectively analyse how and why plans or strategies have gone off track, how they could be brought back on track, and then take collaborative measures.

Principle 5: Use results information for learning and decision making

- Information generated through ongoing performance measurements is easily accessible to all partners and stakeholders.

⁴² Managing for Development Results (MfDR) is a management strategy focused on development performance and on sustainable improvements in country outcomes. It provides a coherent framework for development effectiveness in which performance information is used for improved decision making, and it includes practical tools for strategic planning, risk management, progress monitoring, and outcome evaluation. *Definition based on agreement at the 2004 Marrakech Roundtable on Results, 2004.*

⁴³ Sourcebook: Emerging Good Practice in Management for Development Results, Sourcebook, OECD, see also <http://www.mfdr.org>.

- Even in the face of ongoing challenges and risks, partnership managers continue to ask “Why are we doing this?” and remain focused on the learning opportunities inherent in the performance management process.
- Use reports on results (negative or positive) in a positive way for management learning and decision making, taking into account lessons for better future action.

2.3.4 Mutual Accountability

The Paris Declaration promotes a model of partnership that improves transparency and accountability on the use of development resources. It recognises that for aid to become truly effective, stronger and more balanced, accountability mechanisms are required at different levels. Therefore we take a closer look at the term ‘(mutual) accountability’ and how to make partnerships for development more accountable.

The term ‘accountability’

We can think of accountability as having two key components⁴⁴: *answerability* (the obligation of power-holders to justify their decisions and actions) and *enforceability* (the existence of mechanisms for punishing poor performance or abuse of power). Answerability requires information to be available for external actors to monitor the performance of power holders. Enforceability requires mechanisms for sanctioning abuse of power or poor performance.

The functioning of accountability mechanisms has three key determinants:

- 1) Availability and use of information
- 2) Mechanisms for monitoring performance
- 3) Existence of adequate incentives for compliance

“*Mutual accountability* is commonly understood as an agreement between two (or more) parties under which each can hold the other responsible for delivering on its commitments.”⁴⁵

In the context of the Paris Declaration it usually means that both partner countries and donors become accountable to each other in respect to the obligations and agreements they have committed to. Current international debate⁴⁶ emphasises the “accountability imbalance” in the aid relationship, where donors can hold partner countries firmly accountable, ultimately through control of their funding, while partner countries have only limited means to make donors answerable, and even less leverage to make donors respect their agreements or change the quality of the aid they provide. An integral part of the Paris Declaration is therefore the aim to redress this accountability imbalance to strengthen aid effectiveness, by means of

- (i) establishing partnership commitments (joint agreements),
- (ii) the increasing use of country level mechanisms to assess mutual progress with regard to the agreements made, and
- (iii) the global Paris Declaration implementation monitoring process as well as the on-going evaluation.

A more detailed definition proposed by DFID - and probably more suitable for concrete development partnerships like the ones undertaken by AfDB and IFAD - takes the concept one step further, emphasising enforcements: ‘Two or more parties have shared development goals, in which each has legitimate claims the other is responsible for fulfilling and where each may be required to explain how they have discharged their responsibilities, and be sanctioned if they fail to deliver’.⁴⁷

Accountability challenges

⁴⁴ Promoting Mutual Accountability in Aid Relationships, ODI Briefing Paper, April 2006.

⁴⁵ Background Paper on Mutual Accountability, Third Roundtable on MfDR, Hanoi 2007.

⁴⁶ Foster, R. 2007, Joint Venture Managing for Development Results (MfDR) – Work Plan Area B 2 Mutual Accountability at the Country Level, Revised Concept Note

⁴⁷ Promoting Mutual Accountability in Aid Relationships, ODI Briefing Paper, April 2006.

Partnerships between donor agencies (e.g. IFAD or AfDB) and local partners (government agencies, sectoral institutions, NGOs, etc.) present specific challenges in terms of accountability:

- **Power imbalance:** Aid partnerships are often characterised by a clear asymmetry of power. Donor institutions determine the quantity and quality of their development assistance, monitoring the performance of the local recipient partners. The recipient partners (e.g. the partner government) have little influence over donor policies, and few mechanisms to monitor donor performance.
- **No direct ‘feedback loop’:** Donor institutions are accountable to their domestic constituencies (or to their Boards), but the consequences of their actions are felt by the recipient partners and the population in the partner country respectively. There are currently no feedback mechanisms that allow aid recipients to influence the policy mechanisms in donor institutions.
- **Risk-sharing and ‘mutual pain’:** Mutual accountability and reciprocal commitments imply shared responsibility for the outcomes and impact of development interventions. Contrary to private sector partnerships, there is no risk-sharing in aid relationships, where the recipient parties bear full responsibility for repaying debts even in the case that the project fails to deliver on its objectives.

Accountability mechanisms and good practice

According to four case studies⁴⁸ carried out by DFID and ODI, four main conditions for the development of mutual accountability in aid partnerships could be identified:

- **Confidence:** Relationships between the local partners and the donor institutions must be based on reciprocal trust and confidence.
- **Credibility:** Donor engagement needs to be structured by a clear and credible framework set by the local partners and the recipient government respectively.
- **Coherence:** If local partners are to successfully negotiate with donor institutions, their strategy needs to be coherent. Strong central government coordination has proven crucial in promoting such coherence
- **Capacity:** The capacity to develop policies and procedures for aid management is a key constraint on mutual accountability in many countries. Capacity must be political as well as technical (i.e. capacity to negotiate, not only to manage)

Experience also suggests that the more institutionalised forms of interaction (i.e. regulated by legislation) are more durable, which may account for the move from informal to formalised mechanisms of accountability.

What can we draw from the Paris Declaration on Aid Effectiveness?

- 1) Donor institutions and systems (e.g. IFAD-AfDB partnerships) have to **actively support the international harmonisation agenda**, and **take into account its key messages** when planning, implementing and evaluation partnerships for development.
- 2) **The Core Principles of Management for Development Results (MfDR) should be an integrated part of all IFAD-AfDB partnership activities.**
- 3) For aid to become truly effective, **stronger and more balanced, accountability and participation mechanisms are required** at different levels. Aid partnerships have to work toward mutual accountability. Civil society beneficiaries and private business partners should get a **voice** in decision making on structure, process and evaluation of multi-stakeholder partnership programmes.

⁴⁸ ODI 2005, Country case studies on Tanzania, Mozambique, Vietnam and Afghanistan.

3 The Generic Partnership Evaluation Template

Chapter 2 has given us an overview on concrete partnership experiences and lessons learned, but also provided a theoretical background on partnership and network management. Extracting the essence out of these complementary approaches to partnership analysis and developing an easy-to-apply template for the evaluation of development partnerships is the goal of this chapter.

The review of concrete examples from theory and practice lead to the conclusion that standardised programme evaluation methodologies may not be sufficient to determine whether collaboration among institutions is working and making a difference.

As discussed earlier, partnerships for development are realised in a specific environment⁴⁹ and within an actor's landscape that is characterised by large power imbalances and high cultural diversity. This fact causes various challenges in setting up and managing partnerships. Positive outcomes and sustainable impacts on the ground are not easy to achieve, as also experienced by IFAD and AfDB in the field of rural development and poverty alleviation in Africa.

Therefore, when recommend to move away from traditional evaluation models that focus purely on the assessment of quantifiable results, so-called hard facts. Not just because it is rather difficult for partnerships to determine how far any changes are attributable to their work but also because the soft issues related to partnership management (i.e. the management of diversity, questions of power distance⁵⁰, mutual trust and respect, commitment and recognition, etc.) are crucial for the success or failure of collaborative endeavours in development cooperation.

The following generic evaluation template is based not just on the performance dimension of partnerships, but also includes the assessment of partnership processes and structures which are not visible at first sight. The main dimensions we are looking at are:

- (i) The partnership structure and governance**
How is the partnership organized and how is it taking decisions on its work?
- (ii) The partnership process**
How do the different actors interact and learn in the partnership?
- (iii) The partnership performance**
What are the results achieved in terms of outcome and sustainability?

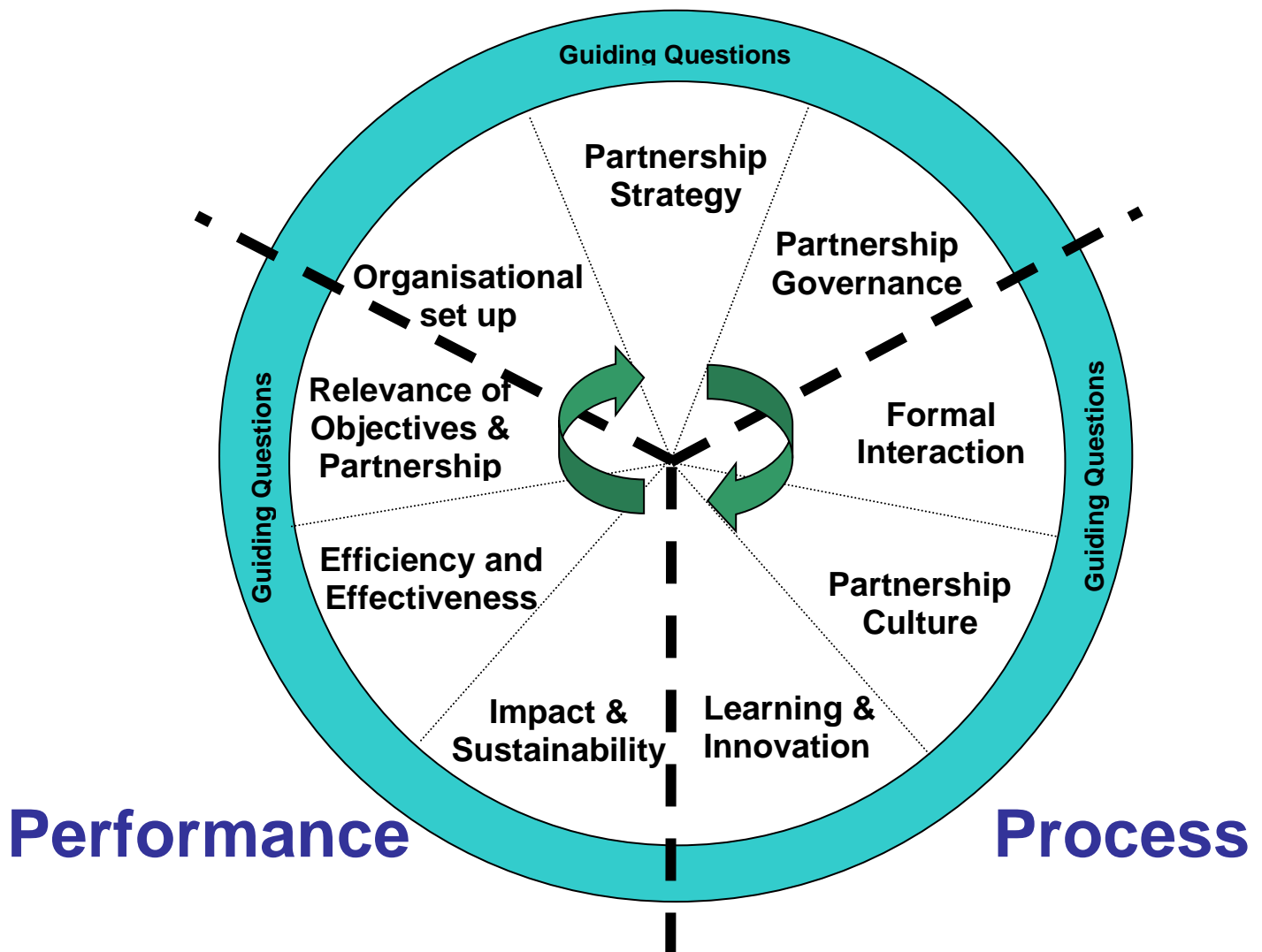
As shown in the figure below (figure 6), each of these three dimensions can be divided into three key aspects which are described on the following pages. The final template consists of a set of guiding questions for evaluation which will serve the evaluators as a reference questionnaire when assessing the partnerships. The evaluators will find a worksheet for each of the three dimensions in Annex 1 of this report, containing an overview of the relevant guiding questions for evaluation.

⁴⁹ In market economy one would speak of the market for international aid as an 'imperfect' market.

⁵⁰ Small vs. Large Power Distance explains the extent to which the less powerful members of institutions and organizations expect and accept that power is distributed unequally, see Geert Hofstede's framework for assessing culture.

Figure 6: The Generic Partnership Evaluation Template

Structure & Governance



When applying the above evaluation template, a few points have to be kept in mind:



- This is a generic template which needs to be adjusted to the specific context by the evaluators.
- The authors are aware of the fact that there is no clear-cut line between the different dimensions and key aspects respectively; and sometimes duplications can occur.
- The evaluators are free to add, eliminate or change certain aspects of the evaluation template to match specific practical requirements in the course of the evaluation. The goal is to find a best-fit-mix of aspects to evaluate in a specific context.

3.1 Assessing the Partnership Structure and Governance

3.1.1 Organisational Set up

Less than optimal performance of partnerships may result from the way the partnership has been set up and the way decisions are made within the collaborative endeavour. To assess the organisational set up of a partnership, we look at different aspects:

A) Complementarity of Partners

Ideally, partnerships are based on the concept of Core Complementary Competencies. The premise is that organisations should stick to what is most integral to their operations (their core business), contribute what they do best (their key competencies), and determine which of this core competencies appropriately add value to what each of the other participating organisations are contributing (complementary contribution).

But as the practice in aid partnerships is rarely so straightforward, we have to place particular emphasis on the complementarity of partners in such collaborative arrangements. We need to assess what resources (financial, technical, human) each of the partners brings into the partnership and if these resources generate an added value for the partnership. A partner without a comparative advantage regarding the purpose of the partnership does not bring an added value to it and is even likely to decrease the efficiency of the whole endeavour.

1 Guiding Questions for Evaluation

- What is the comparative advantage the different partners bring into the partnership in terms of complementary competencies?
- To what extent does the partnership pool all the required resources to achieve the desired outcomes?

B) Roles and Functions

To ensure that the partnership generates an added value compared to a single-actor endeavour, every actor within a partnership should know precisely why they are there, what they bring to the alliance, what to expect from others, and of course what to be achieved together – or in other words, what is expected of them. There has to be a clear-cut division of labour among the partners to avoid duplication of work.

In partnerships, partners can take on various functions - knowledge carriers, information brokers, financiers and policy makers – and various roles – visionaries, strategists, salesmen, advocates, coaches. Facilitators, mediators and, not least, managers are also essential to the functioning of a partnership. It is important that these roles and functions in a partnership are precisely defined and agreed upon.

2 Guiding Questions for Evaluation

- What are the exact roles and functions of the different parties involved?
- What kind of tools are used to inform the partners on their role and functions within the partnership (TORs, work plans, etc.)?

C) Coordination Mechanisms

As mentioned earlier in this paper, there needs to be some kind of administrative structure in place to achieve the purpose that brought organisations to the table in the first place.

Aid partnerships do require a central position for coordinating communication, gathering and disseminating information, and – most important – keeping partners alert to the jointly agreed

rules that govern their relationships, the so called *social coordination*⁵¹ of the partnership. A certain administrative will in the use of bureaucratic mechanisms is essential for every partnership and even informal networks as it helps to maximise some degree of predictability.

3 Guiding Questions for Evaluation

- Is there an established coordination and communication mechanism in place, i.e. a partnership coordination office?
- Do the partners respect the administrative procedures as outlined in the agreements?

D) Harmonisation of Procedures

As discussed earlier, harmonising strategies and procedures is crucial to make aid partnership more efficient. However, to put it into action, concrete measures have to be taken already in the set up of the partnership. Common arrangements and the harmonisation of procedures have to be discussed and defined before entering into action. There has to be clear guidance for joint operations, joint financing arrangements, as well as joint monitoring mechanisms; procedures should be simplified to reduce the burden for the application of common arrangements.

Other key issues related to harmonisation are issues such as joint planning of collaborative activities (field missions, joint events), sharing of implementation facilities regular interaction between the parties to exchange information, monitoring of joint performance and adjust procedures.

4 Guiding Questions for Evaluation

- Are there specific measures taken for information and knowledge sharing among partners and did the partnership define concrete common arrangements, i.e. joint activities, sharing of implementation facilities?
- Are the partners willing to simplify their internal procedures to reduce the burden for harmonised activities?
- Are there internal rules and regulations which inhibit partnering with certain actors? (e.g. administrative burdens)

3.1.2 Partnership Strategy

It is surprisingly easy for partnerships to lose sight of their overall objectives in a flurry of activity or to assume that implicit objectives or a shared desire to work together are enough. Partnerships need a clear strategic orientation and should make sure that their working style strikes a good balance between developing the partnership itself and focusing on hard-edged objectives and the extent to which these are achieved. A tangible partnership strategy with clear and realistic objectives not only provides the foundation for any performance measurements but is also seen as the backbone of each partnership which serves as reference framework for all partnership activities. The following aspects related to the strategy development of partnerships should be assessed:

A) Management for Results

⁵¹ As described by Freitag and Winkler 2001.

In aid partnerships, failing to focus openly and clearly on the expected outcomes for each partner organisation is where the disappointment and the crossed expectations of partners become most prevalent. When focusing on outcomes, the question becomes “What is the partnership trying to achieve?” rather than what is the partnership trying to produce. Determining the outcomes also helps define who is better placed to deliver or lead on specific programme components. Usually the negotiations around outcomes also present greatest cause for compromise among partners.

Most important for every partnership strategy is its alignment with concrete results, meaning all partnership activities should be designed to directly support the partnership outcomes (ideally as defined in the partner country’s own national or sector development strategies), and are continuously adapted over time to ensure that planned outcomes are achieved.

Part of a managing a partnership for results is also the agreement on a exit strategy, defining the point where the partnership either fulfilled its purpose (achieved the desired final outcome) or failed to deliver the desired outcomes and therefore has no more right of existence.

5 Guiding Questions for Evaluation

- Is the partnership strategy explicitly aligned with the expected results and outcomes?
- What concrete measures are taken in order to ensure an ongoing dialogue among the partners on the performance of the partnership, i. e. reporting system, joint reviews?
- Does the strategy contain concrete milestones, setting the pace for the performance of partnership activities?

B) Alignment

While a special arrangement like partnership may be a good way of harnessing the efforts needed to find the right solution for a specific problem, these solutions will only be sustainable if they are adopted into the day-to-day practice of partners. Partnership strategies should therefore be linked to the mainstream activities and core competencies of the partners.

As well as to align the strategic focus with the priorities of the non-governmental partners, the partnership strategy should take into account the recipient countries’ development priorities (see Paris Declaration). The development agenda is set by the governments of the recipient countries and every partnership strategy should be designed according to this agenda’s priorities. Particular attention has to be paid to the fact that the partnership activities lined out in the strategy rely upon partner country systems and procedures.

6 Guiding Questions for Evaluation

- How are the development priorities of the recipient country’s government incorporated into the partnership strategy?
- What are concrete examples for the use of the recipient country’s implementation mechanisms and administrative systems?

C) Individual vs. Collective Interests

In partnerships, individual partners often demonstrate a willingness to interact collaboratively only if other partners demonstrate the same willingness. This tit-for-tat mentality is based on the perceived degree of obligation, such that the partners are willing to bear initial

disproportional costs because they expect their partners will equalise the distribution of costs and benefits over time out of a sense of duty (“fair dealing”).⁵²

Organisations that collaborate must experience mutually beneficial interdependencies based either on differing interests (complementarities) or on shared interests, which are usually based on homogeneity or on appreciation and passion for issues that go beyond an individual organisation’s mission – such as the moral imperative of environmental degradation or a humanitarian crisis. In other words, all partners have to benefit in a way that outweighs – in their perception - their costs for the partnership.

Transparency about the different reasons⁵³ of the partners for joining the partnership is important so that the individual interests of all parties can be taken into account when defining the partnership strategy and the common objectives.

7 Guiding Questions for Evaluation

- How does the partnership strategy take into account the individual interests and objectives of the member organisations?
- What is the partners individual cost-benefit perception, are the costs being outweighed by the benefits they are getting from the partnership?

3.1.3 Governance

When speaking of governance in partnerships we mean collaborative governance. Collaborative governance concerns the structures, processes, rules and traditions through which decision-making power is exercised in partnerships. The term implies (1) a lack of authoritative structure or hierarchical division of labour⁵⁴; (2) an awareness that all involved actors are not only directly responsible for reaching an agreement but must also impose decisions on themselves; (3) a willingness to accept that all participants have legitimate individual interests, such that outcomes reflect group consensus, not coalitional or power politics; (4) an understanding that this kind of governance emphasizes openness in information sharing, respect for others’ opinions, and most likely lengthy negotiations to reach agreement.⁵⁵ The following aspects should be taken into account:

A) Rules of Engagement

If partnerships are to be more than interesting talking-shops, they must find effective means of making decisions and taking actions that further their objectives. Therefore, every partnership needs to create clear structures and arrangements for deciding on their collaborative activities. Responsibilities and rules of engagement have to be outlined in the written agreements, so all parties involved have a common reference framework, reflecting what is expected from each of them in the course of the partnership.

8 Guiding Questions for Evaluation

- What kind of formal arrangement, defining the rules of engagement in the partnership, has been agreed upon by the member parties?
- Have the decision-making mechanisms and rules for dispute settlement been designed in a participatory manner?

⁵² Van de Ven 1994.

⁵³ Possible reasons for joining a partnership: Access to Funds / Networking / Access to information and knowledge / Capacity Building / Business case.

⁵⁴ Huxham 1996.

⁵⁵ Thompson 2001.

B) Accountability

Individual organisations, be they from the public, private or civil society sphere, have a variety of accountabilities that they seek to meet in their normal operations. Partnerships complicate this further by introducing new accountabilities into the mix. On the one hand members of the partnership are meant to be accountable to each other, and on the other hand, the partnership is also meant to be accountable to external stakeholders.

Partnerships are supposed to tackle these two accountability issues proactively by setting up a range of accountability mechanisms. Such mechanisms can range from transparency rules to specific auditing procedures or even oversight committees to guarantee checks and balances. The definition of clear targets and performance indicators is crucial so it is defined to what individuals, task forces or whole organisations can people can be hold accountable for.

9 Guiding Questions for Evaluation

- What are the specific accountability mechanisms and structures in place that guarantee checks and balances?
- Does the partnership agreement contain a set of clearly defined targets and performance indicators to be able to hold individuals, task forces or member organisations accountable for their actions?

C) Balance of Power

Particularly in aid partnerships, the involved actors are very diverse; some have more power and a higher status than others. As a result, competition and even conflict between members is likely to happen in such partnerships.

As the power differences between parties in a partnership increase, formal terms of collaboration may be required, in which each partner on its own must be recognised.

To address power asymmetries in aid partnerships it is important that in the partnership agreement, rules are set that those partners who do not have access to financial or other resources are not disadvantaged in the partnership and particularly in the decision-making process. Various concrete measures are needed in the contracting phase of partnerships. For example the definition of participatory decision-making processes, the setting up of transparency rules and clear guidelines for the settlement of partnership disputes.

10 Guiding Questions for Evaluation

- How does the partnership agreement take into account the imbalance of disposable resources (financial and technical) among the partner organisations?
- How are the less powerful actors integrated into decision-making processes?

3.2 Assessing the Partnership Process

The way partners actually deal with each other in the day-to-day partnership life has a substantial impact on the performance of the partnership. From the outside, partnership processes often appear as sort of black boxes, because most aspects of it are not clearly visible and understandable for someone who is not directly involved in it.

We are able to measure the inputs and the outputs of a partnership, but the question is how to measure and analyse the actual partnership process. We recommend that the evaluators approach this issue by having a closer look at the following dimensions of partnership processes:

3.2.1 Formal Interaction

A) Availability of Partners and Jointness of Operations

Partners can only act collaboratively if their counterparts are physically available. Partnership interaction only starts with the signature of an agreement and demands a certain degree of availability of the relevant partners during the process. Partnership activities have to be an integral part of the member organisations' own agenda.

Depending on the kind of partnership you are dealing with, the jointness of operations and activities can be crucial for the success of the partnership.

11 Guiding Questions for Evaluation

- Does the availability of the member organisations allow a continuous interaction between them?
- What are specific partnership activities that are carried jointly by two or more partners?

B) Policy Dialogue

Maintaining an ongoing and structured policy dialogue allows the different actors to better understand each other's policies and priorities and it provides a good opportunity to exchange information and experiences relevant to the partnership.

Coming back on the issue of harmonisation, a regular policy dialogue among partners is probably the most important form of interaction as it allows the different parties to discuss and negotiate the harmonisation of their policies.

12 Guiding Questions for Evaluation

- Is there a structured policy dialogue among the partners, i.e. regular round table discussions on upcoming policy issues?
- Are there specific policies which have been harmonised as a result of a continuous dialogue among the partners?

C) Communication

If the organisational structure is the glue that holds partnerships together, then communication can be seen as the grease which allows it to operate smoothly.

Communication has both an internal and an external role. Regarding the former, it is crucial to the functioning of partnerships that there are clear and formalised information flows among the partners, between the partnership manager and their own staff, and among partners themselves.

Common understanding on key concepts and issues is another important aspect that is related to internal communication or a lack thereof.

The external role of communication is to ensure that the partnership is visible and recognised within its designated area of activity, and not least to secure support and funding. Therefore, a formalised communication strategy should be in place and applied throughout the whole partnership process.

13 Guiding Questions for Evaluation

- Are there explicit communication tools that enable a continuous information flow among partners and between the partnership and its designated area of activity?
- Are their specific measures taken to foster a common understanding of key concepts and approaches among the partners?

3.2.2 Partnership Culture

The partnership culture is often considered the foundation on which the partnership is built on; it is a determining factor for collaborative action. The culture of a partnership decides upon how the different and often unequal parties are actually dealing with each other in terms of mutual respect, trust and recognition. The working culture is important to the extent that it can make or break a partnership.

When assessing the working culture of a partnership, we should focus on the following aspects:

A) Management of Cultural Diversity

As mentioned earlier, aid partnerships mostly consist of partners from different cultural backgrounds. Depending on their cultural background, partners have their own perceptions of certain issues and have different ways of dealing with upcoming challenges. This variety of perspectives should be valued and seen as an asset to every partnership. To be able to fully unleash the potential of diverse partners, partnerships have to proactively learn from this diversity and integrate the varied perspectives and perceptions into the partnership process. Partners need to find ways to share and understand each other's incentives, constraints, and assets. To do so, extra time and resources have to be provided to continuously discuss and negotiate among the different perceptions and perspectives in view of the partnership strategy and the modes of delivery.

14 Guiding Questions for Evaluation

- Are there specific mechanisms in place which ensure that the different cultural backgrounds of the partners are recognised and incorporated into the day-to-day work of the partnership?
- Does the partnership proactively facilitate the mutual understanding and respecting of the partners' differing incentives, constraints and assets?

B) Ownership and commitment

The first of the Partnership Commitments made in the Paris Declaration is *ownership*. For IFAD-AfDB Partnerships this term stands for the local partner's approach towards the partnerships⁵⁶, their set up and their goals. If the local partners feel that they are somehow contributing to something that is not really in their interest or line of thinking; if the local partner institutions are dragged into another organisation's affiliated body without being given the opportunity to bring in their own approach; if the whole idea of a partnership is just a top-down enforcement of a certain administrative structure; and if no relevant outcomes for local partners are expected – then they will not be able to identify with the objectives of the partnerships with IFAD and / or AfDB. This means that the local partner organisations will not be on the job wholeheartedly what will have a negative impact on the project implementation on the local level and will lead to less sustainable results. The same applies also to partnerships among donors. Each party has to have ownership of the partnership process; otherwise the commitment to the process is weak.

15 Guiding Questions for Evaluation

- To what degree is the partnership process equally owned by the partners?
- What are the specific measures taken to promote ownership and commitment among the partners?

C) Recognition and Respect

⁵⁶ Examples of local partners: Government agencies of the recipient country, local farmers' associations, local NGOs.

Collaboration in partnerships only makes sense, if the partners recognise each other's assets and competencies and have a certain degree of mutual respect and trust. Lack of trust and misperception among network actors are regarded as the central obstacles to successful cooperation in networks. To overcome mistrust among actors and foster the recognition of the qualities and assets of each member organisation, specific measures can be put in place. E.g. cooperation on pilot projects yielding relatively quick result (easy wins) / consultations and extra time spent at the outset of cooperative initiatives, in order to learn about the different motives, time frames, objectives and stakeholders of each partner.

16 Guiding Questions for Evaluation

- Do the partners recognise the assets and competencies their counterparts bring into the partnership?
- What specific measures are taken to foster trust and respect among partners?

3.2.3 Learning and Innovation

Innovative thinking and action does not just happen in collaborative settings – it needs to be planned and promoted. The diversity of participating actors within the system is a conducive factor, because every partner brings in different competencies that can be pooled. Hence, the diversity of actors is not a constraint, but a potential that should be harnessed.

When assessing the learning and innovation capacity of a partnership, we should focus on the following aspects.

A) Feedback mechanisms and information sharing

Knowledge at the wrong place is useless. Only through the presence of a knowledge management infrastructure - such as effective feedback mechanisms - systematic information and knowledge sharing between the partners becomes possible. E.g. there needs to be an ongoing and well structured dialogue on the results of partnership activities.

17 Guiding Questions for Evaluation

- What kind of feedback mechanisms have been established by the partnership?
- How often do partners share information through these feedback channels?

B) Space for Innovation

Innovations in and between organisations occur not just as a result of the knowledge and ideas that arise within a single individual's mind, but also and above all as a result of the exchange and cross-fertilisation of those ideas. Partnerships are an ideal environment to pool innovative ideas and create and disseminate new and innovative knowledge. Therefore, specific spaces for innovation have to be provided within the partnership framework.

Additionally, it is also important that the partnership set up allows the mainstreaming of innovative approaches developed not within the partnership but individually by one of the member organisations.

18 Guiding Questions for Evaluation

- Does the partnership provide a specific space for the sharing and development of innovative approaches?
- Is there a concrete example of the mainstreaming of an innovative approach brought in the partnership by one of the members?

C) Organisational Learning

Organisational learning is a process of transforming the internal structures, processes, rules and rituals of an organisation or partnership, with a view to adapting them to the changed environment: laws and norms, forms of cooperation and markets. Partnerships can develop the capability to respond innovatively to new challenges by having structures in place that are constantly screening the relevant environment in view of adapting the partnership strategy and structure. In organisational learning, individual and social processes are mutually intertwined.

19 Guiding Questions for Evaluation

- Is organisational learning a defined goal of the partnership?
- What specific activities are carried out to promote organisational learning?

3.3 Assessing the Partnership Performance

Partnerships are not an end in themselves – they are formed to achieve specific goals, with the implicit or explicit recognition that by acting together they can accomplish more than by acting alone. Therefore, at the bottom line, it's the performance of the partnership what it's all about. When speaking of performance, we are not just looking at what has been produced but also if the partnership is on track regarding the long-term outcomes they wanted to achieve. We suggest the evaluators to first have a closer look at the relevance of the partnership objectives as well as of the partnership itself. Second, there would be the assessment of the effectiveness and the efficiency of the partnership, before evaluating the long-term result by taking a look at the actual impact and the sustainability of the achievements.

3.3.1 Relevance of Objectives and Partnership

Relevance in this context relates to whether both the partnership objectives and the partnership structure are suited to the priorities of the target group, the recipient and the donor. We recommend taking a closer look at three aspects:

A) Clarity of Objectives

To be able to assess the relevance of objectives, the partnership objectives must be clearly defined and transparent, so that there is no misunderstanding about the purpose of the partnership activities and the expected outputs and outcomes in the form of changes that are produced. Ideally there is a set of jointly agreed on performance indicators that allow the monitoring of the partnership performance.

20 Guiding Questions for Evaluation

- Are the partners and stakeholders able to explain what the exact partnership objectives are?
- How do the objectives take into account the long-term impact the partnership aims to achieve in its designated area of action?

B) Relevance of Objectives

To assess the relevance of the written down partnership objectives, we have to consider if they are suited to the priorities of the target group, the recipient country's development strategy (alignment) as well as the other partners (harmonisation). We also check if the partnership activities are / were contributing to the achievement of these objectives.

21 Guiding Questions for Evaluation

- Where is the link between the partnership objectives and the priorities of the target group as well as the recipient country's development strategy?
- Are the partnership objectives explicitly aligned with the overall purpose of the partnership?

C) Added Value

Partnerships are formed to bring an added value to the problem solution regarding a certain issue. If this is not the case any more, or if this added value could have been provided less costly by a single actor, then the collaborative agreement should be stopped. Therefore, a reality check regarding the necessity and relevance of tackling a development problem by operating in a collaborative endeavour should be carried out periodically.

22 Guiding Questions for Evaluation

- What is the added value the partnership is providing to the solution of the specific development problem at stake?
- Why couldn't a single actor achieve the same results as this collaborative endeavour?

3.3.2 Effectiveness and Efficiency

Effectiveness measures the degree to which the intended objectives have been reached. Efficiency measures how efficient the resources have been used in reaching the stated objectives; or in other words, if the same outputs could have been achieved with less resources. If partnerships do not review both the costs and the achievements of their work, they will not be in the position to demonstrate that they are delivering good value for money. The following aspects will be looked at.

A) Objectives Attained

The first step is to look at what the partnership has achieved regarding the objectives stated. As there might be different perceptions among the partners about the degree of attainment of the objectives, the different partners' views have to be considered. (See Annex 2)

23 Guiding Questions for Evaluation

- To what degree did the partnership achieve its stated objectives?
- Are there different perceptions among the partners about the degree of achievement of the objectives?

B) Operational Costs

When looking at the cost-benefit relation of the partnership activities we have to take into account the operational costs of all collaborative activities. As operational costs we understand the costs which can be directly linked to partnership activities, e.g. the costs for the partnership secretariat.

24 Guiding Questions for Evaluation

- Are the operational costs of the partnership activities known and actively monitored during the partnership process?
- What is the relation between the operational costs (inputs) and the outputs of the partnership?

C) Transaction Costs

Transaction costs are the costs that occur individually for each partner to take part in the collaborative activities. These costs mainly consist of time, human resources and travel costs that can be allocated directly or indirectly to the partnership activities.

25 Guiding Questions for Evaluation

- Are the transaction costs of the partnership activities for each partner known and how are they monitored during the partnership process?
- To the perception of the partners, are the transaction costs in an adequate relation to the benefits they are getting from the partnership?

3.3.3 Impact and Sustainability

Development partnerships, as stated earlier in this paper, should put a greater emphasis on the impact of its activities and the sustainability of the partnership achievements. Hence, we recommend looking beyond short-term partnership outputs and focus also on the long-term effects of such endeavours.

A) Impact

Although outcomes are hard to measure because of the attribution gap (gap between the contribution of the partnership and the actual positive changes produced with this specific contribution), it is important to raise the impact issue when assessing development partnerships.

26 Guiding Questions for Evaluation

- What are the positive changes in the designated area of action the partnership was / is contributing to?
- What exactly was / is the contribution to these positive changes?

B) Sustainability of the Partnership

To ensure their existence in the long run, partnerships must offer something to each of the partnership members which responds to their own individual goals and objectives. If not, the members' commitment to partnership will wither and both project and partnership sustainability will be threatened. Mutual benefits are crucial for sustainable partnerships.

27 Guiding Questions for Evaluation

- To what degree can the partners achieve their own individual goals and objectives through the partnership?
- Why are the partners committed to stay engaged with the partnership?

C) Sustainability of the Achievements

When assessing the sustainability of partnership programmes we focus primarily on the assessment of whether or not the benefits derived through the programme are likely to continue once the funding has expired. Secondary we also check on the organisational sustainability, assessing whether the organisational structures created through the partnership programme are likely to function once the programme stops.

28 Guiding Questions for Evaluation

- Why are the benefits derived through the partnership programme likely to continue once the funding has expired?
- Why are the organisational structures created through the partnership programme likely to function once the programme stops?

4 Guiding Principles for the Application



Apply a participatory approach

To attain reliable results, the application of a participatory approach, conducting the evaluation in cooperation with the involved actors, is highly recommended.



Separate perspectives and perceptions

Because of the highly diversified partner structure in development partnerships, the authors recommend to pay particular attention to the partners' different perspectives and perceptions of the issues at stake.

To be able to compare the statements of the different partners and to make out the different perceptions regarding the partnership, the authors prepared an easy-to-apply **results template, described in Annex 2** of this report.



Base the evaluation on a systemic approach

The authors recommend applying a systemic approach, focusing not just on single inter-organisational relations but take into account that the partners belong to different sub- and supra-systems which determine their ways of thinking and their modes of operation.



Find the best-fit mix

The evaluation template is very comprehensive and has to be adjusted, reduced respectively, to fit the specific context. It was the intention of the authors to provide a broad range of guiding questions for the evaluation so the evaluators can choose the ones which best-fit the context of the evaluation.



Apply a minimal standard for the reporting of results

The authors suggest that the evaluation reports contain at least one comprehensive statement regarding the three key dimensions of the evaluation template:

- 1) The Partnership Structure and Governance
- 2) The Partnership Process
- 3) The Partnership Performance

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6 Annex 1: Worksheets for Evaluators

Worksheet 1: Evaluation of Partnership Structure and Governance

Partnership Structure & Governance	Organisational Set Up	Complementarity of Partners	<ul style="list-style-type: none"> • What is the comparative advantage the different partners bring into the partnership in terms of complementary competencies? • To what extent does the partnership pool all the required resources to achieve the desired outcomes?
		Roles & Functions	<ul style="list-style-type: none"> • What are the exact roles and functions of the different parties involved? • What kind of tools are used to inform the partners on their role and functions within the partnership (TORs, work plans, etc.)?
		Coordination Mechanisms	<ul style="list-style-type: none"> • Is there an established coordination and communication platform, i.e. a partnership coordination office? • Do the partners respect the administrative procedures as outlined in the agreements? • Are there specific measures taken for information and knowledge sharing among partners and are there concrete common arrangements, i.e. joint activities, sharing of implementation facilities?
		Harmonisation of Procedures	<ul style="list-style-type: none"> • Are the partners willing to simplify their internal procedures to reduce the burden for harmonised activities? • Are there internal rules and regulations which inhibit partnering with certain actors? e.g. administrative burdens
		Management for Results	<ul style="list-style-type: none"> • Is the partnership strategy explicitly aligned with the expected results and outcomes? • What concrete measures are taken in order to ensure an ongoing dialogue among the partners on the performance of the partnership, i. e. reporting system, joint reviews?
		Alignment	<ul style="list-style-type: none"> • Does the strategy contain concrete milestones, setting the pace for the performance of partnership activities? • How are the development priorities of the recipient country's government incorporated into the partnership strategy?
	Strategy	Individual vs. Collective Interests	<ul style="list-style-type: none"> • What are concrete examples for the use of the recipient country's implementation mechanisms and administrative systems? • How does the partnership strategy take into account the individual interests and objectives of the member organisations? • What is the partners individual cost-benefit perception, are the costs being outweighed by the benefits they are getting from the partnership?
		Rules of Engagement	<ul style="list-style-type: none"> • What kind of formal arrangement, defining the rules of engagement in the partnership, has been signed by the member parties? • Have the decision-making mechanisms and rules for dispute settlement been designed in a participatory manner?
		Accountability	<ul style="list-style-type: none"> • What are the specific accountability mechanisms and structures in place that guarantee checks and balances? • Does the partnership agreement contain a set of clearly defined targets and performance indicators to be able to hold individuals, task forces or member organisations accountable for their actions?
		Balance of Power	<ul style="list-style-type: none"> • How does the partnership agreement take into account the imbalance of disposable resources (financial and technical) among the partner organisations? • How are the less powerful actors integrated into decision-making processes?
		Governance	

Worksheet 2: Evaluation of Partnership Process

Partnership Process	Formal Interaction	Availability of Partners & Jointness of Operations	<ul style="list-style-type: none"> Does the availability of the member organisations allow a continuous interaction between them? What are specific partnership activities that are carried jointly by two or more partners?
		Policy Dialogue	<ul style="list-style-type: none"> Is there a structured policy dialogue among the partners, i.e. regular round table discussions on upcoming policy issues? Are there specific policies which have been harmonised as a result of a continuous dialogue among the partners? Are there explicit communication tools which enable a continuous information flow among partners and between the partnership and its designated area of activity?
		Communication	<ul style="list-style-type: none"> Are their specific measures taken to foster a common understanding of key concepts and approaches among the partners? Are there specific mechanisms in place which ensure that the different cultural backgrounds of the partners are recognised and incorporated into the day-to-day work of the partnership?
		Management of Cultural Diversity	<ul style="list-style-type: none"> Does the partnership proactively facilitate the mutual understanding and respecting of the partners' differing incentives, constraints and assets?
	Partnership Culture	Ownership & Commitment	<ul style="list-style-type: none"> To what degree is the partnership process equally owned by the partners? What are the specific measures taken to promote ownership and commitment among the partners?
		Recognition & Respect	<ul style="list-style-type: none"> Do the partners recognise the assets and competencies their counterparts bring into the partnership? What are the specific measures taken to foster trust and respect among partners?
		Feedback Mechanisms	<ul style="list-style-type: none"> What kind of feedback mechanisms have been established by the partnership? How often do partners share information through these feedback channels?
	Learning & Innovation	Space for Innovation	<ul style="list-style-type: none"> Does the partnership provide a specific space for the sharing and development of innovative approaches? Is there a concrete example of the mainstreaming of an innovative approach brought into the partnership by one of the members?
		Organisational Learning	<ul style="list-style-type: none"> Is organisational learning a defined goal of the partnership? What specific activities are carried out to promote organisational learning?

Worksheet 3: Evaluation of Partnership Performance

Partnership Performance	Relevance of Objectives & Partnership	Clarity of Objectives	<ul style="list-style-type: none"> • Are the partners and stakeholders able to explain what the exact partnership objectives are? • How do the objectives take into account the long-term impact the partnership aims to achieve in its designated area of action?
		Relevance of Objectives	<ul style="list-style-type: none"> • Where is the link between the partnership objectives and the priorities of the target group as well as the recipient country's development strategy? • Are the partnership objectives explicitly aligned with the overall purpose of the partnership?
		Added Value of the Partnership	<ul style="list-style-type: none"> • What is the added value the partnership is providing to the solution of the specific development problem at stake? • Why couldn't a single actor achieve the same results as a collaborative endeavour?
	Effectiveness & Efficiency	Objectives attained	<ul style="list-style-type: none"> • To what degree did the partnership achieve its stated objectives? • Are there different perceptions among the partners about the degree of achievement of the objectives?
		Operational Costs	<ul style="list-style-type: none"> • Are the operational costs of the partnership activities known and actively monitored during the partnership process? • What is the relation between the operational costs (inputs) and the outputs of the partnership?
		Transaction Costs	<ul style="list-style-type: none"> • Are the transaction costs of the partnership activities for each partner known and how are they monitored during the partnership process? • To the perception of the partners, are the transaction costs in an adequate relation to the benefits they are getting from the partnership?
		'Positive Changes Produced'	<ul style="list-style-type: none"> • What are the positive changes in the designated area of action the partnership was / is contributing to? • What exactly was / is the contribution to these positive changes?
	Impact & Sustainability	Sustainability of the Partnership	<ul style="list-style-type: none"> • To what degree can the partners achieve their own individual goals and objectives through the partnership? • Why are the partners committed to stay engaged with the partnership?
		Sustainability of Achievements	<ul style="list-style-type: none"> • Why are the benefits derived through the partnership programme likely to continue once the funding has expired? • Why are the organisational structures created through the partnership programme likely to function once the programme stops?

7 Annex 2: Results-Template

Methodology

- 1) Use the guiding questions from the worksheets 1-3 to assess each of the nine key aspects (e.g. partnership strategy) in a participatory manner with one of the parties involved.
- 2) Rate each of the nine key aspects applying the question: To what degree does the partnership respect the principles of 'good partnership management' regarding this key aspect? → Example: Rating question for the key aspect 'Partnership Strategy': To what degree does the partnership strategy follow the principles of harmonisation, alignment and management for results? The rating system goes from **0** (not applied at all) to **4** (fully applied)
- 3) Draw a partnership pattern in the graph below by connecting the rated points for each of the key aspects.
- 4) Do the same procedure with another party involved in the partnership and compare the partnership pattern by drawing a second pattern into the graph below

