

A Multi-Partner Evaluation of the Comprehensive Development Framework**Implementation of Country-led
Partnership in the context of the
Comprehensive Development
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Table of Contents

Abbreviations and Acronyms	iv
Executive Summary	v
1. Introduction	1
2. Partnership: Theory and Expectations Under the CDF.....	2
<i>Partnerships in General.....</i>	<i>2</i>
<i>Collective Action Problems.....</i>	<i>3</i>
<i>Operational Definition of Development Partnership.....</i>	<i>5</i>
3. Development Partnerships	7
<i>From “Donorship” to Partnership.....</i>	<i>7</i>
<i>Different kinds of Development Partnerships.....</i>	<i>7</i>
<i>Among Stakeholders in Developing Countries</i>	<i>7</i>
<i>Among Actors in Donor Countries.....</i>	<i>8</i>
<i>Among Donors</i>	<i>8</i>
<i>Between Donors and Partner Countries.....</i>	<i>9</i>
<i>Regional Partnerships.....</i>	<i>9</i>
<i>Multi-Country Partnerships.....</i>	<i>9</i>
<i>Two Key Factors for Sustainable Partnerships</i>	<i>10</i>
<i>Political Willingness and Commitment to Partnership.....</i>	<i>10</i>
<i>Country Ownership and Leadership.....</i>	<i>11</i>
4. Issues in the Implementation of Country-led Partnership.....	12
4.1 Conceptual Framework	12
<i>Incentive System.....</i>	<i>12</i>
<i>Asymmetrical Power Relations</i>	<i>13</i>
<i>Institutional Capacity.....</i>	<i>14</i>
<i>Legal-institutional Contexts in which Actors Operate.....</i>	<i>14</i>
<i>Asymmetric information or lack of proper flow of information.....</i>	<i>15</i>
4.2 Issues in the Implementation.....	15
5. Survey Results	19
5.1 Donors’ Views and Behavior.....	20
5.2 Recipients’ Views and Behavior.....	27
6. Towards the Development of Partnership Performance Evaluation	33
7. Conclusions	38
References	43
Terms of Reference	46
Box 1: Evaluation Questions: Country-Led Partnership.....	59

Abbreviations and Acronyms

ACP	African, Carribean, Pacific countries
AfDB	African Development Bank
AsDB	Asian Development Bank
CDF	Comprehensive Development Framework
CGIAR	Consultative Group for International Agriculture Research
CG	Consultative Group
CIDA	Canadian International Development Agency
CPIA	Country Policy and Institutional Assessment (Index)
DAC	Development Assistance Committee of OECD
DfID	Department for International Development, UK
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EU	European Union
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries
IDA	International Development Agency
IDB	Inter-American Development Bank
IDGs	International Development Goals
IMF	International Monetary Fund
NEPAD	New Partnership for Africa's Development
MDGs	Millennium Development Goals
NGO	Nongovernmental Organization
ODA	Official Development Assistance
OED	Operations Evaluation Department, World Bank
OECD	Organization for Economic Co-operation and Development
PIU	Project Implementation Unit
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
SWAps	Sector-Wide Approaches
TA	Technical Assistance
UK	United Kingdom
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WB	World Bank

Executive Summary

1. The study starts off with a review of the theoretical underpinnings of the partnership concept. We discuss different kinds of development partnerships and find that an effective country-led partnership is based on trust, attitude and contractual relationship. The World Bank Partnership Group (1998a:5) provides a useful operational definition of partnership: “Partnership is a collaborative relationship between entities to work toward shared objectives through a mutually agreed division of labor.”

2. We hypothesize that the actual implementation of effective partnership that is “led” by the recipients would largely depend on the incentive system faced by the actors to behave in a cooperative way, the power relations among them, the capacity of the anointed leader to provide leadership, the information set available to the partners, and the legal/institutional contexts in which the partners have to operate. We elaborate on each of these points, and show how they impact the implementation process.

3. Furthermore, we propose four hypotheses regarding the impact of donor behavior on the capacity of aid-receiving countries in implementing the country-led partnership principle. A survey was issued to selected donors and recipient countries on a number of key issues linked to the hypotheses. Based on the survey results and a review of existing literature we draw the following conclusions:

4. Our key finding is that there have been *improvements* in aid delivery process towards better coordination, country ownership and partnerships, but that these improvements have not been *systematic* nor can they be unambiguously *attributed* to the introduction of the CDF.

Hypothesis 1. Asymmetrical power relations

5. “The higher the share of donor resources in the recipient country, the greater the donor power and hence the more difficult it is to truly have country-led partnership.”

6. Overall, the surveys confirm this hypothesis. However, development towards a more balanced relationship can be noticed in some aid dependent countries such as Uganda, with, for instance, local governments increasingly taking the lead in aid coordination. CDF has probably contributed to such adjustments in the CDF pilot countries, even though it is still problematic to fully deduce the role CDF has played compared to other factors. A more fundamental change in the relationship will depend mainly on transformed donor behavior.

7. Most donors and recipient countries believe that *aid dependency* and indebtedness have a negative influence on the quality of partnership. Aid dependency can, however, under certain circumstances also contribute to more constructive engagements between a developing country government and the donors. Several countries have established in-country *aid coordination* mechanisms. Further use of program and budget support will most likely result in improved coordination. Donors and recipient countries alike as the main obstacle to government-led coordination identified lack of local institutional capacity. Neither donors nor recipients see country-led partnership as contradictory to genuine *country ownership*, even if it occasionally can be unbalanced.

Hypothesis 2. Donor legislation, guidelines and enforcement

8. “Partnership on the ground is hampered by disparate donor country and institutional legislation, guidelines and procurement rules guiding aid delivery.”

9. The hypothesis can be confirmed by the different approaches donors are taking. All donors in the survey claim that they have accepted the country-led partnership principle, but only two donors have changed their *legal framework* governing aid relationships. Most donors have introduced changes in their administrative rules and procedures governing development assistance and restructured their organizations in order to respond to the new aid relationship. Almost no donor has, however, established any explicit *exit strategy* guiding its withdrawal from a partnership. Current changes in donor behavior seem less grounded on legislation than on changes in working methods and habits. The only tangible evidence of changed behavior based on legal grounds is the *untying of aid* to the Least Developed Countries that was approved by OECD DAC in May 2001. The question thus remains whether legislative changes are needed in order for country-led partnership to take full effect in changes in donor behavior.

Hypothesis 3. Donor policies and procedures

10. “The principle of country-led partnership is not an enforceable principle but rather a “moral issue” in which only converts apply it, and also determine the extent to which they do so. Without any possible sanction against non-compliance it is difficult to enforce it.”

11. The survey results support the hypothesis. Enforcement hinges almost exclusively on donor attitudes. Recipients have very few, if any, instrument to apply sanctions against non-complying donors. One possibility to create or strengthen that ability would be to introduce peer reviews where donors and recipients jointly review a specific donor.

12. Donors are increasingly moving away *from projects to program support*, sector-wide approaches and pooled funding mechanisms. Still, the large majority of donor-funded activities are project-related. There is no tendency to use program aid more frequently in CDF countries compared to non-CDF countries. The determining factor is the existence of a poverty reduction strategy or an economic reform program rather than the CDF.

13. *Technical Assistance (TA)*, according to the recipients, continues to be supply-driven, hampering true ownership and the use of local capacities. Donors claim that they are changing the direction of their TA by abandoning freestanding TA projects, and by integrating TA into projects and programs. Donors continue to use *Project Implementation Units*, to a large extent, for carrying out programs and projects.

14. A number of initiatives have been taken recently among bilateral and multilateral donors to *harmonize aid delivery procedures*. So far the main emphasis of the work has been to find common international standards and principles at the institutional agency level, rather than to adapt donor behavior to the procedures given in individual developing countries. Furthermore, recipients find that donor headquarters' policies hinder the development of country specific harmonization.

15. Donors have only in a limited number of cases replaced own reporting requirements with regular government reports. Most evaluations undertaken are still

agency related, assessing the partial impact of a particular donor's efforts. Joint *monitoring and evaluation* of development programs rarely takes place.

16. *Policy coherence* issues are increasingly being discussed among the donor countries. Nevertheless, almost no country has implemented any changes in their overall policy framework to take development concerns into account when forming policies in other areas than development assistance.

Hypothesis 4. Developing country policies and institutional capacity

17. "Improved partnerships are generally associated with better policy design and implementation. Causality could be either way, i.e. improved partnerships are easier in countries with better governance, policies and institutional structure. On the other hand, institutionalizing partnerships can strengthen institutional and governance structures, which impact on policy choice and implementation."

18. The analysis supports the hypothesis. Local government *leadership* in management and coordination of aid resources has been strengthened in a number of developing countries over the last three years. The survey indicates that the cooperation among different local actors in developing countries have increased as a result of the introduction of the CDF principles. Almost all donors have, according to the responses, aligned their country assistance programs with the CDF countries' development strategies (PRSP). Most donors find, contrary to the opinions of the recipients, that the partnership principle is viewed by stakeholders in the recipient country as imposed by donors.

19. Recipients and most donors believe that the implementation of country-led partnership principle will lower the *transaction costs* of administering aid programs. The expenses may, however, shift from the government towards the donors.

Obstacles to Country-Led Partnerships

20. The factors that hamper country-led partnerships can be summarized to include:

Among recipients

- Insufficient or uncertain political commitment to poverty reduction/sustainable development (lacking ownership).
- Limited implementation capacity.
- Low standards of governance, including lack of transparency, weak monitoring and accountability mechanisms.
- Aid dependence.

Among donors

- Lack of political will and legal-institutional framework to accept country-led strategies.
- Preference to maintain traditional, and bilateral, patterns of interaction.
- Distrust of government accountability mechanisms.
- Differing donor agendas and desire to "plant the flag."
- Frequent policy changes.
- Lack of aid coordination.
- Lack of harmonization of donor practices.

- Provision of supply-driven Technical Assistance and continued use of Project Implementation Units.
- Tying of aid.
- Limited field presence.

Broad observations

21. The study suggests the following broad observations regarding donor behavior:
- General policy declarations about country-led partnership play a limited role unless they are followed up by new legislation or guidelines, supported and enforced by agency leadership. One good example is the OECD-DAC Recommendation on untying of aid.
 - Practical application of common aid instruments (SWAps, budget support) has had a great impact on donor behavior. Changes in performance have been more linked to the implementation of such aid instruments than to general policy declarations about the benefits of country-led partnership. The real test on donor commitment to country-led partnership takes place at the country level when aid strategies are transformed into practical use.
 - The wish by recipient countries to receive aid in the form of program and budget support will help change donor behavior. Donors would, by necessity, change their conduct if, and when, they redirect their funding from individual projects to common pools, and let go of agency specific solutions.
 - Increased use of program and budget support will promote country-led partnership through:
 - improved aid coordination
 - harmonization of donor procedures
 - joint monitoring and evaluation
 - restructured Technical Assistance
 - Peer pressure among donors works in changing policy directions. The efforts by OECD DAC and the Utstein group¹, among others, to promote country-led partnership have considerably influenced donor policies. Continued work to bridge the gap between policies and practical implementation is still needed .
 - Recipient countries need to be closer involved in the development of donor policies. Too much policymaking is made in closed donor circles. Effective partnerships require that donors and recipients together form the future aid relationship. Recipients should, for instance, be involved in OECD DAC Peer Reviews of individual donors.

Recommendations to Donors to Promote Country-Led Partnerships

22. Donors can best promote country-led partnership by:
- Responding to local government leadership
 - Aligning donor assistance with government strategy
 - Accepting less high-profile programs and projects

¹ Informal donor group consisting of Germany, the Netherlands, Norway and United Kingdom.

- Supporting capacity building
- Being transparent and providing timely information
- Increasing the proportion of program and budget support (pooled funding)
- Providing demand-driven Technical Assistance
- Ending the use of Project Implementation Units
- Improving aid coordination
- Conducting joint analytical work (with local governments and among donors)
- Harmonizing donor procedures and practices
- Untying aid
- Improving policy coherence
- Increasing field presence and delegating more authority to country offices

Partnership Performance Indicators

23. The CDF approach should be for the long-term. Ultimately we would like to observe the impact of country-led partnership on the Millennium Development Goals. We identify a number of *cross-country indicators* regarding the functionality and the development impact of the partnership principle. The indicators proposed could be further elaborated upon to form a partnership index to be used to measure intermediate or direct outcomes on the use of the partnership principle. We provide a skeletal listing of some issues/questions that might be part of the indicators, according to the following groupings:

- *Institutionalization of partnership*
- *Recipient country policy and institutional stance*
- *Donor country aid policies and procedures*

24. The road to effective country-led partnership might be long, but the journey is doable. It requires not only political commitment to reforming the existing institutions and entrenched behaviors, but more so, continuing technical work. In other words, the agenda for country-led partnership is largely a work-in-progress.

1. Introduction

1.1 There is ongoing debate about the effectiveness of aid in addressing poverty and underdevelopment. Part of the reasons for the ineffectiveness is the defective delivery mechanism driven by disparate donor preferences, donor assistance strategies poorly aligned with country development strategies, wasteful and duplicative competition among externally-funded programs, and divergent and burdensome donor procedures and requirements that unnecessarily increase the transaction costs of delivering aid. In response to this ineffective mechanism, the CDF principles emphasize a new aid relationship based on country-led partnership, ownership, participation, donor coordination and harmonization. The implementation of these principles are expected to lead to greater efficiency in donor assistance, raise institutional quality in the recipient countries, and increase the impact on the attainment of the Millennium Development Goals (MDGs).

1.2 “Partnership” in aid relationship is not a new principle. The principle was hardly practiced in reality. However, since 1999 the concept has been given added impetus within the context of the CDF.² Three years have since passed. Has the principle been implemented, or changed the underlying aid relationships and effectiveness? This paper focuses on one of the principles—country-led partnership. More broadly, we focus on the relevance, efficacy and efficiency of the implementation of the country-led partnership principle both on the ground and at the policy level among donor and partner countries. Specifically, the study ascertains the extent to which the country-led partnership principle has been practiced, evaluates the factors that have facilitated or hindered its implementation; analyzes whether its implementation has been oriented to pursuing the overarching MDGs; and identifies a set of hypotheses and cross-country indicators regarding the ‘functionality’ and the development impact of the partnership principle.

1.3 The study was carried out in two phases. The first phase focused on donors and development agencies and assessed the extent to which donors’ behavior has changed to enable the implementation of the partnership principle. We evaluated the issues involved in developing an effective partnership and formulated some hypotheses regarding the implementation of the partnership. A survey on these questions was issued to donors and recipient countries. This phase also discussed the conceptual and methodological germane issues to the development of effective partnership performance evaluation. We also developed some cross-country indicators to regularly evaluate partnership performance. The second phase concentrated on country-specific aspects of the CDF, drawing on the country experience. This helped refine the preliminary findings from the

² Within the context of the CDF, the characteristics of country-led partnership are: 1) Government leadership in the management and coordination of aid resources, including: analytical and diagnostic work; aligning external support on the basis of the country’s development strategy and development agency comparative advantage; harmonization of development agency procedures and practices, e.g. budget cycles, procurement, reporting, evaluation and safeguards. 2) Relations among government, development agencies, other stakeholders, marked by: mutual trust, consultation, and transparency; assumption of accountability for sound financial management and performance; effective, demand-led support for strengthening government management and coordination capacity and not undermining it.

first phase. The focus was primarily on the original 12 CDF pilot countries, and especially the six countries covered by the research evaluation of the CDF.³

1.4 The study draws on a review of current literature on partnerships among academia, international development organizations and bilateral development agencies. It is also based on the survey issued, as well as findings from the case studies in this CDF Research Evaluation and similar studies on implementation of the partnership principle.

1.5 The rest of the report is organized as follows: Section 2 sets the stage by clarifying some theoretical basis for partnership and outlines the expected characteristics of the country-led partnership under the CDF. Section 3 looks more specifically into Development Partnerships. In Section 4, we discuss the conceptual framework for implementation of country-led partnership. Furthermore we propose some hypothesis regarding the impact of donor behavior on the capacity of aid-receiving countries in implementing the country-led partnership principle, and briefly highlight some of the issues that promote or hinder effective partnership at the country level. In Section 5, we report on the survey results and general findings from the literature regarding donor and recipient country behavior. Section 6 evaluates the conceptual and methodological issues in the construction and application of indicators of partnership performance. A number of indicators are also developed. Section 7, finally, provides our main conclusions.

1.6 In the text, “recipient countries” are also referred to as partner countries or developing countries while “donors” comprise high-income countries, their specific development agencies, the international financial institutions and the international development organizations. “Partners” include all parties (countries, agencies, organizations) taking part in a partnership. “Stakeholders” refer to parties having an interest in obtaining results in a specific field, even if not being partners of formal partnerships.

2. Partnership: Theory and Expectations Under the CDF

Partnerships In General

2.1 Partnership can generally be seen as a means to a common objective. "It is a collaborative relationship towards mutually agreed objectives involving shared responsibility for outcomes, distinct accountabilities and reciprocal obligations" (Picciotto 1998, p.1). Further, "...a partnership is justified only if the benefits exceed the costs and the net benefits are equitably assigned to the parties" (Picciotto 1998, p.4). To be effective, partnerships need to be based upon a common vision among the partners of what the partnership is about. There needs to be a common basis of shared values, and the

³ - The six countries included in the CDF Research Evaluation are: Bolivia, Ghana, Romania, Uganda, Vietnam, and one non-CDF pilot country, Burkina Faso.

- The original 12 CDF pilot countries are: Bolivia, Cote d'Ivoire, Dominican Republic, Eritrea, Ethiopia, Ghana, Kyrgyz Republic, Morocco, Romania, Uganda, West Bank and Gaza and Vietnam.

objectives of the partnership should be equally established and owned by the participants. Second, there should be mutual benefits for the partners in the outcome. Third, there is also a need of clarity in task allocation and a balance in influence and fairness in allocation of costs and benefits. The design and operation of the partnership should be appropriate and the partnership must be managed efficiently. Furthermore, effective partnerships require efficient specialization, competence, coordination and motivation. (Piccolo 1998, pp.1, 4)

2.2 The partnership concept is heavily used in the commercial sector. Business relationships are normally based on contractual partnerships where performance criteria are explicit and measurable. Moreover, reporting requirements are specified, time frames and the limits on independent action are laid out and required and prescribed actions are delineated. (Maxwell, S. and Conway, T. 2000)

2.3 Successful partnerships are based on a number of prerequisites. First, there should be focused and shared objectives among the partners involved. Second, concrete outcomes and actions to aim for are needed. Third, full ownership of the partnership and its objectives are required at senior levels. Fourth, leadership from one partner or a group of agents is crucial to get the partnership going. Fifth, the partners must engage in broad-based support of the partnership goals. Sixth, capacity building is needed in order to secure the full participation by the weaker partners in a partnership. (World Bank, Partnerships Group 1998a; Picciotto1998)

2.4 Although the partnership approach to a certain extent is dominated by its process orientation, partnerships should in the end be judged by their results. Due to the difficulty in quantifying all monetary and non-monetary factors involved, similar partnerships might be best assessed by benchmarking while counterfactuals must be used when dealing with a unique partnership. (Picciotto 1998, p. 4)

Collective Action Problems

2.5 Foreign assistance can be regarded as a *collective action*, where two or more agents coordinate their effort to accomplish an outcome. Development of a specific country can be regarded as such an objective where development assistance is an international public good, that in turn requires cooperation, coherence and coordination. (Picciotto 1998, p. 6). The following discussion on collective action is based on a paper by Sandler (2000), which analyses a number of issues that the implementation of the CDF brings about.

2.6 One overriding concern is *free-riding*. One mean to address this is to tie “agent-specific private benefits to the public benefits so that contributors have private motives to go beyond purely public goods benefits conferred to everyone for the support of the public good” (Sandler 2000, pp.4-5). Recognizing different donors’ support with name tags or flags is one way of handling this problem. A second escape is to organize the cooperation in large groups with smaller subgroups. Free-riders are easier to track and individual action is more recognizable when group size is smaller. (Sandler 2000, p. 5)

2.7 Provision of foreign assistance can also give “rise to *joint products*, where a single activity yields more than one outcome” (Sandler 2000, p.8). By providing foreign assistance, donors can get both individual benefits and “purely public benefits by improving the welfare and stability of developing countries” (Sandler 2000, p.8). “For the provision of a pure public good, a Prisoner’s Dilemma often applies where the dominant strategy is... to not contribute to the collective action” (Sandler 2000, p.8). Emphasizing contributor-specific benefits, can circumvent such free-riding. If one donor “derives a larger share of private benefits than others from providing a public activity with joint products there may be sufficient private inducements for it to contribute despite the actions of others” (Sandler 2000, p.6). The donor-specific benefits can consist of trade opportunities, political, security and immigration considerations, as well as prevention of the spread of diseases.

2.8 The provision of joint products may also be influenced by institutional arrangements. Having their efforts noticed can increase donors' benefits. The design of the Consultative Group meetings and the replenishment rounds of the concessional facilities of the international financial institutions, with donors openly stating their pledges, contributes to such kind of recognition. Utilization of the CDF matrix and the institutional design of the CDF structure in individual countries should probably have the same effect, since donors will become more aware of who is doing what and to what extent. This will improve chances to circumvent the free-riding problem associated with larger groups.

2.9 The total provision of a public good depends upon the efforts of the individual contributors. Decisive for this is the “*technology of public good aggregation*” or “the manner in which individual contributions are aggregated” (Sandler 2000, pp. 10-11). Some efforts could be characterized as “*weakest-link technology*, where the smallest effort level determines the effectiveness of everyone’s efforts” (Sandler 2000, p.11). One example would be hindering epidemics. “Another technology requires that a *threshold level* be obtained before any benefits are realized” (Sandler 2000, p.11). Potential contributors may view their contributions as the critical one putting all combined efforts over the threshold. A third technology has the *largest effort* to “determine the overall level of the public good, with smaller contributions adding nothing to the total quantity” but often “result in one single agent doing everything” (Sandler, 2000, p 11). The provision of public goods can, accordingly, be promoted by institutional arrangements that bring out the difference in the aggregation technologies. (Sandler 2000, p.12).

2.10 The leadership role varies with the contribution aggregator (Arce 2001, p.133). It is in some cases impossible to aggregate preferences of individuals without a leader whose preferences become the group's preferences. There is often a need of special incentives to cooperate, if one individual member of a large group should take the lead. The design of partnership is therefore critical (Picciotto 1998, p.4). In the weakest link case, “leadership should take on a co-coordinating function” (Arce 2001, p.133). Leadership can also provide stability in an unstable system with potential free riders when a political entrepreneur leads by example. Such a leader would unilaterally provide an intermediate amount of the public good, and would be willing to match other entities’ contributions by raising her own efforts. Leading by example “is able to stabilize the

system and support efficient outcomes for almost every contribution aggregator” (Arce 2001, p.133). Accordingly, there is a need to “understand the underlying contribution aggregator of a international public good prior to any prescription for collective action” (Arce 2001, p.133).

2.11 *Asymmetric information* may also cause collective action problems among the different parties receiving aid. Often the central government acts as an agent for the local governments and negotiates on their behalf. This may cause uncertainties for the local entities since they are not always aware of how much, or if, the central government is promoting their specific goals. (Sandler 2000, p.15).

2.12 To conclude, “the design of the CDF can have profound impact on the incentives of donors to support foreign assistance.” “[...] the CDF approach can assist the donors to coordinate their contributions, thus limiting the free riding and under-contributions. The CDF matrix can foster joint products, which in turn, can motivate giving by donors owing to donor-specific gains.” (Sandler 2000, p.17) The CDF matrix and approach will help in this by observing the lower sub-levels in the federal structure, where individual donor support is easier to single out and monitor. (Sandler 2000, p.17).

Operational Definition of Development Partnership

2.13 There exist a number of definitions of partnership emanating from different disciplines. Depending on where to put the emphasis, some claim that a true partnership must build upon an equal relationship between the partners. However, the partnerships embedded in the aid relationship can never reach that level due to the inherent inequality, with one party possessing resources (financial, human, etc.) while the other party always is in an inferior position striving to get the resources at the best terms. On the other hand, others claim that a partnership very well can comprise a principal-agent relationship with one party superior in terms of access to resources.

2.14 There are definitely some basic differences between partnerships in the development field and in commercial relations. Typically, in a development venture, values and objectives differ sharply among participants and there is asymmetry of resources and capacities among them. This is why public consultations and participation are so crucial in the design and implementation of development projects and programs. Where one or more of the participants do not enjoy the organization and skills available to other participants, capacity building is a prerequisite of true partnership.

2.15 The partnership concept has been used in the field of development cooperation since the late 1960s. Lester Pearson suggested in 1969 that "partnerships should be an understanding between donors and recipients expressing reciprocal rights and obligations, directed to a clear objective, or finite enterprise, beneficial to both" (World Bank Partnerships Group 1998a).⁴

⁴ From L.B. Pearson (chairman) "Partners in Development, Report of the Commission on International Development," 1969.

2.16 During the 1990s many bilateral donors and international institutions came to use the concept more frequently and provide their own definitions and understanding of the concept. OECD DAC put the ideas of partnership at the center in its strategy document, *Shaping the 21st Century*, where responsibilities of the developing countries and external partners as well as joint responsibilities are identified (OECD DAC 1996). Several bilateral donors also came to define different criteria for partnership in the 1990s, with an emphasis on transparency of values and the idea of contractuality supported by a code of conduct. (Maxwell S., and Conway, T. 2000).

2.17 According to an international workshop on "Making Partnership Work on the Ground" in 1999, a broad definition of partnership should cover the following three dimensions: (i) *general development frameworks*: policies, principles and priorities for a country's development, (ii) *the relationship proper*: the structure of the interaction between the parties, the division of labor and roles; and (iii) *aid coordination*. (Ministry for Foreign Affairs, Sweden 1999).

2.18 We conclude that a genuine partnership between two or more partners should build upon:

- Trust
- Attitude
- Contractual relationship

2.19 In order to achieve sound productive partnerships there needs to be a basic trust among the partners involved. That requires an open attitude towards the relationship proper and the other partners' views, assets and means they bring into the partnership. Changes in prevailing attitudes are needed in many cases. Shared commitment to the goals, the objectives and the results to be achieved is required as well as mutual accountability. Partnerships work probably best when they are based on reciprocal relationships with clear understandings about the roles and responsibilities of the different partners and when there is open, inclusive dialogue among the actors (OECD DAC 2001). For a partnership to work, the partners concerned need to possess a minimum of knowledge, resources and means to implement their part of the partnership. Capacity building will be needed to empower the weaker partners. There is therefore a need for a long-term perspective and for an incremental, sustainable approach to partnership (Maxwell, S. and Conway, T. 2000). In addition, to strengthen trust and commitment, partners need to regularly assess each other's performance in meeting agreed responsibilities and obligations.

2.20 We find the following operational definition of partnership concept by the World Bank Partnerships Group very useful (1998a, p.5): "Partnership is a collaborative relationship between entities to work toward shared objectives through a mutually agreed division of labor."

2.21 The definition is neutral in the sense that it does not dictate what policy objectives the partnership should aim at. The objectives should be country or sector specific, drawing on the local circumstances and conditions in each individual case. The main idea

here is not to focus on development outcomes but on the process to realize them, which in turn depends on the set of objectives that the individual actors have established for the development and thereby for the partnership.

3. Development Partnerships

From “Donorship” to Partnership

3.1 Development cooperation needs to build upon a trustful relationship between the partners involved to be effective. The unequal relationship that have characterized aid relationships over the years, with one partner possessing not only the resources (economic, human, etc.) but also the power to direct the use of the resources, has to be changed if a trustful and sustainable relationship should occur. The power to formulate and direct the policies to govern the use of the resources should rest with the partner country. There is an apparent need for donors to let go of their overwhelming power in the aid relationship, the so-called “donorship” that has marked the official aid relationship since its beginning some 40-50 years ago. The aim is to increase aid effectiveness and to ultimately achieve poverty reduction, by establishing broader and more equal relationships between donors and recipients at all levels. This in turn requires that the developing country or domestic actor concerned assumes the responsibility for the policies and that the cooperation builds upon the priorities of the developing country/actor. The policies should not be imposed upon the recipient by some external partner. Accordingly, it takes ownership to create genuine partnership. Solid ownership is a necessary condition for the establishment of a true partnership. A true partnership, as just described, will at the same time strengthen the ownership. The two principles, ownership and partnership are, thus, mutually reinforcing.

Different kinds of Development Partnerships

3.2 There exist a plentiful number of different kinds of partnerships in the field of development cooperation. The most common partnership is the one formed between a donor government/agency and a developing country government. The broadening of the development agenda as well as the poverty concept means that more actors are getting involved and new kinds of partnerships are emerging. A distinction can be made between partnerships within countries, between developing countries and their donors and among donors.

3.3 This study will primarily focus on the basic partnership between governments (donor and partner country governments). In order for development to take place, partnerships among actors and stakeholders in the two country categories are required and therefore also reflected upon. The same goes for partnerships among donors, and between donors and different stakeholders in the partner countries.

Among Stakeholders in Developing Countries

3.4 Partnerships between governments and stakeholders in developing countries aiming at common development objectives are becoming more common in line with

increased emphasis on participatory approaches. A more active participation by different actors strengthens the national ownership of development policies. Ongoing democratization and a stronger role played by national parliaments do also contribute to this development. The experience from Uganda illustrates this, where a key factor in the country's development was a national consultation conference held in 1989 as a device to establish and strengthen ownership of the reform program. By opening up for other voices to be heard it helped open up the development process to other parties. (Devarajan et al. 2001) This is especially critical when going from "first-generation reforms" (mainly of macro economic nature) to "second-generation reforms", like public sector reform, where participation by a much broader spectrum of actors and individuals is needed in order to achieve long lasting results.

Among Actors in Donor Countries

3.5 Aid has in many countries been provided by civil society organizations, like missionary or emergency relief organizations, long before any public and tax-based official aid emerged. Since the late 1950s and early 1960s, at the dawn of the independence among many developing countries, the public aid system has grown in both financial terms and in number of actors. More recently, the private sector has come to play an increasingly critical role in providing finance and knowledge to developing countries. Since the early 1990s the private flows exceed the public flows. The relation of private to public flows has changed from 1:1 ten years ago to 3:1 today. New kinds of partnerships are emerging between governments/development agencies and non-governmental organizations and the private sector in the OECD countries. An increased interest in the private sector to take part in development has initiated a number of public-private partnerships. In addition, political parties and national parliaments in high-income countries have shown a greater interest in development matters since the end of the Cold War.

3.6 The number of actors (agencies, ministries, NGOs, etc.) involved in development matters and in providing aid has increased a lot over the last decade. In forming a coherent development assistance policy it is of great importance for the individual donor country to draw on the combined knowledge and resources of all its domestic actors. This is especially true when the relationship with a particular developing country is being designed. Policy coherence requires a participatory process.

Among Donors

3.7 A number of partnerships exist among donors, especially government development agencies. The Development Assistance Committee (DAC) of the OECD might be seen as a partnership among bilateral donors. The replenishment rounds for the international development banks' concessional facilities also form a kind of partnership among the participating donors. The multilateral institutions cooperate in partnerships based on int.al. Memoranda of Understanding between the World Bank and the regional development banks (AfDB, AsDB, IDB) and the World Bank, EBRD and the Commission of the European Communities. Task Forces and Working Groups are also

formed for specific topics among the donors. Common for most arrangements is that the donors/institutions set their policies without the inclusion of developing countries. The plentiful networks among donor country NGOs also fall into this category as does policy-making groups such as Eurodad, Jubilee 2000 etc.

Between Donors and Partner Countries

3.8 The most common partnership is the one formed between the governments of a donor country and of a developing country. The relationships often comprise formal bilateral state-to-state agreements but can also include other international or non-governmental entities. A myriad of relationships exists between the governments and nongovernmental organizations on both sides. Donor country NGOs can cooperate with public organizations in the developing country, and donor country governments might wish to cooperate with nongovernmental actors in the developing country concerned. Extensive direct contacts between public donor agencies and grassroots entities in developing countries can be complex and need to be structured in accordance with the overall policy framework governing the relationship between the two states.

Regional Partnerships

3.9 The regional dimension of development is a good cause for forming regional partnerships. For certain issues, regional consensus through regional or sub-regional bodies may be more advantageous in forming ownership than pure domestic concerns (World Bank, Partnerships Group 1998b, Annex V). By the same token regional partnerships might be more beneficial than global alliances of bilateral partnerships with donors.

3.10 The New Partnership for Africa's Development (NEPAD) is an excellent example of a regional partnership. Based on African commitment and ownership, and developed by African leaders, NEPAD is a holistic, comprehensive integrated strategic framework for the socioeconomic development of Africa. It is also a framework for a new partnership with the rest of the world. NEPAD was highlighted as an example of a promising regional partnership and basis for a partnership between a continent and her donors at the Monterrey Conference on Financing for Development in March 2002.

3.11 The European Union and a number of states in the African, Caribbean and Pacific (ACP) area have formed a special partnership, based on an integrated approach focusing on economic and trade cooperation. The most recent agreement from 2000 aims at establishing new trading arrangements, through economic partnership agreements, where regional economic cooperation will play a critical role for the integration of developing countries into the world economy and for poverty reduction. (Cotonou agreement 2000).

Multi-Country Partnerships

3.12 Many cross-country and global issues require partnerships at the global level. The emerging development agenda has multi-country and global issues. There are a number

of cross-border issues - like financial flows, trade and labor standards, rainforests and climate change - that require joint action across countries and by widely divergent set of actors. In addition there are a range of development concerns for which attention and resources need to be mobilized internationally. Some of the most successful partnerships in development are to be found around well-focused multi-country or global concerns. One example is the Consultative Group for International Agricultural Research (CGIAR), which brings together 53 public and private sector members, which support a network of 16 research centers.

3.13 Where and how a particular global public good should be produced will vary according to the nature of the specific good. For the time being there are about 20 global issues that cannot be tackled outside a framework of a global collective action. When it comes to resolving these issues, the current global governance set-up has not always been up to the task. Treaties and conventions are generally too slow for global issues requiring urgent response. UN conferences are too short on follow-up mechanisms. The multilateral institutions are often not able to handle global issues alone and G7/8 type mechanisms also suffer from limitations. New ideas being proposed on alternative global governance approaches are non-permanent intergovernmental groups, Global Issues Networks (permanent groups including public and private sector and civil society) and Global Public Goods Task Forces. (Ministry for Foreign Affairs, Sweden 2001, pp. 39-45; Rischard 2002, pp. 61-64, 171-180).

Two Key Factors for Sustainable Partnerships

3.14 The focus of the study is how country-led partnership can contribute to development and more effective development assistance. We found in Section 2 that trust and changes in attitudes as well as practices among both donors and recipient partners are key in building strong partnerships. Two key requirements to achieve those changes are the commitment and political willingness among both donors and partner countries to form country-led partnerships as well as ownership and leadership by the developing country partners.

Political Willingness and Commitment to Partnership

3.15 A key feature of the country-led partnership principle is the willingness of the parties involved to enter into the relationship of the kind that is envisaged. It means adapting to the counterpart's priorities and leaving behind an attitude to only focus on one's own interests. The partner countries should "own" their development agenda. "Donors have to make the provision of aid—including the identification of priorities, negotiation of aid programs, delivery of aid resources, and evaluation of aid efforts – more supportive of the country's ownership." (World Bank, Partnerships Group 1998a, p.10).

3.16 Donors have to show a willingness to let go of their direction of the country's development program and projects. They need to adapt to new circumstances where the partner country's development plan should be decisive for the aid relationship. Leaving

behind eagerness to disburse aid and take over specific projects in order to let them be as effectively implemented as possible will require huge changes in attitude and practices for many donors. A true partnership might lead to slower disbursements and, in the short term at least, less effective implementation.

3.17 All partners in a partnership need to be transparent and open about their objectives with the partnership and demands on the co-partner. The nature of those commitments should be made explicit in the development of new partnership arrangements. Equally important is to establish under what circumstances the partnership might end. From a donor's perspective this means putting on paper the exit strategy for its aid involvement in an individual country be it due to certain time-limits being reached or due to other economic or political reasons (country reaches certain income level, obstruction of democratic and human rights principles, etc.). It is essential that both parties are aware of these conditions before entering into a formal partnership.

3.18 To be successful, partnerships need to be monitored and evaluated, according to some agreed benchmarks. It is in this context, also of great essence, which party decides whether a partnership is on track. The acid test of the strength of a partnership could be a situation where a recipient actor has based its policies on a process of national dialogue about its development strategy, but the donor disagree with the policies proposed.

3.19 The formation of a partnership itself requires some kind of a partnership in its making. Imposed partnerships will not be long-lived. What can developing countries expect in return for their commitment to a partnership bargain, if proposed of an external partner? There is an apparent risk that partnership under such circumstances might be viewed upon as a reward for compliance with the donor-initiated strategies.

Country Ownership and Leadership

3.20 The developing country government must show political will to assume ownership of its development agenda. The government should lead the dialogue on how to formulate and implement its national development agenda. Donors, on their part, should step back from any leadership position and accept the government's leadership by adjusting their own assistance strategies and activities to the government's strategy. (Ministry for Foreign Affairs, Sweden 1999).

3.21 Lack of government ownership is manifested by the fact that it is often the donors and not the government who identifies the donor-supported projects and programs. Replacing the conventional project approach with program and budget support, based on the partner country's priorities, will strengthen government ownership. Reducing or eliminating the level of tied aid will also contribute to improve the country's ownership and leadership.