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Perspectives on Partnership

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Simon Maxwell
Tim Conway

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Operations Evaluation Department
Partnerships & Knowledge Programs (OEDPK)
Email: ecampbellpage@worldbank.org
Email: eline@worldbank.org
Telephone: 202-473-4497
Facsimile: 202-522-3125

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Acknowledgments

Simon Maxwell and Tim Conway prepared this Working Paper for the 1999 Annual Review of Development Effectiveness, under the direction of Nagy Hanna, the task manager. Simon Maxwell is the director and Tim Conway a research assistant at the Overseas Development Institute, London.

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Director-General, Operations Evaluation:	*Robert Picciotto*
Director, Operations Evaluation Department:	*Gregory Ingram*
Task Manager:	*Nagy Hanna*

Preface

Despite the potential benefits of globalization and technological change, world poverty has increased and growth prospects have dimmed for developing countries during the 1980s and 90s. The Comprehensive Development Framework (CDF) was launched by the World Bank in January 1999 in response to these difficult circumstances. It has evoked considerable interest throughout the development community as an approach that can address the increasingly intertwined challenges faced by development practitioners. Its basic elements are not new. What is new is their joint articulation as a framework to guide development assistance. The first point is that development constraints are structural and social, and cannot be overcome through economic stabilization and policy adjustment alone—they require a long-term and holistic vision of needs and solutions. Second, policy reform and institutional development cannot be imported or imposed; without domestic ownership, reforms and investments are not sustainable. Third, successful development requires partnership among government, local communities, the private sector, civil society, and development agencies. And fourth, development activities must be guided and judged by results.

In this context, the *1999 Annual Review of Development Effectiveness* (ARDE), authored by Nagy Hanna under the guidance of Robert Picciotto, set out to examine development experience through the lens of CDF principles. A number of papers were commissioned to support the ARDE by providing in-depth review of evaluation and research findings that assess the relevance of the CDF principles and constraints as well as promising approaches to their implementation.

This document examines the idea of 'partnership', one of the four pillars of the Comprehensive Development Framework (CDF). This is a long-standing and much-debated theme. Many donors already have substantial experience with development partnerships, and there are other models of partnership from other fields, such as business and law, and in the literature on participation.

Partnership is far from straightforward, requiring clarification of the terms on which it is undertaken, its scope, and the mechanisms that underpin it. At one extreme, partnership can look very much like conditionality, with power held by the donor, the agenda set by the donor, and accountability running from the recipient to the donor but not the other way. At the other extreme, there can be genuine dialogue and decisionmaking, based on trust, covering a wide agenda, and backed by reciprocal accountability, often based on a form of contract.

For the Bank, key initiatives are to be explicit about the kind of partnership it is seeking; to treat partnership as an organic process, in which trust is built over time, and in which steps are taken to weave a ‘fabric of sustainability’; and to consider how mutual accountability may be built, perhaps in the form of a contractual arrangement.

Introduction

World Bank President James D. Wolfensohn's (1999) proposal for a Comprehensive Development Framework lays great emphasis on *partnership* and suggests what this term might mean (box 1). Key concepts are ownership, coordination, transparency, and accountability. Ownership applies to developing countries and their governments; the other concepts apply equally to the other parties in the development partnership—donors, non-governmental organizations (NGOs), and the private sector. There is no blueprint, however. The pace and degree of public debate and participation will vary by country and stage of political development.

Box 1. Partnership in the Comprehensive Development Framework

"It is clear to all of us that ownership is essential. Countries must be in the driver's seat and set the course. They must determine goals and the phasing, timing, and sequencing of programs. Where there is not adequate capacity in the government to do this, we must support and help them establish, own, and implement the strategy. And we must work to achieve the strategy with our colleagues in the government, in the international development community, the civil society, and the private sector. In some countries, the long and short term goals will be set by a process of public debate and consensus building led by the government with all sections of society. In other countries, the establishment of goals will continue to be set more centrally."

"There is no way that the World Bank should be seen as assuming the role of coordinator of all programs in the matrix . . . the foremost objective of the matrix is to give all the players a framework that can ensure openness, a basis of co-ordination of effort . . . a step towards inclusion, transparency, and accountability . . . the pace will vary by country and by stage of political development." (Wolfensohn 1999, 9–10; 23–24).

The question to address is how far contemporary research can illuminate and extend this model and identify implementation issues. There is a substantial body of work available on partnership, including initiatives by the Bank itself (see references).

In May 1998 the Partnerships Group at the Bank published a Discussion Paper on *Partnership for Development: Proposed Actions for the World Bank* (World Bank 1998a). The report provided an operational definition of partnership, identified the requirements for successful partnership, and laid out a strategy, short-term actions for the Bank, and a proposal for a partnership code of practice. (Annex 1 contains the report's executive summary.) Not surprisingly, the ideas it presents are broadly consistent with Wolfensohn's later paper. The Discussion Paper was discussed in the summer of 1998 at a series of roundtables and other consultations around the world. A summary of points made, presented to the Board in September 1998 (World Bank 1998b), noted that there was “overwhelming support” for a partnership approach. It also identified five key challenges for implementation:

- Partner acceptance, including on the part of the Bank, of country-led development strategies, perhaps even when they do not fully agree
- Broader dialogue, not just on aid, but also on debt relief, market access, and trade policies linked to the idea of a fair deal
- More open information, especially for civil society
- Greater involvement, together with recognition of the diversity and pluralism of civil society
- Greater cohesiveness in delivering development assistance, particularly between the Bretton Woods institutions and other donors.

Subsumed within this list are some key challenges to the implementation of partnership. Will donors really allow partner countries to pursue strategies with which they do not agree? Will donors be held accountable for their actions to the same degree that they expect recipient countries to be accountable? Is a national consensus either a realistic option or a necessary condition for change? And are the institutional structures in place internationally to guarantee a coherent and democratically accountable response across aid, trade, and international finance?

Perspectives on Partnership

These questions about partnership are not new, and there is some evidence to help answer them. The evidence comes from the experience of other aid donors, but also from other fields where the concept of partnership is common (as in law). There are also useful ideas to be drawn from the wider debate about participation.

The Development Assistance Committee of the OECD

The starting point for any current discussion of partnership ought to be the work of the DAC, which has put the idea of development partnerships at the heart of its development strategy for the 21st century, *Shaping the 21st Century* (OECD/DAC 1996), and has also produced a "Working Checklist" for development partnerships.

Shaping the 21st Century describes a "compact" for effective partnerships and identifies the responsibilities of developing countries and external partners, as well as joint responsibilities. (The 19 points of the compact are summarized in box 2 and provided in full in annex 2). A preamble lays down the "basic principle" that "locally-owned country development strategies and targets should emerge from an open and collaborative dialogue… in ways that respect and encourage strong local commitment, participation, capacity development and ownership" (OECD/DAC 1996, 14).

Box 2. DAC Compact for Effective Partnership

Jointly

1. Adequate resources
2. Policies that minimize conflict
3. Stronger protections against corruption
4. Encouragement of civil society
5. Work with rapidly developing countries and regional development mechanisms

Developing countries

6. Appropriate macroeconomic policies
7. Commitment to social development
8. Accountable government
9. Support for stronger human and institutional capacity
10. Climate favorable to enterprise and savings
11. Sound financial management
12. Stable relations with neighbors

External partners

13. Stable relations with neighbors
14. Better international trade and investment system
15. Adherence to aid guidelines
16. Support for capacity building
17. Access to information and technology
18. Support for coherent policies, including human rights
19. Better coordination of aid

Source: DAC 1996 (p. 14).

Much of this is entirely consistent with the formulation in the CDF paper (Wolfensohn 1999), especially the emphasis on ownership and participation. There are some important additional points, however, especially a first cut at what might constitute acceptable policies by the developing country, a commitment to the reliability of external assistance, a recognition of the importance of trade and investment issues, and a shared commitment to good governance internationally.

In 1998, the DAC Compact was further developed as a "Working Checklist for Strengthening Development Partnerships" (see annex 3). The checklist is less specific than the Compact on some issues (for example, on what constitutes good policy at the country level) but more specific in other respects, calling specifically for the untying of aid, more program aid and budget support, closer links with the private sector, and more joint monitoring and evaluation of aid. On critical process issues, it is largely consistent with the CDF paper (Wolfensohn 1999), but on some points more concrete (e.g. the call for standing subgroups of partners on themes and sectors, preferably led by the host government).

The Lomé and Cotonou Conventions

Turning to donor experience, the history of the Lomé (now Cotonou) Convention provides an object lesson in the potential and pitfalls of partnership (Bossuyt and Laporte 1994, Maxwell and Riddell 1998). The Conventions (the first was signed in 1975) are legal treaties between the European Union and a group of developing countries in Africa, the Caribbean, and the Pacific - the ACP countries (see Lister 1988 and Whiteman 1998). The treaties define principles of cooperation in aid and trade, establish legal instruments for the transfer of aid, and introduce an element of "contractuality" to the aid relationship. From the start, the Lomé Conventions provided for agreement by donor and recipient on a formal "national indicative program", signed by both parties and fixing, in global terms at least, the level of aid to be provided. It was also clear that the recipient would take the lead in defining how the money would be spent. There were repeated references in the conventions to "objectives that the ACP States set themselves" (article 47, for example), and a procedure was established for drawing up the EU's indicative aid program based on proposals made by each state (article 51).

The history of the Lomé Conventions since the early days is one of gradual retreat from these high principles of partnership (Crawford 1996). Initially, this was because the economic model chosen by some developing countries was clearly at variance with what the European Union believed to be best for the country concerned. In a later phase, it was because the European Union could not accept that aid should be provided irrespective of human rights violations. Thus the terms of the treaty were gradually tightened. Specifically, greater importance was attached to policy dialogue in the preparation of the national indicative programs, tighter conditionality was written into the programs, and human rights clauses were introduced (after 1986). The last Lomé Convention, approved in 1990 for a ten-year period, retained an aura of "contractuality," but the distance between the European Union and other, more traditional donors had narrowed significantly.

There were, nevertheless, elements of contractuality that left the European Union ahead of some other donors. The formal negotiation over the Lomé Convention and over individual national indicative programs was one; the role of the ACP secretariat is another. In comparing the aid performance of different donors during an evaluation of EU aid, focus groups in Ethiopia expressed particular appreciation of a negotiated (and therefore jointly-owned) EU aid framework (Maxwell 1996a).

The remaining tension over partnership could be seen in the Negotiating Mandates produced by the two sides for the last re-negotiation, completed in January 2000. Beneath the shared desire for a strengthened partnership that should facilitate poverty reduction, sustainable development, and the further integration of ACP countries into the world economy - and cloaked in diplomatic language - there were different views on the political basis of the partnership (box 3). The ACP countries believed that "a true partnership cannot be characterized [or even "tinged"] by conditionalities." The European Union stated that it wished to develop a partnership based on "dialogue, contract rather than conditionality, and the fulfilment of mutual obligations," but was much more specific on the obligations of the ACP countries than on its own[1].

Box 3. Perspectives on Partnership from the European Union and the Lomé Convention Countries

"For the [African, Caribbean, and Pacific countries], development should be the primary objective of partnership; it is an objective in its own right, a fundamental human right, not to be subordinated to political objectives or agendas. Political dialogue should reflect this and be unconditional.

The EU seeks a political environment that guarantees peace, security and stability, respect for human rights, democratic principles, and good governance. This is seen as a prerequisite for development."

Source: ECDPM 1999 (p. 1).

In the event, the text finally agreed, and signed in Cotonou on 23 June 2000 (EU 2000), and valid for twenty years, contained innovations which reflected both positions. Poverty eradication and sustainable development were accorded pride of place (Article 1); equality between the partners was identified as the first principle of a 'legally-binding' cooperation (Article 2); and a much-strengthened political relationship was defined, involving a 'comprehensive, balanced and deep political dialogue leading to commitments on both sides' (Article 8). Perhaps most important, the joint institutions of the EU-ACP partnership, particularly the joint Council of Ministers, were given enhanced powers to monitor the relationship and to adjudicate disputes, at least as regards human rights, democratic principles, the rule of law and corruption (Articles 96 and 97): this may make it more difficult for the donor countries to suspend aid unilaterally. There is still some way to go before the institutions have the mandate and the robustness to monitor the partnership in its entirety, but the initial scaffolding in certainly in place.

Sweden

The Swedish International Development Cooperation Agency (Sida) has defined seven criteria for partnership (box 4). Two notable features of this list are the emphasis on transparency of values and the idea of contractuality (explicitly referred to as "a new contractual relationship") supported by a code of conduct.

Box 4. Sida's characteristics of partnership

1. A subject-to-subject attitude.
2. Explicitness about values.
3. Transparency in interests.
4. Clear standards.
5. Adherence to the agreements.
6. Equality of capacity.
7. A code of conduct.

Source: Karlsson 1997 (p. 7).

The United Kingdom

The UK introduced the concept of partnership in the White Paper on international development published in 1997.[2] What the concept means on the recipient side is reproduced here as box 5. What it means on the donor side is set out in the text:

Where low-income countries are committed to the elimination of poverty and pursuing sensible policies to bring that about, the Government will be ready to enter into a deeper, long-term partnership and to provide:

- A longer-term commitment
- An enhanced level of resources
- Greater flexibility in the use of resources (DFID, 1997 2.21).

This formulation of partnership is set in the wider context of a White Paper that deals explicitly with non aid matters, including trade, finance, and investment. It lays particular stress on the commitment required of developing country partners, including commitment to the international development targets and to various aspects of good government.

The Department for International Development (DFID) formulation raises a number of issues. Are all the criteria for partnership equally important, and if not, how will they be

Box 5. A UK Perspective on Development Partnerships

Countries with which we are prepared in principle to embark on a deeper, long-term partnership, involving all forms of assistance, will be lowincome, containing a large proportion of poor people.

They will also be countries where the UK is wanted as a partner, has the influence to play a positive role, and has a comparative advantage in being able to make a strategic contribution to poverty reduction.

We would expect partner governments to:

- have a commitment to the principles of the agreed international development targets and be pursuing policies designed to achieve these and other UN targets to which they have agreed;
- be committed to pro-poor economic growth and conservation of the environment, and be pursuing appropriate policies;
- wish to engage with us and with the donor community to this end;
- pursue policies which promote responsive and accountable government, recognising that governments have obligations to all their people;
- promote the enjoyment of civil, cultural, economic, political and social rights; and which encourage transparency and bear down on corruption in the conduct of both the public services and the business sector.

Source: Excerpted from DFID 1997 (Panel 14).

weighted? Is partnership to be based on needs or results? And what will happen to countries that do not qualify for partnership?

Some of these questions were addressed in later thinking by DFID. Thus, in depicting "issues of governance as lying at the heart of our approach to partnership," Goudie (1998, 8) listed specific areas of concern with regard to DFID's implementation of a partnership approach:

> Inevitably there are a range of key qualifications that are undoubtedly relevant here and that need to be at the fore of our minds in formulating our approach to particular countries. I might mention, for example, the dangers of attempting to generalise across partner countries whose own circumstances show such immense diversity; secondly, we should avoid drawing up mechanistic rules for decision-making that overlook the subtlety and complexity of each of these context; thirdly, we should shy away from formal rankings or league tables that simplistically seek to capture the manner in which we differentiate between the commitment of different partner countries; fourthly, we should not be formulating messages and approaches in isolation from the rest of the external community, but seeking a collaborative and constructive multilateral approach; fifthly, we should take care not to fall back into conditionality, with only a revamped vocabulary, that many see as having dogged past efforts at partnership.

The United States

The U.S. Agency for International Development's (USAID) attempts to create partnerships among business, civil society, and government. Through this effort, launched at the 1995 World Summit for Sustainable Development, USAID adopted a strategic approach to development partnering, designed to increase the capacity of local actors to work together ... and create purposeful coalitions (USAID 1997). A number of lessons have been drawn from this experience (box 6). Three stand out:

First, good partnerships are constructed incrementally. Secondly, where significant resource transfers are the sole focus of assistance, incentives for local participation are hard

Box 6. Lessons from USAID's Intersectoral Partnerships

- Intersectoral partnerships can address large-scale issues that no individual sector can manage alone.
- Partnering requires a long-term commitment, but one undertaken in small steps.
- Partnership does not require a merging of roles by the partners—each retains its own distinctiveness.
- Partnership must be based on a commitment to respect differences and on mutual accountability.
- Partners must keep people focused on the unique win-win situations that partnership produces.
- All key interests should be represented.
- Partners need to disseminate best practice about partnership, to promote future partnerships.
- Successful partnerships encourage creativity and innovation.
- Partnerships are between organizations, not individuals, and should be inclusive.
- Partnerships need to be adapted to local contexts.
- Successful local ownership requires that partners have a stake in resolving the issue and be empowered by the process.

Source: Chanya and others 1998 (pp. 15ff) to sustain beyond the initial resource transfer. Third, both donors and their partners share a common interest in a clear results framework. (Chanya et al 1998, p.11ff).

Non-governmental Organizations

A number of researchers have examined the partnership relationship between non-governmental organizations (NGOs) in developing and developed countries. Fowler (1992), arguing that not all relationships are partnerships, suggests that partnerships are characterized by sharing, with a sense of mutuality and equality of the parties involved. Mutuality could not be achieved without agreement on basic development processes, trust, and legitimacy (tied up with accountability) on both sides. A particular risk was to see partnership as "projection," with NGOs in developing countries treated as a vehicle for the delivery of ideas, resources, management styles, and leadership from developed countries.

In reviewing partnerships between developed and developing country NGOs, Riddell (1993, 4) identified a series of conditions for establishing and maintaining partnerships:

- Recognition of the autonomy of the other partner
- Specification of agency objectives, approaches, and methods
- Listing of the terms and conditions of a partnership agreement, including the responsibilities of the developed country NGO
- Commitment to flexibility, openness, and mutuality
- Acknowledgement that agencies have different interests
- Realization that developed country NGO partners need in-depth relationships with partners in the developing countries, but practical constraints mean that some relationships will be more limited in scope
- Inclusion of an assessment of performance and subsequent reflection and feedback.

Particular NGOs have adopted similar principles. For example, CARE USA identifies the following characteristics of partnership (Burke 1998 pp. 4-5):

- Weave a fabric of sustainability
- Acknowledge interdependence
- Build trust
- Find shared vision, goals, values, and interests
- Honor the range of resources
- Generate a culture of mutual support and respect for differences
- Find opportunities for creative synergy
- Address relationship differences as they occur
- See partnering as a continuous learning process.

Business and Law

In commerce, of course, the principle of partnership has been developed in legal terms (through contract law). The contractual format, with precise stipulations of the rights and responsibilities of each partner, may provide a source of ideas for drafting development cooperation partnerships. In contractual partnerships performance criteria are explicit and measurable, reporting requirements are specified, timeframes and the limits on independent (non-consultative) action are laid out, and required and prescribed actions are delineated.

There are also non-contractual aspects to commercial partnerships that may offer pointers to those crafting and operating within an intergovernmental partnership for development cooperation. Studies of cooperative business partnerships, especially across national boundaries, have found that intangible factors like trust are crucial in establishing cooperative relationships based on mutual obligation. A study of 17 joint ventures in the United Kingdom and Malaysia found that trust covered both personal and institutional relationships, but that personal relationships were at the core of trust between organizations. Promissory-based trust is the degree of confidence that a party can be relied on to carry out a verbal or written promise. Goodwill-based trust refers to actions and behavior that will benefit the other party. Competence-based trust relates to the knowledge, skills, and expertise of the parties (Butler and Gill 1999).

Participation

A final set of connections is to the literature on participation, which in many ways mirrors that on partnerships. In particular, analysts have identified different levels of participation (box 7). They range from "manipulative participation," in which participation is "simply pretence," to "interactive participation," in which participation is a right and its implementation is characterized by joint analysis, systematic learning, and local control.

Common Themes

Several common themes emerge from the diverse experiences reviewed here:

- The need for the right values, including a genuine commitment to sharing, on both sides
- The importance of trust and of taking measures to build trust
- Partnership based on empowerment of the weaker party
- The scope (or need) for contracts to back up partnership agreements
- The need for a longterm perspective and for an incremental, sustainable approach to partnership
- The need to be pragmatic in applying partnership blueprints.

Box 7. The Spectrum of Participation

Interactive participation	People participate in joint analysis, development of action plans, and formation or strengthening of local institutions. Participation is seen as a right, not just the means to achieve project goals. The process involves interdisciplinary methodologies that seek multiple perspectives and make use of systematic and structured learning processes. As groups take control over local decisions and determine how local resources are used, they gain a stake in maintaining structures or practices.
Self-mobilization	People participate by taking initiatives independently of external institutions to change systems. They develop contacts with external institutions for resources and technical advice they need, but retain control over how resources are used. Self-mobilization can spread if governments and NGOs provide an enabling framework of support. Such self-initiated mobilization may or may not challenge existing distributions of wealth and power.
Functional participation	Participation is seen by external agencies as a means of achieving project goals, especially reduced costs. People may participate by forming groups to meet predetermined objectives related to the project. Such involvement may be interactive and involves shared decision-making, but tends to arise only after external agents have already made major decisions. At worst, local people may still only be co-opted to serve external goals.
Participation for material incentives	People participate by contributing resources, for example labor, in return for material incentives. Farmers are involved in neither experimentation nor the process of learning. People have no stake in prolonging technologies or practices when the incentives end.
Participation by consultation	People participate when consulted or when answering questions. External agents define problems and information gathering processes, and so control analysis. Such a consultative process does not concede any share in decision-making, and professionals are under no obligation to take account of people's views.
Passive participation	People participate by complying with what they are told, what has been decided, or what has already happened. Project management makes announcements without listening to people's responses. Any shared information belongs only to external professionals.
Manipulative participation	Participation is simply pretence. The people's "representatives" on official boards are not elected and have no power.

Source: Adapted from Pretty 1995, as presented in DFID 1998a (p. 26).

Conclusions and Practical Lessons on Partnerships

It is easy to conclude from this review that the intentions of the CDF initiative toward partnership are honorable: the Bank's heart, so to speak, is in the right place. The key words identified in President Wolfensohn's paper (ownership, coordination, transparency, accountability) are the right words, and they reflect much current thinking on the subject.

At the same time the experience reviewed shows three things. First, that, even within contemporary discourse, there are shades of difference that may imply different approaches to partnership: the Bank will have choices to make, analogous to those set out in the participation ladder (see box 7). Is the intention to have the partnership equivalent of "interactive participation" or something less ambitious? Will different countries be accorded partnerships of different quality? And if so, on what basis? These questions are particularly important in deciding what form Bank partnerships will take in countries with which there is serious disagreement on the aims or instruments of development policy. Goudie's (1998) warnings against mechanistic approaches and formalistic league tables have particular resonance.

The second lesson is that the development of partnership is an organic process, which grows as trust develops. The key idea here is that active steps need to be taken to build trust and to help partnership develop—what CARE describes as "weaving a fabric of sustainability".

A third lesson is that mutual accountability appears to lie at the heart of successful partnership relations and that accountability is often backed up by formal procedures and even a legal framework. This is a big jump for donors to make, as experience with the Lomé Convention has demonstrated. Accountability requires monitoring, but in contractual form it also requires mechanisms to deal with breaches of contract, and a form of redress open to both parties if the contract is broken. Reflecting on this issue, Maxwell and Riddell (1998, 265) comment that "perhaps what we need is a kind of WTO agreement for aid administration."

The Bank will want to address all three of these issues and the links between partnerships and strategic selectivity (Annex 4). One way is to take up the idea of a partnership code of conduct, originally proposed in its own paper of 1998 (World Bank 1998a). In conformity with the principles reviewed here, however, the code should probably be prepared jointly by the Bank and its various partners.

Annexes

Annex 1. Executive Summary from "Partnership for Development: Proposed Actions for the World Bank"

The starting point for the Bank's partnership agenda is its relationship with developing countries, and the impact of its services on their development.[3] The single most important theme running through the dialogue on development effectiveness is the need to put committed developing country governments, and their people, at the centre of their development process. Experience shows that developing country ownership of its development strategy is a necessary condition for development effectiveness and poverty reduction.

This paper proposes that the Bank's partnership agenda should be addressed toward attaining this goal. The strategy is to design, with developing country governments and official development institutions, a new approach to development assistance that convenes all major stakeholders around the country's development strategy, programs, and projects.

There is now considerable international support and consensus for these positions, and wide agreement that partnership is needed to improve the efficiency of development assistance and deliver more effective results on the ground. Our vision is that the developing country defines its national development strategy. Official development institutions determine their assistance strategies in support of this national strategy, and in consultation with each other.

The implementation of this partnership approach to development will depend on country-specific circumstances and the result of consultations with key stakeholders. Elements of this approach have already been tested in selected countries in several continents, with promising results. The broad elements of this partnership approach include:

Promoting and encouraging national capacity and consensus building, through joint economic and sector work, and through consultative mechanisms led by the government, with participation of civil society, the private sector, and external partners;

Aiming for a core national development strategy broadly owned by the country, with assistance from official development institutions, pledging their support at a meeting convened by the government — the "Development Partners Coalition"; and

Arranging partnership frameworks between key development actors, based on shared objectives and comparative advantages in support of the country's national development strategy.

The paper also proposes short-term concrete actions. These actions include supporting national and subnational conferences on development strategy; revamping the consultative group process; developing partnership frameworks and opening a dialogue with partners on joint actions; and transforming the Bank's partnership culture.

Annex 2. A Stronger Compact for Effective Partnerships

We have stressed throughout this paper that each developing country and its people are ultimately responsible for their own development.[4] Thus, the developing country is the necessary starting point for organising co-operation efforts, through relationships and mechanisms that reflect the particular local circumstances. Some developing countries will need special help in building the necessary capacities. Development co-operation at the regional level, and on sectoral lines, is also important. However, these approaches should complement and enrich efforts to strength national capacities for sustainable development.

As a basic principle, locally-owned country development strategies and targets should emerge from an open and collaborative dialogue by local authorities with civil society and with external partners, about their shared objectives and their respective contributions to the common enterprise. Each donor's programs and activities should then operate with the framework of that locally-owned strategy in ways that respect and encourage strong local commitment, participation, capacity development, and ownership.

While the particular elements of partnerships will vary considerably, it is possible to suggest areas in which undertakings might be considered by the partners as their commitments to shared objectives.

Joint Responsibilities

- Create the conditions conducive to generating adequate resources for development.
- Pursue policies that minimize the risks of violent conflict.
- Strengthen protections at the domestic and international levels against corruption and illicit practices.
- Open up wide scope for effective development contributions from throughout civil society.
- Enlist the support of rapidly developing countries and regional development mechanisms.

Developing Country Responsibilities

- Adhere to appropriate macroeconomic policies.
- Commit to basic objectives of social development and increased participation, including gender equality.
- Foster accountable government and the rule of law.
- Strengthen human and institutional capacity.
- Create a climate favourable to enterprise and the mobilisation of local savings for investment.
- Carry out sound financial management, including efficient tax systems and productive public expenditure.
- Maintain stable and cooperative relations with neighbours.

External Partner Responsibilities

- Provide reliable and appropriate assistance both to meet priority needs and to facilitate the mobilisation of additional resources to help achieve agreed performance targets. Contribute to international trade and investment systems in ways that permit full opportunities to developing countries.

- Adhere to agreed international guidelines for effective aid, and to monitoring for continuous improvement.
- Support strengthened capacities and increased participation in the developing country, avoiding the creation of aid dependency.
- Support access to information, technology, and know-how.
- Support coherent policies in other aspects of relations, including consistency in policies affecting human rights and the risks of violent conflict.
- Work for better co-ordination of the international aid system among external partners, in support of developing countries' own strategies.

Annex 3. Strengthening Development Partnerships: A Working Checklist

As part of the continuing work of the OECD's Development Assistance Committee (DAC) aimed at effective implementation of the Development Partnerships Strategy, a Forum of Development Partners was convened on 19 January 1998 in conjunction with the Committee's Senior Level Meeting[5] . The Forum presentations focused on five partner countries, together with much other experience by DAC members . . . led the Senior level participants to the following points as a working checklist to guide efforts toward improving partnerships and simplifying and harmonising donor procedures.

Donors should encourage recipient partners to formulate their own development strategies, setting out the local priorities, plans, and instruments for implementing such strategies. This process should systematically involve civil society, as well as consultation with external partners. Where such locally owned strategies are compatible with internationally agreed goals, donors should work to implement their aid programmes in a co-ordinated manner on the basis of such locally owned strategies and accept their discipline.

Donors should stimulate and help strengthen recipient partner-led co-ordination of development co-operation. The capacity for local co-ordination (which can and should also strengthen the international process) may be improved by donors' own delegation of decision-making authority from headquarters to field missions. At the international level, the possible advantages and disadvantages of organising Consultative Group (and Round Table) meetings in the capitals of the recipient partners concerned, should be further tested in practice.

Transparency of donor and recipient partner interests and mutual trust should be increased through continuous dialogue, both informal and through systematic work on themes and sectors through standing sub-groups, preferably led by the host government.

External partners should agree in principle to adjust more to local procedures, where necessary helping recipient countries to bring their procedures and management capacities up to international standards. There may be useful DAC roles in identifying best practices and helping organise pilot exercises to move toward the simplification and harmonisation of procedures.

Practices involving tied aid are prominently identified among procedures that can impair local ownership and capacity building, with substantial economic and credibility costs. The proposal for a DAC Recommendation to start with untying aid to Least Developed Countries could be a step toward improved partnerships in this area, yielding additional tangible benefits for partners from competitive bidding and from local procurement.

Donors share the objective of ending the proliferation of projects and providing their aid increasingly in forms of program and budget assistance to support the country's strategic priorities for development. To this end, they need to help strengthen partner countries' capacities to manage such aid, and further test the various approaches and conditions under which they can pool their contributions in country funds for major sectors or key goals, e.g., poverty eradication. The integration of aid spending into the overall budget context may require donors to manage their own significant inputs differently to help strengthen local revenue pools.

There is a widely felt need to support local capacity building by changing the existing modalities for providing technical co-operation, which often appears expensive and excessive, hampering true ownership and the use and development of local capacities.

The practices of joint monitoring and evaluation of development programmes by donor and recipient partners should be further developed and applied, with a view to learning together the lessons of achievements and failures.

Improving the coherence between external partners' development co-operation policies and their other policies (such as those affecting trade and investment) affecting recipient partners is clearly seen as increasingly important to help the developing countries concerned move toward reduced dependence on aid.

Innovative ways of financing should be constructed so as to have ODA play catalytic and leverage roles in generating and attracting other forms of domestic and foreign investment; the roles of grants, loans, forms of support for the local private sector, and "matching" contributions by beneficiaries merit further careful assessment and coherent policies.

External partners should continue to help lessen the debt burden of recipient partners; in this context, among others, the modality of various types of "debt swaps" should be considered.

Annex 4. Partnership and Selectivity

The concept of partnership must be dealt with in tandem with the concept of donor selectivity. Selectivity is used in different ways depending on actor and context. At the country level selectivity (or positive conditionality) is presented as an alternative to conventional conditionality. Donors are advised to reward governments that have already demonstrated commitment to implementing positive reforms (by adopting performance-based aid), rather than demand promises of change before funds are disbursed. In terms of a donor's global operations, then, selectivity implies a bounded application of the partnership principle: recipients must first qualify for partnership by meeting a certain minimum level of performance—or, in a two-tier approach, governments adopting good policies would receive advice and financial assistance, while those without good policies receive advice alone, in the hope that this will move them toward a better policy environment (Dollar and Pritchett 1998). It is not immediately clear how the concepts of partnership and selectivity can be reconciled without compromise to one or the other .

Bilateral donors, with whom the Bank must work in the evolution of the CDF, often interpret selectivity in global operations differently. Whereas the Bank approaches selectivity in terms of what countries not to work with (because of unconducive policy environments), bilaterals tend to approach it in terms of what countries to work with. With smaller budgets and less universalistic obligations, bilaterals have potentially much to gain from concentrating operations on a smaller number of sectors and partners (often described as concentration or priority countries). Such selectivity helps bilaterals achieve more with limited funds. Yet progress has been slow, reflecting the institutional inertia of country operations. Many bilaterals in practice still operate on a "watering can" basis, spreading aid thinly between a multitude of countries and achieving significant impact in few.

Selectivity also applies to decisions about development partnerships at other than national levels. The principle of strategic selectivity—choosing sectors, partner institutions, instruments, and the like on the basis of an objective and long-term analysis—can be conceptualized in different ways:

- On the basis of need. Need would seem to be the most obvious basis for choosing among different forms of assistance. The difficulty is obviously in obtaining agreement on what is needed, and how urgently, and it is here that the definitions of partnership and ownership are critical. Donors may disagree with the government, or with each other, about which problems, sectors, regions, or groups to select as priorities. Different elements within the partner government may disagree about the relative importance of different interventions and the suitable role for donors. It is also possible to identify different long- and short-term strategies. Taking a long-term perspective, a donor might decide that second-best programs are a necessary price to pay for local ownership, on the grounds that local ownership establishes the conditions for capacity building and more effective actions in the future. This approach, however, runs counter to the ethic of professionalism (and accountability) rightfully stressed within donor management.
- On the basis of long-term comparative advantage of the donor institution. Adopting this approach, activities or partners are selected on the basis of what the donor can do best, or can do better than other donors operating in the country. This interpretation has intuitive appeal, but agencies' claims of comparative advantage need to be viewed cautiously. For large, specialized agencies (like UNICEF, the World Food Program, or the World Health Organization) the lines are relatively clear, although even here there is room for overlap (for example, between UNICEF and WHO, which both have an interest in child health). Amongst bilateral donors, especially the smaller ones, claims of comparative advantage are harder to confirm in objective terms.
- On the basis of the comparative advantage of partner institutions. Performance-based lending is concerned primarily with the decision on which countries to lend to, but it also provides the basis for more nuanced aid allocation by disaggregating partner performance into different categories. It would seem sensible for donors to work with partner institutions with the will and capacity (analytical, financial, political, and institutional) to make the most of this assistance. However, institutional capacity can be defined or measured in different ways, and different institutions may possess different comparative advantages (box 8).

Box 8. Comparative Advantage of Partner Institutions in Cambodia

In Cambodia donors have often preferred to work with the Ministry for Rural Development rather than the Ministry of Agriculture. Comparative advantage here was perceived in terms of openness to ideas, greater level of commitment and willingness to work outside the capital, more holistic conceptualization of rural development problems and solutions, and (arguably) a less patronage-based internal organisation. But the Ministry of Agriculture had a larger budget and, being aligned with the most powerful party in the post-election coalition, faced fewer obstacles in implementing decisions through provincial and subprovincial administrations, which were still overwhelmingly loyal to this party. In this case, the ministry with ideas and pro-poor orientation and the ministry with real power did not align.

Strategic selectivity needs to be understood in dynamic terms. There are significant gains from continuity, but donors must also be responsive to changes in the national situation, which may lead to a change in objectively defined needs or in the constellation of potential partner institutions, with some improving and some declining in terms of "comparative advantage." It must also be recognized that strategic selectivity is a multiplayer rather than just two-player game: failure to do so may result in suboptimal aid effectiveness (box 9).

Box 9. The 20:20 Initiative and Primary Education

In some cases international commitments to global targets have led to distorted aid allocation at the national level. As part of the 20:20 compact, for example, many donors have pledged to allocate 20 percent of official development assistance to basic social services in any country in which the partner government committed a similar proportion. Were this a contract between the partner government and just one donor, it would be unambiguously useful. However, in some countries with low rates of economic growth, a long record of high social spending (often to good effect, as in Tanzania), and a high ratio of dependency on aid, this contract may distort aid allocation. Some African governments, having met the criterion by spending more than 20 percent of the budget on the target sectors, have been deluged with donor funds for primary services (particularly primary education), when some of these funds might have been better directed to alternative activities (such as infrastructure or agricultural production). Here a global approach to selectivity (a decision that primary social services are key to reducing poverty) contradicts a country-level approach to selectivity.

Strategic selectivity may thus be taken as an argument for or against greater partner ownership of the national development process, depending on the basis for selection. The Bank at present sees the gain of strategic selectivity as enhancing the coherence and impact of country programs by concentrating efforts on a narrow rather than broad range of sectors. These sectors are to be chosen on the basis of three criteria:

- Potential magnitude of impact
- Likelihood of country action
- Comparative advantage of the Bank relative to other donors operating in the country.

It is clear that in any given case there is a reasonable possibility that these criteria will pull in different directions. In a given country the action most likely to enlist government support and to result in impact may be one in which the Bank has no comparative advantage relative to other donors. Impact- and government-led selectivity may lead to the Bank contributing to a crowded field, straining existing partner capacities and the ability to achieve donor coherence. And selecting interventions on the basis that they are most likely to demonstrate significant impact may bias action away from the most important challenges, which are usually (and unsurprisingly) those where the obstacles to success are greatest (working in countries where the government lacks will or capacity, working with pockets of persistent poverty that do not respond to general processes of growth-led poverty reduction, and so on). While thinking strategically rather than reactively about where, how, and with whom to work is clearly a positive step, it must be recognized that the concept of strategic selectivity does not in itself provide a specific guide to improving development cooperation. There are many, potentially contradictory criteria on which to base strategic selection.

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Endnotes

1. Specifically, the EU negotiating mandate identified four 'fundamental principles' of partnership. These were: (a) ownership, (b) participation and shared responsibility, (c) dialogue, contract rather than conditionality, and (d) a differentiated approach, in which co-operation was tailored to a partner's level of development (EU 1998 p. 3).

2. This section draws on Maxwell and Riddell 1998 pp.260-1.

3. This annex is excerpted from World Bank (1998b).

4. This annex is excerpted from OECD/DAC (1996).

5. Taken from the DAC website page, "Strengthening Development Partnerships: A Working Checklist"—http://www.oecd.org:80/dac/htm/strength.htm