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**The Partnership Between Nazareth Children's Center
and Integrated Development (NACID) and
Catholic Relief Services/Ethiopia (CRS/E)**

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Executive Summary

The relationship between NACID and CRS/Ethiopia may be seen as a mature partnership, which has evolved and grown over its ten-year history. CRS is currently NACID's largest donor, even as NACID has grown into a strong and effective locally-respected NGO. The partners may be nearing a time when they re-negotiate the basis of their cooperation. NACID may no longer qualify for the USAID funds, which have been provided by CRS. For its part, NACID has expanded its strategy to include advocacy and is seeking to approach USAID in Washington, DC. The mutual expectations between NACID and CRS/Ethiopia may be different in the future than they have been in the past. The study explores the history of the partnership, how well the current arrangements are working, and potential issues for the parties to consider as they strengthen their partnership.

Evolution of the Partnership

The partnership began in 1988 when CRS/Ethiopia agreed to drill a well at the orphanage near Nazareth founded by NACID. Cooperation expanded slowly over the next four years, as the two organizations got to know each other and as mutual interests became clearer. CRS/Ethiopia was one of several donors, from drilling the well, it went on to provide relief food supplies, funds for maternal child health, and other kinds of funds and technical assistance for NACID's integrated development programs. Shared missions and program orientations facilitated cooperation between the two organizations.

Today, NACID is one of four major CRS counterparts in Ethiopia. CRS provides resources through USAID funding to NACID in agriculture, maternal child health, and women's saving and credit. As NACID and CRS/Ethiopia have grown, the partnership between them has also grown and become more complex. CRS/Ethiopia has a large number of counterparts (60 -70) which may overstrain its capacity to relate to each one. The large USAID funds it provides to NACID are valuable, but carry restrictions that limit the flexibility with which they can be used. NACID, for its part, has increased its sources and amounts of funds, but finds it difficult to add the organizational capacity to manage them because of the lack of sufficient support for overhead expenses.

Current Partnership Arrangements

CRS's strategy has been to promote relief and development by working with local organizations since its post-war founding. It has established criteria for selecting counterparts and regularly holds counterpart retreats to bring its partners together to discuss common issues. The specific formal agreement between CRS/Ethiopia and NACID is documented in a contract based in the U.S. law governing the use of food aid, PL 480. CRS provides funds, material resources, and technical assistance to NACID, while NACID uses the resources appropriately and reports on program and financial progress to CRS.

Formal roles and responsibilities for relating to the other organization are assigned to staff at managerial and technical levels. Multiple channels of communication and a shared sense of freedom to initiate discussions leads to a fairly high degree of mutual understanding. Each organization seems to understand the larger context and constraints on the other, even as they articulate particular problems and issues. Informal relations are reported to be cordial and positive. At times, some staff take meals together. The Country Representative of CRS and the General Manager of NACID participate together at the same level in larger NGO networks and forums.

The ten years of the partnership have given the parties the opportunity to work out ways of managing differences and conflicts. One strategy that seems to work is for individuals to discuss issues that arise, seeking to arrive at mutually agreeable solutions. NACID appreciates it when CRS staff can be flexible in applying the policies and procedures in ways that enable NACID staff to respond to emerging needs and contingencies. CRS also is very transparent about the reasons behind its policies and procedures, so that when it is not able to be flexible, NACID can see why.

Systemic Influences on the Partnership

The major systemic influences on this partnership stem from external actors and forces. Since the resources CRS provides to NACID come from USAID under PL480 regulations, most of the policies and procedures are determined by USAID. As a CRS staff member put it, this involves a trade-off for NACID: on the one hand they receive a large sum of resources, but on the other, their flexibility is limited by the regulations.

Another significant actor (or set of actors) is the Ethiopian government. In general, the partners feel that it does not create an enabling environment for NGO activities in the country. Bureaucratic procedures delay operations, recent decentralization efforts have created confusion due to ambiguous levels of authority and diverse policies. CRS and NACID must develop good relations with the appropriate authorities, even to the extent of NACID diverting its resources for government purposes. CRS and NACID, like other international and national NGOs in Ethiopia, have initiated networking and advocacy efforts to try to influence government policy.

Internal organizational influences on the partnership appear to be felt primarily by NACID. They have increased the size of their programs and associated funds received, but are hampered by the lack of resources available to develop their organizational capacity to manage the necessary information and bookkeeping. They would find it easier to manage their resources if funds were provided to cover a certain percentage of their overall costs, rather than for project-specific items.

The Value of the Partnership: Achievements, Future Hopes and Challenges

Both partners feel that the major achievement of their relationship has been the contribution to relief and community development in Ethiopia. CRS/E is proud to have played a role in NACID's growth and development. NACID is a strong local NGO which will continue to contribute to sustainable community development even if CRS no longer operates in Ethiopia.

In the future, both partners foresee cooperating in mutually beneficial areas. NACID voiced some concerns with current USAID-related terms, such as the lack of resources for overhead, the gap between the 1-year contracts signed with CRS and the 5-year contracts it is obliged to sign with the government, and the lack of ownership of the capital equipment it receives under the grants.

The larger issues, however, concern re-thinking the very basis of cooperation, from program implementation to broader areas of cooperation. CRS/E may engage in internal discussion about exit strategies that influences the nature and extent of cooperation with NACID. NACID appears interested in cooperating with CRS to increase its capacity for influencing and contracting directly with USAID. Strengthening the partnership between NACID and CRS/E may take any number of new and interesting directions.

The Partnership between Nazareth Children's Center and Integrated Development (NACID) and Catholic Relief Services/Ethiopia (CRS/E)

"NACID is like a young woman who has grown up, reached a certain level where she could get married go out on her own resources," reflected Yemane Kahssay, Liaison Officer for Catholic Relief Services/Ethiopia (CRS/E), when asked what cultural- or family-related images would describe the partnership between CRS/E and Nazareth Children's Center and Integrated Development (NACID) *"If they wish [NACID] will stop the relationship I don't think they feel too dependent"*

The day before, at NACID's head office across Addis Ababa, Kassaye Haile, General Manager, had offered a parallel perspective indicating the level of maturity that has been reached in the partnership, *"CRS is the father of so many children We are wondering how far is CRS committed to empower its counterparts? When do we graduate? When do we receive our certificate?"*

The partnership between NACID and CRS/Ethiopia may be nearing a time when the two organizations re-negotiate their terms of cooperation. CRS/E sees NACID as a vital, independent, NGO which will not collapse if CRS support declines or ends. NACID operates in a food-secure area, so there is some concern in CRS that it may not be eligible to receive USAID-based funds earmarked for food-insecure areas. For its part, NACID has expanded its strategy from that of a 'second generation' NGO, primarily involved in service delivery at the community level (Korten, 1990: 117), to a 'third generation' approach, actively engaging in policy advocacy in Addis and the US. NACID has developed its own distinctive 'voice'. Its needs and interests for cooperation with CRS are changing.

The leaders and program staff of both organizations agree that the partnership is *"strong"* and *"valuable"*, even as it has its *"problems"*, *"bumps"*, and *"ups and downs"*. Insight into the future directions of the partnership may be enhanced by an in-depth look at the history and evolution of the relationship from the perspective of both parties. This case study of the partnership between NACID and CRS/Ethiopia examines the history and current state of the relationship between the two organizations in order to develop a better understanding of the factors which have made it successful in the eyes of the partners. The case is intended to be useful to the two partners in their ongoing efforts to develop mutually beneficial cooperative arrangements, and to the wider community of US private voluntary organizations (PVOs) and African non-governmental organizations (NGOs) who seek to create and improve satisfying and effective partnerships for sustainable development.

The study examines four major aspects of the partnership between NACID and CRS/Ethiopia: (1) the evolution of the partnership, from its beginning to the present, (2) the current cooperative arrangements between the two organizations, including formal agreements and informal relations, (3) the major systemic influences on the partnership from internal organizational features and stakeholders in the external environment, and (4) the partners' assessment of the value of the partnership, including its major achievements and future hopes and challenges.

Methodology

This case is one of a series of five studies of partnerships between US PVOs and African NGOs designed to identify and explore the elements which contribute to effective cooperation. The project is organized by The Institute for Development Research (IDR), of Boston, MA; MWENGO, of Harare, Zimbabwe, and the Global Excellence in Management Initiative (GEM), of Washington, DC. Funding is provided by the Office of Private Voluntary Cooperation of the US Agency for International Development.

(USAID) in Washington, DC and in-kind contributions are provided by the participating PVOs and NGOs. Five cases, two in Kenya, two in Ethiopia, and one in Malawi, were selected from among nine volunteered by US PVOs in response to the following criteria: (1) located in Southern and Eastern Africa, (2) represent widespread PVO-NGO programs, (3) commitment to action learning, and (4) the program has evolved over time.

Information about the partnership was gathered through semi-structured interviews and archival documents from NACID and CRS/E organizations. One interview was conducted jointly by the African-US research team, others were conducted by the US researcher. Organizational leaders, key program staff, and a representative program participant who were identified by the organizations were interviewed. Archival documents included annual reports and income and expenditure statements, monitoring and evaluation reports, budget plans, and letters between the two organizations.

Evolution of the Partnership

NACID and CRS/Ethiopia have been cooperating in relief and development activities for almost ten years. "*CRS is a valuable partner*", says Kassaye Haile, founder and General Manager of NACID, "*it was a wonderful connection that we made at the beginning*". Ato Kassaye first approached CRS about drilling a bore hole near the orphanage which NACID had started in Nazareth, about 90 km outside of Addis Ababa. The orphanage served children who were victims of the famine and war in 1984-1986. The Ethiopian government had donated land and buildings for the orphanage, but there was no water. "*We were trucking it in*", recalls Kassaye. CRS, operational at that time and specialized in well-drilling, responded to NACID's request.

The CRS crew drilled the bore hole and NACID obtained the necessary permits from the government and an accompanying generator with the help of UNICEF. Kassaye remembers that the CRS team wasn't sure they'd be able to find water. The manager at the time agreed to drill up to 120 meters. At 117 meters, they saw signs of water. CRS agreed to continue drilling, and finally, at 160 meters, they reached the water. "*This was the life and death stage for NACID*", smiles Kassaye, "*if we had not been able to get water our credibility would have been questioned by the government*". From this initial cooperation in well-drilling, the partnership between NACID and CRS has grown into a multi-faceted and significant relationship for each organization.

"*NACID is a good organization*", asserts Bob Leavitt, Assistant Country Representative for CRS in Ethiopia. "*They are well-organized, relatively transparent and accountable, serious, committed, and of a significant size. The relationship almost runs on automatic, it is free of major problems, compared to some others, and they have good relations with the government*". CRS has provided funds, food commodities, and technical assistance to NACID in support of its relief and development activities over the years. The value of its funds and in-kind donations increased from almost 50,000 Birr in 1992 to a high of more than 2 million Birr in 1995 (Accounts and Audit Reports, NACID, 1992-1997).

A Cautious Beginning

The first few years of the relationship, 1988-1992, were low-key in terms of resource provision from CRS. This relatively slow beginning may have permitted the parties to learn about each other's missions and operating approaches. Both parties agree that having a common vision of relief and development has been important to the success of the partnership. A long-term CRS staff member reports that they observed the orphanage run well and increase the number of children served. In 1989, CRS began shifting back to its traditional strategy of working with counterparts, rather than directly operating programs. NACID was one of the Ethiopian NGOs that satisfied their criteria for counterparts.

In 1991, some extra relief food supplies were given to NACID for its child feeding program. By 1992, NACID was providing integrated development to the communities in the Nazareth area and CRS became their third largest donor (based on the value of funds and in-kind donations), after Ethiopia Aid and the Christian Relief and Development Association. By 1994, CRS was NACID's second largest donor, and it has remained its largest donor since 1996 (Income and Expenditure Statements, 1992-1998, NACID). CRS' contributions expanded from relief food supplies to food-for-work and maternal child health (MCH) donations and funds. CRS now provides in-kind donations, funds, and technical assistance in several program areas to NACID. The value of funds and in-kind donations in the first three quarters of 1998 was 1,774,679 Birr.

Dr. Merid, long-term staff member of CRS, reflects on the important elements of the beginning of the partnership: *"We prefer to work with those with a common vision. They had similar programs and other sources of support. They initiated the orphanage using consultants. When we did follow-up with the well, we found it was well-maintained. In the mix of programs they were clearly told the criteria such as Food for Work, community participation, afforestation, etc. There might have been a bit of a donor-recipient relationship. That's not how I feel, but they might have."*

Multi-Faceted Support to a Major Counterpart

Today, NACID is one of four major CRS counterparts in Ethiopia. CRS provides resources to NACID through three major programs of a five-year US Agency for International Development (USAID) Development Activity Proposal (DAP) grant: agriculture/natural resource management (AG/NRM), food assisted child survival (FACS), and women's saving and credit (WSC). With these resources, NACID runs programs in health care, agriculture and natural resource management, women focused programs, and general relief and rehabilitation. NACID program officers in health, agriculture, and credit report that CRS resources are combined with resources from other donors to fund their program activities. In the health program, for example, CRS resources reach 15 villages through three health posts, which are supplied with medicines, trained staff, and vehicles. The three program officers also value the technical assistance from CRS officers and regular training workshops which assist them in upgrading their skills and NACID's capacity.

Benefits And Challenges Of Growth

Organizational success often brings the seeds of future challenges. Both NACID and CRS/Ethiopia have responded to the severe needs for relief and community development in Ethiopia by scaling up their programs and organizations. Although they do not question the value of increasing their capacity to serve the poor, the parties agree that certain aspects of growth have affected the partnership between the two organizations. *"When you grow your relations change. We've become more complex and CRS changes affect us too"* (Kassaye Haile). At first, reflects Ato Kassaye, the relationship was just about water, *"water was the beginning and the ending"*. But as NACID has grown, the relationship has expanded and involves more kinds of exchange, including large amounts of funds and material resources that have to be distributed and accounted for precisely, legal agreements with CRS and the Ethiopian government, and several layers of personnel relations between the two organizations.

For NACID, both its own growth and that of CRS has presented some issues for the partnership. 1995 marked the first year that NACID reported the strains of managing its growing resources. Since administrative costs tend to average 30% to 40%, but most donor resources don't support more than 10%, NACID has found it increasingly difficult to find resources to cover the administrative overhead of the sizeable grants and donations received. Addressing this problem is of pressing concern to Ato Kassaye, and he looks to other donor practices in the Ethiopian context for possible solutions. One idea he likes, based on the practice of a Catholic donor from the Netherlands, is that of receiving funding to cover a percentage of NACID's overall budget, rather than for specific program expenses. This would

give him greater flexibility to cover administrative and program costs associated with managing an NGO of NACID's size and scope

As CRS has grown and changed its policies, concepts, and program guidelines, NACID is also affected. These kinds of changes force NACID to consider and adjust for impacts on its programs, management and reporting practices, and new proposal design. NACID has found itself among an increasing number of CRS counterparts, which has made it more difficult for CRS to respond to NACID's individual needs. One program officer observed that CRS tends to implement the same programs all over the country, despite the fact that different regions have different needs and priorities. As a local NGO, he would like to see NACID have more flexibility to respond to local needs.

Some in CRS, for their part, recognize the difficulties of managing the number of its counterparts. It has organized the counterparts in three groups, according to the number of sectors in which they operate, and dealing with them differently. In the future, some wonder whether CRS should reduce the numbers of counterparts with whom they cooperate. With regards to flexibility, CRS attributes the existence of most guidelines and regulations to the conditions of USAID funding. From the CRS perspective, some lack of flexibility is the price of significant amounts of funding from USAID. *"The advantage of DAP is that NACID has resources. The disadvantage is that they forego a bit of flexibility. They have to go by the plan."* (CRS staff). Previously, the DAP had been referred to as *"the holy grail"* of USAID grants, because of its size and length of term (5 years).

CRS appreciates the growth in NACID's programs and organization. Long-term staff perceive a change in the relationship which they see as NACID's empowerment. *"In the beginning CRS did have more influence, as they grew CRS declined."* They take pride in having played a role in NACID's growth. *"NACID was small now they have reached a stage of growth to which CRS has contributed. We are their major provider of resources. [Part of NACID's growth] is the fruit of the partnership, in spite of minimal difficulties."*

Current Partnership Arrangements

The previous section provided an overview and background of the ten-year partnership between NACID and CRS/Ethiopia. This section presents a fairly detailed picture of the present partnership arrangements between the two organizations. All partnerships may be understood as having two faces. One is the formal and legal face, shaped by national legal systems and institutional practices. The formal dimensions of partnerships between US PVOs and African NGOs usually are embodied in written contracts or agreements and designated roles and responsibilities for joint tasks. The second face is the informal dimension of partnership, shaped by social and cultural norms, behaviors and expectations. Usually, informal dimensions are expressed in interpersonal relations between individuals involved in the partnership.

Cultures vary in the degree of importance attached to either formal or informal dimensions of partnerships, some observers suggest that one of the key differences between US and African cultures is that Americans generally give more weight to formal agreements, whereas Africans tend to value the relational understandings and interactions more highly (Hall, 1976, Hofstede, 1997). Giving equal weight to both sets of values, this study examines the formal and informal dimensions of the partnership between NACID and CRS/Ethiopia. The main elements of formal agreements are presented first, followed by a discussion of the perceptions about the informal and interpersonal relations from both parties. Finally, the joint approaches to problem-solving and conflict resolution are discussed.

Formal Arrangements

Formal arrangements between the two organizations are shaped by their organizational strategy towards partnership. Ato Kassaye relates that NACID has worked with a number of donors since the first days of the orphanage. *"We have a local Ethiopian saying 'a rat with two holes will never perish'. If CRS tries to impose we can say we have others."* Yet the relationship is not just about funding, *"for me partnership is a shared responsibility. A partnership has to be open, there is shared vision and shared responsibility."*

Similarly, CRS traditionally has worked with nationally-based counterparts to implement relief and development programs. In Ethiopia, it was only operational during several years in the mid-to-late eighties, when political conditions in the country demanded it. CRS/Ethiopia staff affirmed their commitment to the strategy of working with counterparts because they believed it has the best impact on the sustainability of development, one staff even said he was drawn to CRS, as opposed to other US PVOs, because of its counterpart approach.

A CRS document describes four criteria for selecting counterparts: (1) "the group is local and its development agenda controlled by Africans", (2) "local groups should be credible at the grassroots level and promote participatory decision making; projects should emanate from the communities and be owned by them", (3) "local groups should share the mission of CRS, i.e. the empowerment of individuals and communities and the promotion of sustainable and ecologically sound development", and (4) "the group should demonstrate leadership and commitment." The document further elaborates: "The notion behind these criteria is that we are building more than bureaucracies. We are building the human resources needed to carry on an appropriate development agenda. Addressing the needs of grassroots beneficiaries in the core."

CRS/Ethiopia and NACID sign annual agreements required by USAID which outline the terms of their arrangement. They are known as "recipient agency agreements", as per US law, specifically, PL 480, Regulation 11, Article 211.3(c). Dr. Merid perceives a trend towards more systematic and need-based agreements that are time-bound and specify mutual obligations. The current agreement has three major sections, a general overview of the agreement and partnership, the responsibilities of CRS and the responsibilities of NACID. Other minor sections specify the amounts of food distribution rations and beneficiary payments, conditions of validity, and project duration. The agreement is signed and stamped by the executives of the two organizations, the Country Representative of CRS/Ethiopia and the General Manager of NACID.

The agreement names CRS as a "Cooperating Sponsor" and NACID as a "Recipient Agency" as defined in Regulation 11. It further declares that CRS and NACID establish a partnership, "CRS being a sponsor partner and NACID being an implementing partner." Basically, the agreement specifies that CRS obtains material and financial resources as per its approved DAP proposal from USAID, and NACID implements the projects described in the agreement (FACS, Ag/NRM, and WSC projects in the East Shoa zone of Oromia region). Capital items purchased by CRS for the projects remain the sole property of CRS and are to be returned to CRS on completion of the project or termination of the agreement.

CRS' responsibilities are described in seven items. The agreement specifies the amounts of funds and food commodities which will be granted to NACID. CRS allows NACID to use a set maximum of contributions from recipients to cover approved center costs. CRS will release funds and food commodities based on quarterly cash flows and action plans submitted by NACID. Thereafter, activity reports, financial liquidation documents, and financial and commodity reports for previously released resources must be submitted in order to obtain subsequent amounts. Other important obligations of CRS include providing (a) guidelines for project implementation based on CRS/USAID requirements, (b)

technical support through consultation, training, and workshop, and (c) monitoring and supervision through regular field visits and providing feedback

NACID's responsibilities are set out in fourteen items. NACID is charged with ensuring that communities fully participate in the projects and that concerned government ministries support them. NACID must sign agreements with participating communities and concerned government offices. Additionally, NACID must establish a good working relationship with Regional, Zonal, and Wereda bureaus of three ministries, the Disaster Prevention & Preparedness, the Ministry of Agriculture, and the Ministry of Health.

Regarding project implementation, NACID must make sure that the necessary manpower is in place, and that the project is implemented according to the approved operational plan. Only authorized employees may have access to project equipment and vehicles. Selection criteria and other terms of participation required by CRS are stated. NACID must make available a signed list of project participants by program, showing the amount of food commodities or funds paid each time. Criteria for storing food supplies are stated. Records of empty food containers must also be maintained. They may be sold, and proceeds must be transferred to CRS on a quarterly basis. As per Title II guidelines, counterparts can distribute the empty containers to recipients and program participants free of charge, if CRS approves.

The criteria for and procedures by which NACID keeps project records are clearly spelled out. A separate bank account and/or record must be maintained, the records must accurately reflect program operation and all transactions of cash and commodities, and the records and physical storage premises must be available for inspection to CRS and USAID. More than six types of reports are named, along with the regular times when they are to be submitted. NACID is responsible to pay the value of any lost or misused funds or commodities, plus a 20% penalty, should it fail to exercise reasonable care. Finally, NACID is permitted flexibility of 15% in line item spending, provided that total spending does not exceed the total budget. Other deviations require prior written approval from CRS.

Annual plans are done jointly with CRS and its counterparts. NACID understands that, if things go well one year, they are likely to have the next year's plans approved, but it is a source of some uncertainty that the formal plans are only for one year's time. *"It is a three year process,"* explains Leavitt, *"so every year we look back one and forward one."* CRS is making efforts to be more inclusive of its counterparts in the joint planning process. *"Before they submitted, we re-did it and submitted to USAID with no consultation. This year, we started earlier and worked in integrated teams. Still, sometimes CRS made changes and submitted plans to USAID without further consultation."*

In addition to formal agreements and planning, formal partnership arrangements also include the designated roles and responsibilities within each organization for communicating with the other. Both organizations have several levels of staff who are involved with each other, from program officers to the executive levels. Routine monitoring and program implementation are carried out by program officers in NACID and technical and liaison officers in CRS. Planning and policy issues involve the executive staff. With so many counterparts, CRS maintains a separate liaison office to manage its relations with them. Each department, including finance, administration, and logistics, has its own training officer for counterparts. There is also one full-time training officer who does institutional development with the counterparts.

CRS staff keep informed about the counterparts through visits and written reports. Senior level staff may not have time to visit all the counterparts regularly, so written reports provide important data about program process and performance. A sample of reports and other documents selected by CRS staff to represent typical communications with NACID suggests that CRS officers carry out in-depth and precise assessments of how the projects are going. Items reported on include the degree or quality of community

participation, the amounts of funds or commodities disbursed, collected, or outstanding, and the kinds of project impacts achieved or lacking. Achievements are noted, concerns about slow progress, discrepancies, or missing funds are reported.

Notes in the margins of the reports reveal managers' comments. One comment suggested that a particularly noteworthy achievement be shared with other counterparts for possible replication. More comments concerned what to do about concerns and issues. Responses ranged from suggesting discussions with NACID officers to written letters asking for prompt attention to outstanding issues, such as "use of recipient contribution contrary to policies and procedures" or "excess distribution of commodities without acknowledgment for receipts". In one case, where an issue continued over a period of time, the degree of concern to CRS was made clear in writing "the failure to adequately report and dialogue on these programs with CRS weaken the partnership."

CRS sponsors regular counterpart retreats and workshops. *"The retreats are a time for them to get together and bring issues, we keep track and follow up"* says Dr. Merid. The retreats are organized to achieve stated goals and objectives, when CRS knows that some counterparts are particularly interested in or concerned about an issue, they may ask them to facilitate a session on that topic. A written report of the retreat held in May, 1998, indicates some important issues:

- relations with the government (continuing since the 1997 retreat),
- the need for CRS to build the capacity of some of its counterparts,
- difficulties with various aspects of the agreements and documents between the counterparts and CRS,
- the need to coordinate visits by CRS staff, and
- program-related concerns like the role of food in the programs and the effectiveness of women's savings and credit associations.

A list of recommendations related to each topic are included in the report, if not a specific action plan by which they will be carried out.

The workshops train counterparts in the skills and tools needed for successful program implementation. Some workshops provide program-related training, while others address the administrative and financial side of program management and implementation. Dr. Merid sees the workshops as an important part of CRS' partnership with the counterparts. *"Compared to other donors we are perceived as too demanding. In this case the demands of CRS are those of the USAID donor as per Title II regulations. But we provide more resources so they can have training, accountants, and other things needed to manage the demands."*

Informal Arrangements

NACID and CRS agree that the relations between them are "positive" and "cordial", if not warm and close. The mutual respect and understanding is evident. Several staff in both organizations described the relationship as different from the typical donor relationship. *"its not donor-recipient,"* said a CRS staff member, *"its more like a natural relationship its a good relationship developing gradually though there are bumps"*. NACID program officers in Nazareth also said, *"the relationship is good, there s no violence its not negative. We re like brothers, we greet them have a good atmosphere. We ask personal things first like about family. We feel like one staff not two"*. They rated the relationships with CRS' technical staff at "85-90 %", especially appreciating the technical assistance and follow up provided by CRS.

In many respects, the partnership is a professional, business-like, relationship. NACID's General Manager used the image of an "adopted child" to describe the relationship, while CRS' Country

Representative chose that of “*distant cousins*” in the African context. Due to its confidence in NACID, CRS does not monitor its programs as closely as those of other counterparts.

NACID is the only one of CRS’ four major counterparts that is not church-based. For this reason, NACID’s General Manager believes that their relationship with CRS is not as close as it is with other counterparts. “*We are [partners] because of projects*”, reflects Ato Kassaye, “*NACID implements good projects, we have a good management team and we are vision-oriented. It is because of ideological fitness we are together. If it breaks, we are apart. If [projects fail] with church groups, [their] relations will continue*.” This motivates Kassaye to make sure that NACID is a very responsible and accountable organization.

Communication between the partners is initiated by either organization. “*Anyone from NACID can go and talk to them*,” says Kassaye. When the need arises, both feel free to contact the other by phone or to make personal visits. Staff from the two organizations demonstrated a good deal of mutual knowledge about the other’s situation and opinions about the partnership. This indicates a fairly high degree of transparency between the organizations. As reported by staff from both organizations, CRS is quite clear about its criteria, policies, and procedures, many of which stem from its contract with USAID. It shares the areas in which it can and cannot be flexible quite openly. NACID, for its part, submits the required reports and entertains numerous and thorough field visits. The senior level staff share their opinions about difficulties and issues with CRS. Both parties reported that they try to work out mutually agreeable solutions to issues together.

At times, the staff of the two organizations see each other in various forums outside of the partnership. The General Manager of NACID and the Country Representative of CRS/Ethiopia meet as equals in NGO network forums. The staff also socialize, sometimes taking meals together.

Problem Solving and Conflict Resolution

Most relationships between diverse organizations involved in development cooperation involve conflicts from time to time. Research suggests that the emergence of conflict between cooperating organizations may even be related to more successful development impacts (Brown, 1983, Brown and Tandon, 1994, Brown and Ashman, 1996). If there is no conflict, it can mean that the perspectives of one or more parties are not being heard by others or influencing the terms of the relationship. Their resources, therefore, are not fully utilized in the partnership, which decreases the potential impact. Of course, if conflict is too high and not well-managed, it can overwhelm cooperative efforts and negatively affect results. One of the ingredients of successful partnerships may be joint competencies in conflict management.

Focusing on the practices of conflict management in the partnership between NACID and CRS/Ethiopia may be helpful in understanding what makes it a good one. Some of these practices have been described above, this section categorizes them according to how different levels of conflict appear to be dealt with by the two parties. In general, it is striking that the presence of difficulties—the ‘downs’ as well as the ‘ups’—in a basically good relationship are openly acknowledged by staff at several levels in both organizations. The problems are neither swept under a rug, nor escalated to a degree that labels the other party as ‘the problem’. At times, conflicts may even be heated. “*sometimes they flame*”, says one of the Ethiopian CRS staff members.

It may be important that both organizations share a preference for working out solutions to problems and issues through discussion and negotiation, rather than through formal procedures. This approach enables them to learn and adapt to the other’s perspectives. Both technical and managerial staff in the two agencies described managing conflict in this way. According to NACID program officers, “*sometimes there is disagreement but we discuss it thoroughly then finally we agree and find a solution. We don’t*

know the head of CRS but we know the technical staff ” When NACID program staff in Nazareth discussed a current problem, commodities and funds that had not been released on time, they allowed that part of the problem may be due to reasons outside of CRS’ control, such as delays in the port or paperwork from the head office

A similar approach between NACID and the community was demonstrated during a brief conversation with the Chairperson of a women’s saving and credit group. The Chairperson reported that a village mill had broken down, and she wanted to know if NACID could help fix it. NACID had turned over the mill to local government some time before, but NACID’s field officer discussed the problem with the Chairperson, asking what she had already done about it. In the end, he asked her to write a letter documenting the problem and promised to inquire with the government about the problem.

Of course, most problems and difficulties between CRS and NACID are worked out within the framework of the formal plans and regulations, primarily issuing from USAID. Says CRS *“we are a resource provider and they [NACID] feel we don’t consider their other requests, but we are transparent about our criteria and limitations. We don’t do it for dominance.”* As an example of a difference, CRS cites a recent experience *“they were here wanting more of a budget item although they have used half the amount requested was available [in their budget], we said to use it and we will replace it within three days.”*

When conflicts can not be resolved through discussion and informal negotiation, they are taken to more formal and senior channels. CRS relates that, with NACID, as with other counterparts, sometimes they have to send strong letters, take legal steps, or mention the issue to USAID. Efforts are made to get complete knowledge of the situation *“sometimes we go back to our predecessors to find out what happened”*, says the Assistant Country Representative, *“but ultimately theoretically if a partner is not being accountable we might have to cut them off. We haven’t done it 100% yet. Partially yes we stopped resources but maintained contact.”*

NACID’s senior executives initiate meetings with CRS managers when issues can not be resolved at the operational level, or when strategic or policy-level issues arise. Ato Kassaye has worked with several Country Representatives over the years. He offers an important lesson learned *“difficulties come when [they] don’t negotiate when they are rigid because of yelling and shouting [things can break]. The current Representative is understanding she takes time to sit and talk that’s the most valuable part.”* Kassaye values CRS Country Representatives who have been willing and able to apply the policies and procedures with flexibility, so as to respond to NACID’s emerging needs as it carries out its relief and development work in Ethiopia’s often turbulent environment. A senior program coordinator reinforces this perspective, *“we have flexibility not to go off budget but to do what is necessary.”*

At the same time, NACID recognizes the limits of CRS’ authority, and makes efforts to establish direct relations with USAID. As noted in the introduction, NACID is opening an office in Washington, DC. Ato Kassaye feels that this will give NACID better understanding of and access to USAID funds for its development work. He also believes it will give NACID more of a voice in Washington to influence USAID’s policies and procedures. Kassaye would like to see CRS assist NACID in these processes.

Systemic Influences on the Partnership

Survey research and formal consultations with US PVOs and southern NGOs indicated that partnership relations are influenced by factors outside of the partnership itself (Leach, Brown and Kalegaonkar, 1998, PRIA, 1998). Inside the organization, strategic plans, organization-wide policies, and inter-departmental relations can shape the actions and choices of representatives involved in partnerships.

Externally, other actors such as governments, donors, and communities can exert pressure on individual partners to respond to new demands. Social and natural disasters can hinder the achievement of program targets, as well as present new pressures and demands. US PVOs, in particular, said that one of their major challenges was operating between two diverse environments: southern NGOs and their communities on the one hand, and US donors, board and staff, on the other (Leach, Brown and Kalegaonkar, 1998, PRIA, 1998). This section of the case study examines the major internal and external influences reported by NACID and CRS to be influencing their partnership.

Organizational Influences

Few internal organizational features appear to be significant influences on the partnership between NACID and CRS, although this may be because of the relative importance of the external influences. In CRS, authority appears to be decentralized to the country level, although policies relating to program quality provide guidance. A major issue for NACID associated with CRS' internal policies is the turnover in managerial staff. Country Representatives and Assistant Country Representatives have been replaced every 2 years. This means that the informal arrangements and understandings established at the senior level between the two organizations are subject to change. New representatives may be less (or more) flexible than predecessors, whatever the outcome, the turnover increases the degree of uncertainty for NACID in its relations with CRS.

In NACID, internal organizational systems have been set up to reflect the demands of this and other partnerships. They must carry out a significant amount of reporting and accounting for resources. New computers were recently purchased to keep up with requirements. As noted above, they feel pinched to provide the necessary administrative systems with the limited resources for overhead that they are allocated.

Environmental Influences

External actors and events weigh most heavily on the partnership, in the opinions of those interviewed from CRS/Ethiopia and NACID. The two major external actors include USAID and the Ethiopian government. USAID, the source of the funds and commodities passed on to NACID by CRS/Ethiopia, determines the rules and regulations by which they are granted. As previous sections have noted, the partnership between CRS and NACID is highly influenced by US law and USAID regulations. CRS staff perceive that they have the responsibility to see that their counterparts comply. *"I say, at the end of the day the partnerships are 51% CRS and 49% partner because ultimately, we are accountable to USAID. If there are any problems, we have to pay it back"* (US CRS staff). CRS has a good reputation with USAID for accounting, staff value the good will earned because USAID is more likely to trust their judgment, when needed (but they request exceptions in a "vast minority" of cases).

CRS staff are willing to discuss the constraints and contradictions to the partnership presented by some of USAID's policies and regulations. Although they agree with the basic goals and orientation of the policies, they also can see legitimate needs of NACID and other counterparts to which they cannot respond because of USAID regulations. The Assistant Country Representative gives this example: *"I went to USAID and asked them, what if the mission of a local NGO conflicts with USAID mission? [e.g. the mission of the Ethiopian branch of Mother Teresa's organization is to give food freely as needed, which may result in fluctuating beneficiary levels. The response was that as long as what happens is accounted for, and changes well documented, you might be safe]"* Later, he continued, *"with NACID the worst thing in the context of typical donor or government regulations, is that they have 40% overhead yet we have to be strict. Overhead can only be covered when it is explicitly budgeted as a program expense. We have to be careful, because high levels of overhead can reflect possible inefficiencies."*

Another staff member talked about the difficulties of trying to build in space for participation in planning by NACID and the communities. *"They have to go by the plan. We tried to give space for community*

participation by writing in the role of Village Development Committees, but it is almost a contradiction” In general, CRS tries to carve out more room for influence by NACID and other counterparts in its planning procedures, and USAID is generally supportive, when changes are within set budgetary frameworks and are well-supported by lessons learned

The influence of USAID on CRS practices may be understood partially by comparing how it manages non-USAID funds with counterparts. Leavitt shares some of the similarities and differences. CRS provides similar kinds of resources and asks for quarterly reports, but they have different criteria for selecting counterparts and minimal formal agreements. Of one of the non-USAID funded partnerships, Leavitt says, *“Its more like a grantor relationship, its more focused on content and program rather than accounting. Its more flexible. I really love it.”*

For its part, although NACID is seen as a strong, independent NGO, the General Manager still is frustrated with donor and government policies that prevent NACID from going in some directions that would be beneficial for the communities. *“I would rather do business, either teach the community to do business or do joint business with the community. In business things can change, business develops innovations and creativity.”* NACID is blocked from this direction by the lack of donor funding for such initiatives and government regulations which prohibit NGOs from doing business.

The Ethiopian government is a critically important factor, affecting many dimensions of the partnership. In general, it is a source of uncertainty, threat and program irrationality to the two partners. As national and international NGOs, NACID and CRS/Ethiopia face separate, but overlapping, sets of laws and policy influences. The federal government encourages NGOs to operate in remote areas of the country. In one region, authorities pressured CRS’ counterpart to move resources into more remote areas. In addition, although it is not frequent, NGOs can be shut down and *“padlocked”* at any moment by the local government. Joint programs between CRS and NACID must conform to government regulations, such as those governing credit programs, which may not always be for the best interest of the program.

There are several reasons why NACID and CRS/Ethiopia perceive that the government plays such an important role in the partnership. First, they feel that the government does not create an enabling environment for NGOs and other civil society actors in the country. Some see that relations are improving, but the history of suspicion and hostility is slow to change. Policies and practices surrounding NGO registrations, taxes, and operations are inconsistent and often present barriers to effective NGO functioning. It can take an average of two years for national NGOs to get registered.

Second, the government has recently decentralized authority to regional and other levels, but the results have been inconsistent. Different regions develop diverse policies, either because they interpret federal policies differently, or because they set their own, and the boundaries between federal, regional, and other levels of authority are not clearly drawn. Information does not appear to be shared among the regions and levels. As noted above, the agreement between CRS/Ethiopia and NACID specifies that NACID must secure agreements with Regional, Zonal, and Wereda bureaus, and establish good relationships with similar levels of three or more ministries. In CRS/Ethiopia’s opinion, NACID is particularly good at establishing these relationships, even though one of NACID’s programs was shut down and taken over by the government in Tigray region. NACID, in turn, goes to extremes to satisfy the government so that it can continue its programs. Even though they have agreements, NACID perceives the government to interfere in its operations. The General Manager gave examples of having to use NACID resources to clear up a prison latrine and lend NACID vehicles to carry soldiers during a past conflict. Despite the diversion of resources and public relations contradiction of having a truck with NACID’s logo transport soldiers, he realized it was necessary to keep the organization open.

Finally, the partners reflect that the security situation in the country destabilizes development efforts. Some feel that the current conflict with Eritrea may be having the ironic effect of making the Ethiopian government more amenable to assistance from international donors and NGOs, but in general, those interviewed felt that regional and civil conflict drains resources and attention from development programs. Internal conflicts among different groups of Ethiopians can also destroy progress made towards development targets.

Networking as a Response to External Influences

NACID and CRS, like many organizations, respond to external influences by working together with others in similar circumstances. CRS is working together with seven other major PVOs associated with USAID to develop common indicators to reflect the strategic objective of improved food security. This should help to rationalize their planning procedures. Also, the regular counterpart retreats sponsored by CRS enable the counterparts to discuss common issues and concerns together with CRS. The report of the May 1998 retreat indicates that many issues were raised which could have been risky for any one counterpart alone to put forward. This should help CRS to rationalize its policies and procedures in response to counterpart concerns, albeit within the context of given limitations and constraints. Finally, NACID, CRS, and other national and international NGOs work together in several forums, like the Christian Relief and Development Association (CRDA) to share information and promote common policy positions with the Ethiopian government. NACID appreciates the more forceful role that CRS, as an international NGO, can take with the government. In February 1998, CRS convened a Partnership symposium with government, NGO, and donor representatives to exchange ideas on how to foster partnership in the sector. These kinds of joint actions among larger groups of NGOs, donors, and government appear to be integral to the partnership between NACID and CRS.

The Value of the Partnership. Major Achievements, Future Hopes and Challenges

The primary achievement of the partnership for both parties is the impact it has had on community relief and development. CRS is proud to have played a role in NACID's development from the provider of a single orphanage to a wide range of integrated community development services. Says Dr Merid of CRS, *"in the absence of CRS, there will be someone to take over serving the poor, reaching the needy, implementing projects. They've started to think strategically about their resources."* CRS' esteem for Kassaye Haile, General Manager of NACID, is clear *"he is one of the most well-known and respected national NGO leaders in the country"*. CRS values NACID because it is serious about development, accountable, and able to maintain good relations with the Ethiopian government.

NACID values the partnership because it brings resources for its development work, and because partnering with CRS brings them a good reputation among other donors. USAID and CRS are known for their high standards, so it is a useful *bona fide* to be a partner of CRS. Yet NACID's primary sense of achievement is also at the community level. *"we are achieving community development properly"*, says Ato Kassaye. He notes that documentation of their achievements has been made according to CRS indicators, submitted to USAID. An important lesson learned about partnerships, says Kassaye, is that they reach to communities. *"If you have a good partnership at the institutional level, it goes to the community level. Development is partnership"*. For one community elder in the Nazareth area, the provision of water is NACID's most important contribution. *"It is clean and nearby"*, she said.

NACID appreciates CRS's approach. At the program level, the coordinator noted that they appreciated the follow-up from CRS, because it assists NACID to implement the programs as planned. *"It's a good thing that they like to follow up. We appreciate it though we make a lot of effort to fulfill [expectations]. Other NGOs just drop the money and don't do follow up, but it's good that everything goes according to"*

plan Otherwise, NACID may be happy, but its not good CRS likes to check every detail to be transparent CRS is more intensive ”

At the policy level, the General Manager appreciates the sense of mutuality in the partnership, “*other donors feel that if they contribute 90%, they can control everything*” But perhaps more important are shared underlying beliefs about development As an example, Ato Kassaye mentioned two other international NGOs which he perceives to devalue the role of national NGOs “*They believe that expertise and access to funds from outside [are sufficient] But [CRS understands that] long-term development should be left to the nationals to NGOs, government and communities*” The Country Representative of CRS in Ethiopia, confirmed her commitment to CRS’ approach of working in partnership with national NGOs and church groups “*We should work with counterparts They are part of the local fabric in the community They understand and balance the intertwined relations better than we ever will*”

Future Hopes and Challenges

NACID and CRS/Ethiopia express similar hopes for the future of the partnership “*I hope the relationship will continue until both sides feel its time to stop*” say two CRS staff Across town, Ato Kassaye agrees “*In the future, we will continue in the areas where we can come together We know where we are going and we value CRS*” NACID field officers in Nazareth focus on program changes that are coming up in the next year, and hope that CRS will influence government policy on credit programs The immediate response of the elder Chairperson of a Women’s Saving and Credit group to the question of future hopes and expectations showed her commitment and determination “*we will be working together We expect to work hard as a group with NACID and others [If NACID or CRS leave] we will continue what we have If NACID and CRS don t, God may provide*”

There are different opinions among CRS staff as to the challenges to the partnership There is awareness of the potential lack of fit between USAID’s criteria and NACID’s operational focus and area NACID is no longer operating in a food insecure area, so there is concern that it would not qualify for future funding from USAID, although CRS may have other funds that could support them Yet Dorrett Lytle Byrd questions whether CRS/Ethiopia should cut off relations with such a good partner If NACID were to expand to a new area, they could still qualify for USAID funds “*If we trust them and think they do a good job why not stay with them? They ll always need supporters just like CRS needs supporters Exit strategy is an issue for debate It is encouraged by the Ethiopian government, but it is not clear what is meant The criteria haven’t been developed yet*”

NACID’s view of future challenges primarily related to several terms of the USAID-defined terms of agreement with CRS that limit its security and continued growth The following items were identified as key problem areas in the partnership

- having to give back capital equipment on demand from CRS or USAID,
- having to sign a five-year agreement with the government to implement programs, but having a one-year agreement with CRS, and
- incurring administrative costs of 30% - 40%, but only receiving 10% funding to cover them, “*you are de-capacitating us*”, expresses Kassaye in frustration

NACID’s hope for the future relationship is that CRS fulfill their philosophy of empowerment by assisting NACID in their next phase of growth Kassaye feels NACID would benefit from capacity-building to go directly to USAID for program contracting and policy advocacy Recommendations from CRS to the larger donors in Addis and northern capitals would assist NACID in further expanding and stabilizing its donor base Finally, on a larger stage, Kassaye hopes that new ideas and directions will

emerge in the wider community of national and internal NGOs, *“the dialogue with Northern and Southern NGOS has never been fully resolved Now, we are on our feet”*