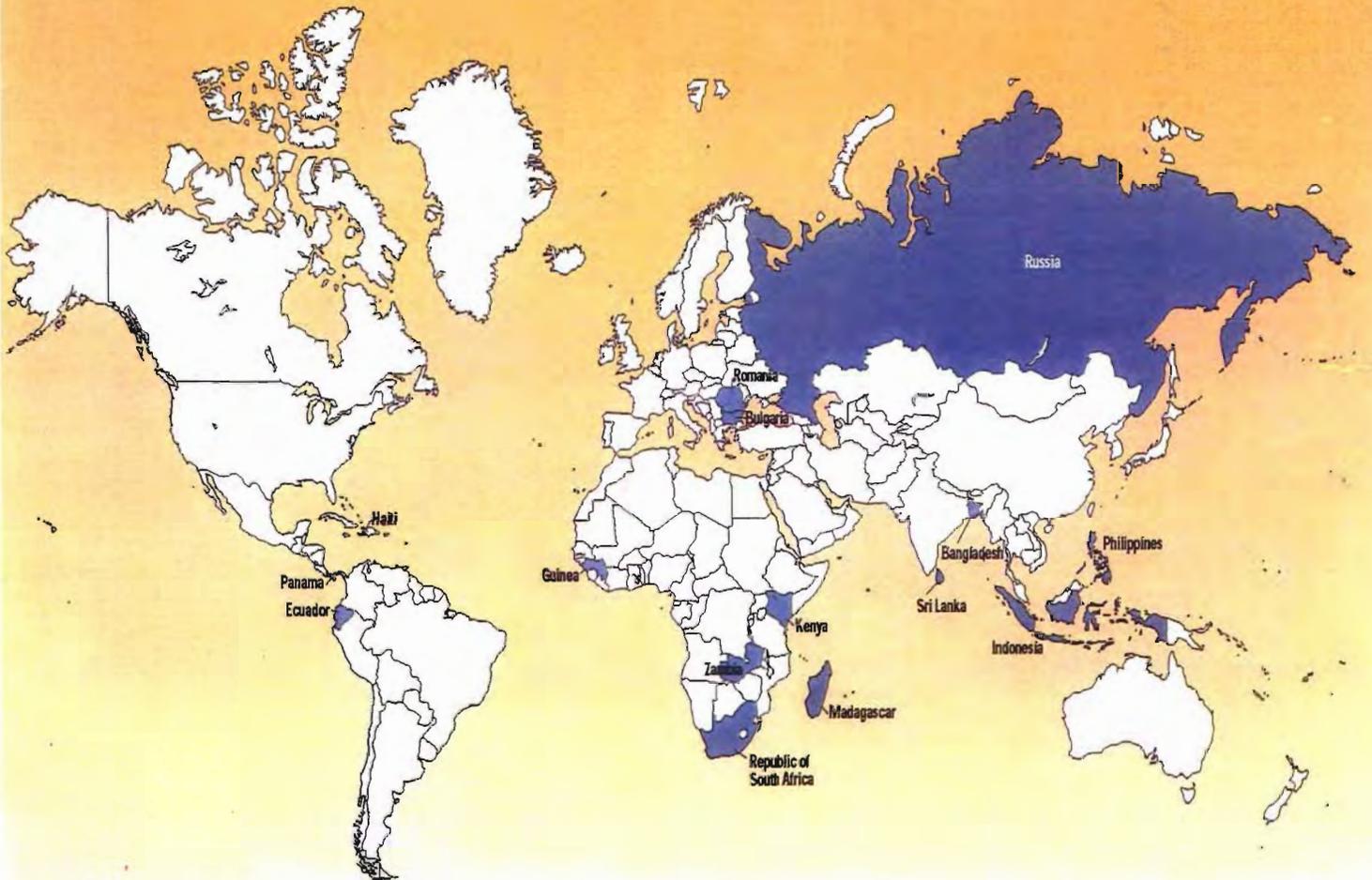


**NPI
Resource
Guide**

*New Partnerships Initiative:
A Strategic Approach to
Development Partnering*



U.S. Agency for
International
Development
Washington, D.C.

Report of the NPI Learning Team
January 1997

Volume I

NPI RESOURCE GUIDE
A STRATEGIC APPROACH TO DEVELOPMENT PARTNERING*

Report of the NPI Learning Team

January 1997

Volume 1

**NPI promotes the art and habit
of strategic partnering
for collective problem-solving
at the community level.**

* Third edition. The NPI Resource Guide is the report of the NPI Learning Team to the Administrator of USAID. It brings together the results of the NPI Learning Phase (in which 15 USAID Missions participated) and is designed as a tool for strategic partnering. Relevant policy and program guidance will be issued as appropriate pending final review by USAID senior management.

This document can be accessed on the USAID website:
<http://www.info.usaid.gov/pubs/mpi/npiresrc.htm>

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NPI EXECUTIVE SUMMARY

USAID's New Partnerships Initiative (NPI) was launched by Vice President Albert Gore in March 1995 at the World Summit for Social Development. **NPI is an integrated approach to sustainable development that uses strategic partnering and the active engagement of civil society, the business community, and institutions of democratic local governance to bolster the ability of local communities to play a lead role in their own development.** Following a three month participatory design process, the NPI Core Report was released in July 1995. Between March and October 1996, NPI was piloted in fifteen USAID Missions. The NPI Resource Guide brings together the results of this period of field testing and provides a number of programming tools to assist with the incorporation of NPI into Mission portfolios.

NPI is a tool for development practitioners confronted with the following challenges: How to foster, nurture and sustain partnerships among groups which have often been antagonistic toward one another? How to build cooperation among diverse government agencies and nongovernmental actors at the trans-national, national, regional, and local levels? How to foster efforts that facilitate participation by the business community in the development process, contributing solutions and resources to community problem-solving? How to strengthen civil society's contribution to sustainable development? How to respond to local initiatives aimed at breaking the cycle of dependence on development assistance? How to foster enabling environments that support local community involvement? How to transfer the necessary skills to provide partners with the capacity to define and execute initiatives to reduce poverty and promote economic, social and political development? How to institutionalize the society-to-society linkages critical to successful exit strategies?

The strategic opportunity addressed by NPI lies in tapping relatively underutilized development resources and energies at the community level. NPI proposes to do this by building strategic partnerships that foster sustainable development among three sets of key actors at the local level--civil society, institutions of democratic governance and the business community. Local empowerment--citizens working together to solve their own problems and build their own future--is at the heart of NPI. USAID's New Partnerships Initiative seeks to unleash the entrepreneurial talent and resources of communities to build new coalitions and to find new opportunities for growth.

NPI does not pretend to address the totality of the Agency's sustainable development efforts, but the NPI Resource Guide does provide tools that can enhance a broad range of programs across all of the Agency's Strategic Objectives (SOs). After review of the NPI Resource Guide by Senior Staff, the Agency will issue policy and program guidance, as appropriate.

Development practitioners have long understood the large untapped development resource represented by the knowledge, creativity, and resources of citizens in the communities of the developing world. Repeated attempts have been made to tap this wealth of development energy, but with limited success. Moreover, recent donor attention has been heavily focused on nation building and market reform. Insufficient attention to the critical role of the local community, however, will undermine efforts to promote development that can survive over the long-term. Based on the reports of the fifteen NPI participating Missions, the NPI Resource Guide serves to document and clarify local empowerment as a program option and to highlight the critical role of civil society in the development process. NPI demonstrates the strategic potential of the local community for advancing sustainable development across a broad range of development activities, in balance with nation building activities and market development.

Active participation in the design and field piloting of this USAID initiative on the part of a broad range of external partners--U.S. private voluntary organizations (PVOs), U.S. based and local nongovernmental organizations (NGOs), community based organizations (CBOs), people's organizations (POs), cooperative development organizations (CDOs), the business community, institutions of higher education, professional and trade associations, contractors, municipal officials, think tanks, foundations, host governments, and bilateral and multilateral donors--attests to widespread recognition of the development problem and program approaches outlined by NPI.

The March-October "NPI Learning Phase" has fulfilled its objective--to test and refine the development approach outlined in the NPI Core Report, and to develop programming tools that both reflect the Agency's best development practice and advance the state of the art. Across a wide range of development contexts, participating Missions have demonstrated that the three building blocks of NPI (reform of the enabling environment, local capacity building and fostering strategic partnerships) can significantly improve the ability of local actors to energize development. Finally, there is significant agreement among the participating Missions that NPI is a valuable tool to enhance reengineering.

IMPACT ON THE AGENCY

NPI is not intended to replace existing Mission Strategic Objectives. Rather it provides a conceptual framework and a strategic approach to partnering which can enhance existing Mission activities. Thus, NPI does not attempt to change Mission program priorities, but rather to use Mission resources more effectively in pursuit of those objectives. The NPI Resource Guide provides a number of programming tools for integrating NPI into Mission programs. The NPI Strategic Framework (see Chapter 2) outlines the relationship between local empowerment and strategic partnering engendered by NPI, and the success of the overall Agency mission of sustainable development.

USAID's internal management reforms, the changing role of development assistance in U.S. foreign policy, and declining resources all affect the way in which the Agency does business. NPI is a significant step in linking these dramatic changes to the substance of Agency programs. It suggests new ways of doing business that can guide USAID's response to these forces. Some of the program and operational implications, drawn from current and past field experience documented over the past year, are listed below.

1. Community Empowerment as an Assistance Strategy

USAID's commitment to local participation and ownership includes a commitment to community empowerment. The participating Missions have demonstrated that NPI supports assistance strategies that move beyond consultation with stakeholders and instead focus on the development of institutional arrangements. These arrangements help to ensure that stakeholders have standing, formalized participation in decisions, and strengthen their capacity to hold their own governments accountable. Thus, NPI links Agency requirements for engaging stakeholders, with a program commitment to community level democratization, decentralization, active civic participation and policy advocacy in all development sectors.

Not only have participating Missions commonly adopted a decentralization strategy in their programs, but they have also supported stakeholder efforts to systematically restructure the development roles of civil society, government and market institutions within the community. NPI urges Missions to look at the efficiency of alternative institutional arrangements for local development, and to address policy constraints and foster incentives with an impact on local initiative. For example, there is growing interest in the "privatization" of public functions at the local level in which a reoriented public sector facilitates business and civil society provision of local services.

2. NPI and Reengineering

The Mission reports attest to the complementarity between NPI and the Agency's reengineered management systems--enhancing the impact of the Mission's active involvement with local stakeholders and strengthening a results orientation both within USAID and among its development partners. First, NPI facilitates partnerships among stakeholders--precisely those actors with the strongest interest in assuring program results. Partnership requires clearly articulated agreement on: goals, the equitable distribution of costs and benefits, performance indicators and mechanisms to measure and monitor performance, the delineation of responsibilities, and a process for adjudicating disputes. These elements combine to institutionalize a Mission's results framework. Second, Missions report that they are better able to adapt to local conditions, leverage donor and local resources, and enhance program impact through these partnering arrangements. Third, the greater the organizational capacity of local organizations and partnerships, the better the public dialogue with USAID and other donors will be.

3. Cross-Sectoral Integration

Missions report that NPI provides them a means of breaking out of the stovepipes created by working within traditional technical divisions (without sufficient regard for spillover effects among the various sectors). The growing institutional isolation of sector specific Strategic Objectives within Missions has reinforced these stovepipes. Decentralization and community-level strategic partnerships, as program devices, encourage SO teams to look at common policy constraints, to support reinforcing institutional changes, and to see development results from the perspective of a community whose world is not organized on the basis of sectors. The Missions report new program initiatives and program synergies that have been realized through the formation of cross-SO NPI teams. Synergies appear among SO policy agendas. For example, democracy/governance SOs have benefitted from increased attention by other SOs to advocacy, governance issues and association building. Economic growth SOs have benefitted by greater attention on the part of D/G SO teams to the integration of the business community into civic life.

4. Cost Efficiencies

NPI provides an overarching framework and specific mechanisms for increasing program impact at a reduced program cost. NPI's concept of partnerships establishes USAID staff as entrepreneurs--bringing together other donors, local stakeholders, U.S. partners and the host government in a collective effort. The Mission role is to encourage institutional change and policy reform, and to provide technical services. The cost effectiveness of this approach is demonstrated in the NPI Leading Edge and Partner Mission case studies: (a) leveraging resources from other donors and local stakeholders; (b) using strategic partnering to build synergies across Mission SOs; (c) building local capacity and encouraging society-to-society exchanges that can survive USAID's departure; and (d) encouraging local ownership of programs. Adaptation to the diversity of local conditions has traditionally been a significant constraint on the impact of donor programs. NPI institutionalizes local ownership and responsibility for adapting to local conditions, thereby enhancing developmental impact.

5. Exit Strategies

NPI has a direct relationship to Agency exit strategies. Ideally, an exit strategy has two components: first, assuring that sufficient institutional capacity is left behind to sustain the contributions to development by USAID and its partners; and second, that society-to-society linkages facilitate continuing access to U.S. expertise and technology, and support long-term cooperation on issues of common concern (e.g., environment, disease control, trade, etc.). NPI addresses both of these objectives.

Over time, as a country moves closer to graduation, program emphasis may well shift from local capacity building to transnational partnering, as it has in

USAID/Russia. Even where this is the case, however, the question of broad access to these linkages, their benefits and their sustainability require attention. With increasing globalization of U.S. interests, many organizations (e.g., universities, PVOs, trade associations, environmental NGOs, associations of mayors, cooperatives, etc.) have a stake in maintaining these relationships.

USING THE NPI RESOURCE GUIDE

The NPI Resource Guide provides technical advice on enhancing Mission results frameworks with NPI approaches, an assessment methodology for guiding local capacity building efforts, analytical work on key components of the national and local enabling environment, revisions of the conceptual framework of the NPI Core Report occasioned by field testing during the Learning Phase, case studies of relevant field experience, a detailed description of the way in which the participatory nature of the initial NPI design process evolved during the Learning Phase, bibliographies of important information resources, an analysis of the role of donors in fostering strategic partnering, a review of relevant policy and program guidance, and a set of proposed next steps. All of these components can serve as reference tools as the Agency begins to implement NPI generally. These materials have been developed by the NPI Learning Team, composed of fifteen NPI Leading Edge and Partner Missions and their local stakeholders, three Working Groups, participants from all USAID/W Bureaus, and a variety of external partners.

The Resource Guide is intended as a living document that can easily be transformed into a Web site, where existing resources can be supplemented with new case studies, a guide to technical resources, discussion groups, documentation of experience with NPI (e.g., program impact and cost efficiencies), and relevant experience from other donors.

Synthesis Report (Chapter 1)

The Synthesis Report outlines and reflects the evolving nature of the conceptual framework for NPI; details progress to date; explores issues relating to NPI's results framework and performance measurement; summarizes the primary lessons and recommendations to emerge from the working groups; distills the experiences of the NPI Leading Edge and Partner Missions during the NPI Learning Phase; and examines next steps. It is useful to Mission and Bureau management for orienting program design and reviews, and as background for discussions of NPI with external partners. This section also serves as a reference point and gateway to subsequent chapters.

Working Group Reports (Chapters 2 - 5)

Chapter 2, Performance Management, develops an inventory of Mission performance indicators relevant to NPI activities and proposes a generic NPI Strategic Framework that links NPI to the Agency's Strategic Plan. The NPI Strategic Framework was made available to all participating Missions, and was

specifically field tested in Guinea (reported in Chapter 2). The field test demonstrated the utility of the Framework for clarifying causal relationships between NPI activities and Mission SOs, for overcoming stovepiping among Mission SOs, and as a programming tool for identifying potential partnerships and program activities. A number of Missions were developing Mission SOs and performance indicators during the Learning Phase and were able to build NPI principles into their consultations with their development partners. Panama, for example, invited external partners to join all of the Mission's SO teams.

Chapter 3, Local Capacity Building, provides a brief review of the state of the art in organizational capacity building--both conceptually and operationally. The NPI Learning Phase elicited numerous field examples of best practice in organizational capacity building that can inform Agency managers. A major contribution of this Chapter is that it adapts organizational capacity analysis to NPI's three sectors (civil society, business, and institutions of democratic local governance) and, additionally, provides innovative sections on strengthening the capacity of intra-sectoral, inter-sectoral and transnational partnerships among organizations. The Chapter also discusses the importance and organizational requirements of vertical linkages. This vertical dimension permits Missions to aggregate individual organizational problems at the local level in order to identify broader institutional or policy constraints--facilitating intervention at multiple levels. The Chapter provides a set of tools for program development--selection of organizational partners, organizational capacity assessment, a strategic planning checklist, and decision-making matrixes for both training and technical assistance. These tools will be useful throughout Mission portfolios for identifying organizational and institutional constraints.

Chapter 4, Strengthening the Enabling Environment, provides a brief description of the key policy conditions for encouraging the vigorous development of each NPI sector and adds a section on characteristics of the enabling environment for cross-sectoral partnering--a new area for policy analysis. The five key components of a supportive enabling environment include: decentralization, democratization at the local level, freedom of and access to information, competitive markets and a sound macro-economic policy environment, and a minimum threshold level of social accord. The Working Group provides a particularly useful set of principles for guiding institutional design for cross-sectoral cooperation. The Chapter also provides operational guidance for strengthening the enabling environment--emphasizing that several sectoral policy environments interact in supporting local initiative, and that the organizational capacity for national advocacy is a key component of local capacity building.

Chapter 5, Fostering Strategic Partnering, is an innovative report on building capacity for inter-sectoral partnering (among institutions of democratic local governance, civil society, and business). In addition to emphasizing the unique problems of building organizational structures and agreements among three sectors which have different values, incentives and rules of accountability, the Chapter provides a practical guide for fostering inter-sectoral partnering. Attention is given

to facilitating dialogue, adjudicating conflict and defining common goals among diverse actors. Field experience clearly indicates that strong inter-sectoral partnerships take time and are staff intensive, but are well worth the investment. Special attention is given to transnational models of South-South and North-South partnerships.

Lessons From the Field (Volume 2, Section A)

The full reports of the NPI Leading Edge and Partner Missions contain a wealth of case studies from the field concerning Mission management constraints and arrangements for integrating NPI into Mission results packages and re-engineering's participatory management approaches. Examples are also provided from every component of the Agency's Strategic Framework and include models of institutional arrangements and management practices that can improve local ownership, foster local initiative and enhance the sustainable impact of Agency development activities. The reports from the NPI pilot missions document lessons learned during the NPI Learning Phase, which are further analyzed on a region-by-region basis in the Synthesis Report.

NPI SYNTHESIS REPORT

A STRATEGIC APPROACH TO DEVELOPMENT PARTNERING

"NPI seeks to provide local citizens with a legitimate role in the development process, a stake in its success, the capacity to act, and a clear sense of shared responsibility for the results."

NPI Core Report, July 1995

A. INTRODUCTION

USAID's New Partnerships Initiative (NPI) was announced by Vice President Albert Gore in March 1995, at the World Summit for Social Development. NPI is an integrated approach to sustainable development that uses strategic partnering and the active engagement of civil society, the business community and institutions of democratic local governance to bolster the ability of local communities to play a lead role in their own development.

In July 1995, the Core Report of the New Partnerships Initiative was released following a three month participatory design process involving over one hundred Agency and external participants from around the world. In October 1995, the report was endorsed by USAID Administrator J. Brian Atwood and senior officials from across the Agency. At that time, Administrator Atwood authorized Agency-wide implementation of NPI by FY 98 preceded by an eight-month Learning Phase.

In keeping with the field-based focus of the initiative, Missions were invited in January 1996 to compete for selection as pilot missions for the NPI Learning Phase. Eight NPI Leading Edge Missions (USAID/Bangladesh, Bulgaria, Guinea, Haiti, Kenya, Philippines, Sri Lanka, and Zambia) and six NPI Partner Missions (USAID/Ecuador, Indonesia, Madagascar, Panama, Romania, and Russia) were chosen by the NPI Learning Team and endorsed by Administrator Atwood. The number of NPI Partner Missions subsequently grew to seven with the addition of South Africa.

Between March and October 1996, these Missions and their Washington-based colleagues worked closely with a broad array of external team members and participants to help advance Agency thinking about strategic partnering and to enhance Agency programs. In some cases, this involved identifying, analyzing and strengthening activities already underway. In other cases, it meant the construction of new models.

The NPI Resource Guide is intended to spur further innovation and encourage a sharing of best practices among USAID/W, USAID field Missions and a wide array

of development partners. These partners include: U.S. private voluntary organizations (PVOs), U.S. and local NGOs, community-based organizations (CBOs), people's organizations (POs), cooperative development organizations (CDOs), institutions of higher education, professional and trade associations, contractors, the business community (particularly small business), think tanks, foundations, representatives of institutions of democratic local governance, host governments, and other bilateral and multilateral donors.

A broad-based NPI Learning Team was established to provide a flexible and responsive means for serving the NPI pilot missions and to ensure a high degree of complementarity between NPI's field-driven activities and central support from USAID/W. The team included NPI Regional and Technical Backstops from each Bureau in USAID/W, Country Desk Officers from each of the NPI pilot countries, and a broad array of external partners.

The Office of Development Partners in the Bureau for Policy and Program Coordination (PPC/DP) provided the overall leadership and coordination for the NPI Learning Phase. The Office of Private and Voluntary Cooperation in the Bureau for Humanitarian Response (BHR/PVC) and the Global Bureau's Democracy (G/DG) and Environment (G/ENV) Centers each played a lead role in the development of the report as chairs of the Working Groups. Additionally, each Leading Edge and Partner Mission had an NPI representative who served as a virtual member of the Learning Team. (see Special Report 1 in Volume 1, Chapter 6 for a list of participants).

Over the last eighteen months, the NPI Steering Committee and Learning Team have worked to advance the conceptual, operational and management components of NPI. The Core Report of the New Partnerships Initiative (July 1995) was a first cut at NPI's development rationale and operational implications, and provided detailed information on NGO empowerment, small business partnership and democratic local governance. It also devoted significant attention to proposed Agency management reforms, guidance on consultation and avoidance of unfair competitive advantage, and how to manage for results. The NPI Resource Guide concentrates on refining the conceptual framework, developing the tools for implementing NPI (based on the experiences of the NPI pilot missions and the findings of the working groups), elaborating a framework for performance measurement, and exploring alternative approaches to Mission start-up.

The Resource Guide is intended as a living document. It will be additionally strengthened as concepts are further clarified, definitions honed, new lessons learned, and as other Missions and external partners contribute to the exploration of this approach. Similarly, over time, it will be possible to include far greater detail in terms of performance measurement regarding cost savings and sustained impact as the Agency's experience with NPI deepens. For Missions that initiated NPI activities in March 1996, the pilot phase was too short to produce final field results. These Missions concentrated instead on deriving "process based" lessons learned--how to

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get started with NPI; how to organize the Mission; and how to fine-tune or begin to build new partnerships. For other Missions, with greater experience with NPI type programming, the development impact of the NPI approach was easier to identify and is reflected in their final reports.

Finally, it must be noted that this has been one of the most difficult times imaginable to launch a new initiative within USAID. The loss of key personnel through the mid-1996 Reduction in Force, staggering budget cuts, and the uncertainty and despair produced by both, exacted an enormous toll on the Agency. In a number of cases, the NPI pilot missions were directly affected by the loss of key personnel (as was the case in Zambia) or financial constraints (which, for example, precluded Morocco from joining the pilot phase).

At the same time, crisis can be an impetus for change and open the door to innovation. A number of Missions, as well as the Learning Team in Washington, found their work on NPI to be an enormous morale booster and a catalyst for creativity. In much the same way, the NPI Resource Guide is intended to foster discussion, to encourage innovation and to lead to a further evolution--within USAID and among our partners--in our conceptual and operational approaches to sustainable development and to the way in which we work together.

OVERVIEW OF THE NPI RESOURCE GUIDE

The NPI Resource Guide brings together the work of: NPI Leading Edge and Partner Missions in the field; NPI Learning Team members in Washington; working groups in the areas of local capacity building and strategic partnering, the enabling environment, and performance measurement; and includes individual contributions from a number of external partners. Additionally, excerpts from the NPI Mission reports are highlighted in boxes throughout the NPI Resource Guide. An overview of each section of the NPI Resource Guide is provided below.

▶ **Synthesis Report** (Volume 1, Chapter 1)

The Synthesis Report outlines and reflects the evolving nature of the conceptual framework for NPI; details progress to date; explores issues relating to NPI's results framework and performance measurement; summarizes the primary lessons and recommendations to emerge from the working groups; distills the experiences of the NPI Leading Edge and Partner Missions during the NPI Learning Phase; and examines next steps. Although it is our intention that the synthesis include the major elements of the pilot phase, it cannot possibly capture the richness of detail included in the working group and field reports themselves. This section also serves then as a reference point and gateway to subsequent chapters.

▶ **Working Group Reports** (Volume 1, Chapters 2-5)

The structure of the NPI team evolved significantly between the Participatory Design Phase of NPI and the Learning Phase. During the first phase, sub-groups

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were organized around NGO empowerment, small business partnership, and democratic local governance. At the outset of the second phase, the Learning Team concluded that to maintain this same structure in Phase II would run the risk of perpetuating a tendency to treat these potential development partners as three disconnected sets of actors. **The team felt that the key challenge for the Learning Phase was to demonstrate concrete ways to foster greater integration among them.**

As a result, cross-cutting Working Groups--in the areas of local capacity building and strategic partnering, and the enabling environment--were established. Their goal was to clarify how to strengthen civil society, business and local governance actors and how best to foster their capacity to jointly address critical development challenges. As was the case with the Learning Team structure overall, integration across the five sectors within which the Agency works and across country and regional boundaries was emphasized. By fostering shared learning and best practices, and stimulating dialogue across Agency sectors, countries and regions, the Working Groups hoped to bolster those aspects of reengineering designed to move USAID toward greater cross-sectoral integration. The conclusions of the teams examining the three NPI building blocks--local capacity building (Chapter 3), the enabling environment (Chapter 4) and strategic partnering (Chapter 5)--are included in full in the NPI Resource Guide.

A separate Working Group was established to explore the critical area of results and performance measurement (Chapter 2). The group designed a strategic framework for NPI and developed innovative techniques, such as partnership web mapping and performance indicators for cross-cutting partnerships.

All four Working Group chapters are based upon extensive team discussions involving a wide range of external partners. They draw heavily on communication with the field during the Learning Phase, various visits by team members to work on site with the NPI Missions (see Special Report 1) and the reports of the Leading Edge and Partner Missions.

► Lessons from the Field (Volume 2, Section A)

The fifteen field-based reports from the NPI Leading Edge and Partner Missions capture a broad range of both innovation and experience as Missions explored the effectiveness of the NPI approach. These NPI pilot missions were the focal point of operational responsibility during the Learning Phase. Their direct contribution and involvement in developing and implementing innovative NPI activities, identifying and

"[NPI]...provides an organizing principle that encourages synergy, economies of scale, collaboration, and participation, helping to ease the inevitable strains that accompany fundamental change, and fostering greater impact of our activities across the portfolio." USAID/Haiti

building upon prior experiences and best practices, and actively engaging in dialogue with the other actors in the Learning Phase were critical to the development of the NPI Resource Guide.

While the Leading Edge Missions committed themselves to a thorough exploration of NPI's potential value to Mission activities, Partner Missions were asked only to provide a case study exemplifying their experiences with strategic partnering. At the end of the day, the distinction between the two categories was transcended in a number of cases as a result of the dedication of the Partner Missions (Ecuador, Panama, and Madagascar particularly stand out in this regard).

All fifteen reports are included in their entirety as they provide a richness of detail and a level of insight and nuance that is impossible to capture fully in the Synthesis Report. From the outset, the NPI team rejected the notion of a rigid, "one size fits all" blueprint for development, and instead developed a flexible, overarching framework for strategic partnership designed for adaptation by Missions according to their particular country context and specific Strategic Objectives. As a result, the final reports reflect a diversity of interpretation and focus. Each Mission placed its own particular stamp on the process as they adapted the NPI approach to address their specific needs.

The NPI Learning Team encouraged all the participating Missions to think creatively both about their direct relationships with external partners, and in particular about those they foster *among* their partners. Activities to reinforce the burgeoning role of civil society and to build strategic linkages among civil society actors, the business community and institutions of democratic local governance were of central concern. Coalition building and collective action among these three sectors is the primary focus of NPI, which emphasizes inter-sectoral partnering and long-term society-to-society linkages (transnational partnering). The value of the devolution of power and democratic local governance was emphasized, and NPI pilot missions were encouraged to pay special attention to untapped energy and resources at the local level. The importance of moving beyond the paradigms of top-down or bottom-up development, in order to build synergies between activities at both levels in a very deliberate and rigorous manner, was also stressed.

Missions were asked to explore ways in which NPI could

"USAID/Guinea's desire to become a Leading Edge Mission was in part driven by the Mission's belief that its program had already incorporated many of NPI's principles....one of the most surprising lessons we've learned is that there was a tremendous amount of untapped energy, enthusiasm, and potential for new partnerships that materialized when we began to explicitly promote the initiative. Once we became more conscious of NPI principles and strategies, and made the extra effort to implement them, our partners realized that we intended to share responsibilities for implementing our activities and achieving results, and the initiative gained a momentum of its own."

USAID/Guinea

help the Mission to address issues related to: operating in a period of reduced human and financial resources; cost efficiencies; the financial sustainability of development initiatives; and the development of exit strategies.

Finally, NPI fosters cross-cutting activities across all five sectors within which the Agency works (environment and natural resources; population, health and nutrition; democracy and governance; economic growth; and humanitarian assistance). Thus, the Learning Team encouraged the pilot missions to use this period as an opportunity to build new cross-cutting linkages among their Strategic Objectives (SOs), thereby strengthening one of the key aspects of reengineering (see Volume 1, Chapter 7, Annex 4).

As is clear in the field reports, each NPI Leading Edge and Partner Mission explored different aspects of the NPI approach during this pilot phase. While some applied the approach across the board to all of their programming (Guinea), others concentrated on only one aspect. Some Missions found that it boosted morale, enhanced internal communications and produced more effective cross-sectoral programming (Bulgaria, Guinea and Zambia). Other Missions were attracted to the way in which NPI: enhanced the Mission's relationship with other donors (Bangladesh and Zambia); contributed to the development of cross-cutting performance indicators; fostered efforts to bring in non-traditional partners (Guinea); added a strategic focus to partnering activities; enhanced democracy programming (South Africa, Bangladesh); and/or fostered sustainability (Russia). Thus, some reports concentrate on NPI's reengineering aspects or on practical lessons learned, while others contribute to advancing the conceptual framework.

Similarly, the field reports vary in terms of how narrowly or widely the NPI approach was applied within the Mission. In many cases, this is a simple function of the degree to which previously existing programming already reflected NPI precepts. In some cases, it is clear that the Mission is thinking of NPI as a way to build stronger linkages within only one NPI sector, such as nongovernmental actors (Indonesia) or in only one of the strategic sectors within which USAID works, such as democracy programming. In other cases, the applicability of NPI to the full range of Mission SOs comes through very clearly (Kenya, Bulgaria, Guinea, Madagascar, Ecuador, etc.). In Panama, for example, representatives of the Panamanian government, business, and civil society were invited to join all of the Mission's Strategic Objective (SO) teams.

In some cases, the Mission's participation in NPI was limited to only a few individuals in the Mission (in the program or democracy offices especially), but in many cases the participation extended throughout the Mission (Bulgaria, Guinea and Haiti, for example). It was often the case in those Missions that the strategic partnering encouraged by NPI spilled over into non-NPI activities in the Mission, or that successful local partnerships fostered in response to one set of challenges transcended that issue arena to enhance efforts to address additional challenges.

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► **Special Reports** (Volume 1, Chapter 6)

There are three special reports included in the NPI Resource Guide (Volume 1, Chapter 6). The first includes a detailed description of the way in which the participatory nature of the initial NPI design process (as detailed in Annex 3 of the original Core Report of the New Partnerships Initiative) evolved during the Learning Phase (Special Report 1). In this sense, the NPI Resource Guide itself is a good example of the results to be achieved through strategic partnering.

Second, there are two reports detailing the context within which NPI is evolving and highlighting similar activities and conceptual frameworks emerging among other bilateral and multilateral donors, and within the academic, think tank and foundation communities (Special Reports 2 and 3).

"USAID's New Partnerships Initiative (NPI) represents a potentially revolutionary approach to fostering sustainable development, reducing poverty, and building democratic practice. It is also a recognition that local stakeholders must be protagonists in their own development process."

Local Development and Local Partnership Initiatives in the Development Community, Special Report 2

► **Synthesis Report Annexes** (Volume 1, Chapter 7)

There are five annexes to the Synthesis Report: (1) an overview of donor roles in fostering partnerships; (2) a list of relevant Agency policy and program guidance; (3) general statistical information for all of the Leading Edge and Partner Missions; (4) a list of each of the NPI Mission's strategic objectives; and (5) a guide to the lessons learned from Mission reports.

► **Annexes to the NPI Resource Guide** (Volume 2, Section B)

The annexes to the NPI Resource Guide include: additional NPI resource material (such as bibliographic resources); selected annexes from the Working Groups and Leading Edge and Partner Missions; and additional models and NPI-related input from several of USAID's external partners with experience in the area of strategic partnering.

B. NPI CONCEPTS AND IMPACT

The NPI Learning Team, benefitting from the field testing of the approach outlined in the NPI Core Report, has made several advances in the NPI conceptual framework. First, the NPI program strategy has been clarified and focused. Second, the role of the three NPI sectors (civil society, business, and institutions of democratic local governance) has been both validated and updated. Third, the interaction of NPI with Agency reengineering has been clarified considerably.

1. A Strategic Approach to Development Partnering

In the post-Cold War era, and in the face of diminishing resources for development assistance, the Agency must find ever more effective ways of doing business. NPI offers a strategic focus that can enhance the impact of existing Agency programs.

a) Changes in the Global Context of Development Assistance

NPI's pursuit of innovative approaches to development partnering emerges in response to changes in the global context of development assistance: a) increasingly complex development challenges coupled with shrinking resources; and b) a growing appreciation for the critical role to be played by an expanding number of development actors. As a result of these changes, concerted efforts are underway--in academic and policy arenas alike--to shed light upon and take advantage of the blending, merging and reshaping of boundaries taking place among state, society and market actors (see Special Reports 2 and 3). NPI seeks not only to ensure that development practitioners can easily recognize and take advantage of the expanding roles of a variety of new players, but that armed with that knowledge, the development community can move efficiently to bridge the gap between common practice and best practice.

Sustainable development and progress in the struggle to reduce poverty, require a combination of sound economic and social policies at the national level, as well as collaborative involvement by local level citizens' organizations, the business community, and institutions of democratic local governance. In developing countries, this approach to development has been facilitated by the gradual spread of democratic practices at the national and local levels, decentralization of government functions and responsibilities from national to regional and local levels, the deepening of the rule of law, and liberalization of economies and markets.

Similarly, the lessening of ideological struggles, has helped to open doors to a new spirit of dialogue and cooperation among different sectors of society which, in many cases, previously stood at opposite ends of the political spectrum. Constitutional changes provide new opportunities for citizen participation and decentralization in the struggle to meet basic human needs. While this process is still at an early stage in some countries, many localities are experiencing a new dynamism derived from the concerted action made possible by the growing number of alliances and partnerships spanning all sectors of society.

In light of these shifts, and given current resource constraints, many donors are taking steps to reprioritize their assistance programs in both geographic and sectoral terms. With the dramatic decline in U.S. development assistance resources, the harmonization of donor policies and programs and cooperation among a much broader array of development partners has taken on greater significance. At the same time, increased emphasis has been placed on the results achieved through the resources expended.

USAID may be unique among the donors in the degree of emphasis it gives to the strategic role played by civil society and inter-sectoral partnerships. Many donor programs continue to engage nongovernmental actors as agents of development--implementing donor or government programs--rather than initiators of development. Overall, development assistance remains predominantly government-to-government. USAID has a continuing role, therefore, in: developing its own thinking about public/private partnerships; identifying best practices in this area; and helping to advance donor understanding of the value of strategic partnering.

In this environment, USAID has a unique opportunity to influence donor thinking on the priority of providing significant support to strengthening civil society and on the effectiveness of strategic partnerships as vehicles of development. The lessons that USAID has learned in the NPI Learning Phase and the Agency's future experience as NPI is implemented Agency-wide can be critical to this donor dialogue (see Volume 1, Chapter 7, Annex 1).

The Bangladesh Mission report provides insight into the opportunities provided by NPI. Collaboratively with USAID/W, USAID/Bangladesh has negotiated an agreement with the European Commission to jointly support a Democracy Partnership that includes USAID/Bangladesh, the Asia Foundation, and the Bangladesh Rural Advancement Committee (BRAC). This will both raise the comfort level of all parties in working together in the area of civil society and will leverage approximately \$1.2 million in funds. Finally, the agreement has raised strong interest within the EC in exploring policy issues related to improvements in the overall enabling environment.

"Other donors such as the World Bank, UNFPA, Britain, Sweden, UNDP, German and Denmark work with local NGOs, the business community, and local administrations which also work with USAID. This coordination will be better linked through NPI and strengthen new partnerships... Similar to USAID, other major donors in Kenya see the empowerment of civil society as a key strategy toward sustainable development and democratization ends... NPI will help utilize these resources more productively for Kenya's development."

USAID/Kenya

In sum, U.S. leadership faces three challenges in this area: (1) to contribute to the harmonization of bilateral and multilateral donor policies to assure an effective response to this increasingly complex agenda; (2) to increase the results attained from diminishing aid resources; and (3) to find new ways to empower civil society and to foster individual and collective responsibility, civic action and community participation at the local level.

The first two objectives, policy harmonization and improved effectiveness, have been the focus of a series of USAID initiatives designed to strengthen and/or create partnerships with other donors (including Japan through the Common Agenda and the European Commission through the USAID/EC High Level Assistance Con-

sultations). These linkages make it possible to establish broad strategic priorities, common results targets, effective assistance models, and international standards of development practice among donors (as codified in the recently released OECD/ Development Assistance Committee's report, "Shaping the 21st Century: The Contribution of Development Assistance," discussed in Volume 1, Chapter 7, Annex 1).

The third objective, partnership with civil society, has moved in two related directions within USAID. First, the Agency has actively pursued new ways, through reengineering and the establishment of new partnering mechanisms, to engage a broad array of U.S. institutions (business, higher education and the U.S. PVO/NGO community) in the global development effort. Second, USAID launched the "New Partnerships Initiative" in order to foster greater participation, ownership, capacity and responsibility within developing countries at the community level.

b) The NPI Strategic Response

(i) What makes NPI strategic?

The New Partnerships Initiative responds to these shifts in the context for development assistance and the Agency's emphasis on integrated sustainable development through a strategic focus on the role of local communities in development. NPI reinforces a process of devolution of power and responsibility to local actors, in concert with the active engagement of civil society, the business community, and institutions of democratic local governance.

Development practitioners have long understood the large untapped development resource represented by the knowledge, creativity, and resources of citizens in the communities of the developing world. Repeated attempts have been made to tap this wealth of development energy, but with limited success. Moreover, recent donor attention has been heavily focused on nation building and market reform. Insufficient attention to the critical role of the local community, however, will undermine efforts to promote development that can survive over the long-term. Based on the reports of the fifteen NPI participating Missions, the NPI Resource Guide serves to document and clarify local empowerment as a program option and to highlight the critical role of civil society in the development process. NPI demonstrates the strategic potential of the local community for advancing sustainable development across a broad range of development activities, in balance with nation building activities and market development.

The Learning Team and the NPI pilot missions have explored a variety of institutional arrangements for mobilizing and utilizing community initiative to support sustainable development. It is evident that best practice in a number of Missions reveals considerable advances in the state-of-the art. The NPI Core Report identified three sets of strategic actors at the community level (civil society, institutions of democratic local governance, and business). The Learning Team confirms this strategic choice. The NPI Resource Guide identifies several key interventions needed to position these three sectors to mobilize local resources. First, the

organizational capacity of each sector needs to be strengthened at the local level. Second, linkages between community institutions and the national enabling environment need to be considerably strengthened. Third, and most important, for successful graduation, new arrangements among the three sectors, at both the local and transnational levels, need to be forged.

Throughout this process, it is important never to lose sight of the drive on the part of citizens living in these countries to be free of the cycle of dependence on foreign aid. USAID's task, and that of its U.S. partners and other donors, is to ensure that their legacy is one that contributes to that prospect. USAID/Mali adopted--following consultation among both U.S. direct hire staff and locally hired staff--the theme, "More Mali, less aid." There is agreement among both donors and their host country partners, that the goal is to leave behind the institutional structure, the enabling environment, the capacity, and the practice of strategic partnering that makes such an outcome possible. As both donors and their U.S. and international nongovernmental partners focus on results and the development of exit strategies, the nature of their relationship with the host nation will shift. Both in terms of donors (where the relationships will increasingly be grounded in bilateral and multinational issues of joint concern--such as trade, migration, environment, health and crime) and U.S. PVOs and international NGOs (where the relationships will be increasingly based on society-to-society linkages characterized by mutual interests and shared responsibilities) the goal will be a collaboration among equals.

The key to the new institutional arrangements is that they help to aggregate citizen interests and structure appropriate incentives and resources for community initiatives. In isolation from some of the most dynamic elements of their societies, government-to-government approaches alone can perpetuate dependency. The sustainability of development depends upon a structured complementarity between these bilateral approaches, and carefully targeted efforts and a disciplined strategy to bring *nations* together through self-sustaining webs of strategic alliances and institutional arrangements at all levels.

By using NPI, Missions can play a strategic role in facilitating community initiative by providing a venue for diverse groups to identify shared interests, fostering a diversity of institutional arrangements, and encouraging the emergence of a dense array of societal actors. **The approach strengthens the capacity of developing countries to create their own mechanisms for problem solving and, in this sense, is closely related to the development of exit strategies.** The return on Mission investment is potentially very high.

Partnering itself is nothing new, of course. USAID and others have for years--with varying degrees of success--worked with and through a variety of "partners." What is new about NPI--and what makes partnering "strategic"--is the emphasis NPI places on a **structured mobilization of the resources, skills, commitment and knowledge of all stakeholders and on fostering financially sustainable, equitable and effective long-term relationships** in two ways:

inter-sectoral partnering--across the three NPI sectors

transnational partnering--society-to-society linkages across national boundaries

(ii) NPI and graduation

Strategic partnering contributes to local efforts to: mobilize resources; improve the enabling environment for community engagement; play a lead role in their own development; and build the web of networks and strategic alliances necessary to sustain development after donors depart.

Graduation from dependence on foreign assistance is based upon these advances in host country capacity which, in turn, depend upon the consolidation of increasingly diverse and rich, long-term partnerships among a broad array of development actors. NPI fosters efforts at the grassroots level, regionally, nationally and internationally to both broaden the range of development players and to deepen their involvement. This includes, for example, encouragement to consider the value of involving non-traditional partners (such as religious leaders in a health activity, as in the case of Guinea) in development initiatives. In order to go the next step to build both inter-sectoral and transnational partnerships, Missions are encouraged to think in terms of combining capacity building and innovative partnering to meet their program objectives.

"...we recommend that future Russian-American partnerships should be conditioned on the American partner, rather than USAID, putting up more than 50% of the resources required for joint activities. This would ensure that the USAID support is minor from the start and that the partners will be active in seeking alternative sources to replace USAID when its support ends."

USAID/Russia

(iii) NPI and program impact

Through strategic partnering, a new range of development outcomes arise that would be out of reach for any one of the three NPI sectors operating individually. In partnership, the various interests of the various sectors can give rise to a creative tension that leads to innovation in terms of product development and delivery, governance and the expression of local values. This makes it possible to tackle complex problems that no one sector has the appropriate resources and/or ability to manage, and but in which every sector has a stake.

Strategic partnering can re-structure incentives, help to leapfrog obstacles, and/or mobilize resources

"The objective of CIPNA (the joint Citizen Participation and Natural Resource & Environment project) is two-fold: to encourage participatory linkages at the community level among local government units, NGOs, CBOs, and the private sector in identifying and resolving problems at the local level; and to serve as democracy and governance "learning sites" for potential replication on a national scale. NPI's focus on partnerships, NGO empowerment, and enhanced local governance helped stimulate this synergy between two key strategic objectives."

USAID/Sri Lanka

simply by providing development partners with direct access to one another (i.e., directly linking a donor with local community actors). For example, inter-sectoral partnerships at the local level can increase a community's negotiating power with authorities at the national level to remove constraints to collaboration and to accelerate decentralization. Further, when successful, strategic partnerships can serve as a mechanism to tackle other development problems, after the initial problem that catalyzed formation of the partnership is resolved.

NPI moves beyond simple networking to create purposeful coalitions to affect change. What is important is not that the relevant players have come together, what is important is what they accomplish together. The NPI report from the Philippines documents the power of this approach.

In sum, strategic partnering:

- ▶ Incorporates a deliberate strategy to build connections among the three NPI building blocks: local capacity building, strengthening the enabling environment, and fostering strategic partnerships.
- ▶ Builds inter-sectoral partnerships among civil society actors, the business community, and institutions of democratic local governance.
- ▶ Builds transnational partnerships and society-to-society linkages through North-South and South-South exchanges.
- ▶ Builds intra-sectoral partnering within each of the three NPI sectors, which strengthens the sector and enhances the capacity to partner across sectors.
- ▶ Transcends traditional sectoral stovepipes, linking Mission activities across Strategic Objectives (SOs).
- ▶ Builds mutually reinforcing approaches at and among the local, national and transnational levels.
- ▶ Is based upon shared rights and responsibilities among all actors, with performance enhanced by clear representational authority and rules, accountability and transparency.
- ▶ Mobilizes resources and encourages other donors to partner with USAID in this way.
- ▶ Gives upstream attention to steps that will help ensure the long-term sustainability of the partnership, even after external resources decline or disappear.

- ▶ Can quickly demonstrate visible improvements in benefits and efficiencies, thus helping to consolidate and reinforce coalitions that favor reform and the development of a civic culture.

USAID/Madagascar's Commercial Agriculture Production (CAP) Project

Development Challenge: For almost 20 years, agricultural production throughout Madagascar fell dramatically as the Government sought to eliminate intermediaries in the agricultural production chain and replace them with State-run organizations. Through CAP, USAID/Madagascar is catalyzing a reversal of this process by addressing the major constraints to agricultural growth. The program strives to improve the regional and national enabling environment while simultaneously building local institutional capacity.

Approach Chosen: CAP predates NPI, but the approach selected is strikingly similar to the now well-defined NPI framework. In this regard, it is a useful indicator of the effectiveness of the NPI approach. Working in partnership with agribusinesses, grower associations, road-users associations, local and national authorities, and international and local specialists, CAP has begun to alleviate many previous constraints to agricultural sector growth. CAP also leverages additional results by working creatively with European, Japanese and other international partners. Through collaboration with USAID environmental efforts in Madagascar, the project is creating a link between efforts to increase economic growth and those designed to protect the environment. CAP's emphasis on institutional partnerships and cross-sectoral synergies has proven effective.

Results: One of the most complex yet necessary activities for the success of CAP was the transfer of authority for the management of rural roads from the central government to regional and local governments and private associations. Many months of effort were required to set up the appropriate structures and convince authorities that local management of rural roads would lead to agricultural growth. Now that the approach has been proven effective, the CAP-designed procedures have been accepted by the Government of Madagascar as an operational model for its decentralization program.

At the local level, success from expanded partnerships and improved institutional capacity has had a multiplier effect. In one community, for example, the members of the road-users association utilized their new organizational talents and contacts to develop a rural health center. The association received a grant from the U.S. Ambassador's Self Help fund to purchase medicines for the rural health center and it convinced the World Bank to help finance the rehabilitation of the building to be used for the center. It contacted a local agribusiness and negotiated, with the help of CAP, the purchase of 2 tons of fertilizer for its members. And, finally, the women members of the association convinced the USAID-financed APPROPOP Project to support a family planning program at the center.

CAP has reinforced public-private partnerships and brought new activity to once abandoned regions. This partnership-based approach which empowers local populations is also a key element with respect to sustainability post-CAP. CAP has been able to establish self-governing and self-financing associations with the will and the capacity to initiate development activities.

2. NPI's Three Strategic Sectors

There are several ways in which the thinking of the NPI Learning Team has evolved since publication of the NPI Core Report with regard to NPI's three strategic sectors (civil society, business and institutions of democratic local governance).

a) The Role of Civil Society

Civil society plays a critical role in supporting political competition, engaging in policy advocacy and dialogue, in serving as a watchdog to hold government and business accountable, and in encouraging democratic values generally. Through strategic partnering, NPI also provides support for civil society to initiate new forms of governance. In managing natural resources, in education, in economic infrastructure, we have seen new institutional arrangements that engage civil society in the management of public resources and public authority. Many models of democratic governance limit governance to politicians or bureaucrats, who are then accountable to citizens. In this sense, NPI suggests a considerable expansion of citizens' capacity for direct involvement in governing their own affairs.

During the Participatory Design Phase of NPI, the primary focus was on the need to strengthen civil society and to ensure that this sector was integrated as a full partner with government and business in the pursuit of sustainable development. This reflected a concern that neither development theory nor development practice (traditionally more heavily focused on government-to-government assistance) demonstrated a full appreciation of the strategic value of a rich associational life and the importance of public/private sector partnerships.

During the Learning Phase, the NPI team expanded its focus to pay increasing attention to the dimensions and dynamics of strategic partnering *per se*. There was a growing concentration on what could be accomplished when each of the three NPI sectors enjoyed both the appropriate enabling environment and the capacity to be an effective partner. Feedback from the NPI Leading Edge and Partner Missions indicates enormous untapped potential in terms of what these three sectors could do in partnership. The challenge, of course, lies in how to move forward in those situations in which one or more of these sectors is weak to one in which two of the three or (ultimately) all three are in a position to partner. There are instances, for example, in which a developing country has a very dynamic civil

"The New Partnerships Initiative significantly improved the effectiveness of USAID/Guinea's program by strengthening our partnerships, improving the quality of some of the Mission activities, decreasing the time needed to achieve certain results, and generally making our work more satisfying. The impact of NPI started to be felt very early as we polled our partners to determine their receptiveness to a renewed relationship based on the NPI principles." USAID/Guinea

society, but where the business community is anemic, local government powerless and/or national government a poor partner. Conversely, there are many cases where civil society is the weak link on the ground. For these reasons the NPI Learning team placed special emphasis on the development of capacity building mechanisms tailored to each of the three NPI sectors and, particularly, on more effective models for inter-sectoral and transnational partnering.

One challenge implicit in all of the above is the need to pay careful attention to country context. The specific difficulties involved in strengthening civil society and encouraging strategic partnering will vary greatly depending upon the local context, the level of economic development (see Volume 1, Chapter 7, Annex 3), the type of enabling environment present, and the capacity to partner on the part of the civil society sector.

It is very different, for example, to talk about the need to partner in a society in which voluntary association is a relatively new phenomenon (Russia, Bulgaria or Romania) or where there is a long history of hostility between the nongovernmental and government sectors (which was the case until recently in Haiti, for example). Similarly, in cases such as Ethiopia and Eritrea, where former nongovernmental activists have moved into government (and would now like to see external assistance rechanneled toward the public sector), it is important that these new leaders reaffirm what they themselves once underscored--the importance of a vibrant civil society. Finally, as the USAID/Sri Lanka NPI field report (Volume 2, Section A) indicates, there are special challenges and opportunities associated with applying NPI to efforts to strengthening civil society and building cross-cutting partnerships in an environment characterized by pronounced ethnic strife.

At the same time, there are also many similarities among regions. The responsibility of civil society actors is not simply to organize themselves in order to place demands on government, but increasingly to organize themselves in order to do for themselves. An exclusive focus on what the government should do can quickly outpace the ability of the government to respond and may not--in fact--be the most effective way to handle a particular issue. Such a narrow focus may produce a desire on the part of the government to keep civil society actors at arm's length and may, therefore, unintentionally inhibit full societal participation.

Equally challenging is the reality that not all donors, host governments and other development partners are equally comfortable with the presence of a dynamic civil society, nor appreciative of the benefits to be derived from active partnering with that sector. For this reason, another aspect of NPI is to encourage steps at both the field and headquarters levels within USAID to help--where necessary--to increase the comfort level and the interest of other donors and host governments with efforts to

"In the pursuit of sustainable development, an effective civil society is every bit as important as efficient markets or good governance."

NPI Core Report

strengthen and expand the arena for action of civil society, while at the same time broadening the array of nongovernmental partners with which these donors and governments work.

b) The Role of the Business Sector

Strategic partnering depends on a thriving business community, which in turn depends on favorable economic policies, structural change in the role of government in the economy, and developmentally sound investment policies. Without the resource base engendered by an efficient business sector, there can be little sustainability to NPI's partnerships.

The NPI Core Report limited the scope of the business component to small and medium sized businesses. While the NPI Resource Guide continues to pay particular attention to the special role of small and medium sized businesses in strategic partnering, after vetting this section with USAID Missions and NPI partners, the Learning Team decided to eliminate this restriction and to include businesses of any size. Firms of all sizes can make important, although different, contributions to civil society, the community and national development.

Microenterprise support organizations play an important role, for example, in integrating the poor into both the community and the economy, while fostering a tradition of cooperative action. Larger businesses can have a significant influence on national economic policy and can realize returns to scale in financial intermediation and in the development of economic infrastructure. In some countries, these larger businesses have taken on an expanding philanthropic role, which can serve to galvanize similar activities on the part of smaller businesses. Small and medium enterprises are not only a critical source of economic growth within the community, but they are also an incubator for the development of entrepreneurial talent that is critical for building new partnerships. Finally, media and financial institutions are of fundamental importance to the long-term success of public dialogue and investment in collective goods and services.

Trade and professional associations can and do play a particularly important long-term role in linking community and national development. These associations can be very effective in advocating policy changes that enhance private action by: establishing and monitoring industry standards and professional codes of conduct; assisting licensing and certification; supporting a variety of information services; and providing educational and information services for members.

Cooperatives also play an important role in strategic partnerships as "hybrid" organizations that bridge the market and civil society. They are broad-based, service-oriented organizations, which share with business a focus on the bottom line of profitability, and can engage with government on a wide range of important policy issues: land tenure, lending policies, commodity regulations and marketing, and development of economic infrastructure. Extensive USAID experience working with cooperatives overseas has demonstrated that they are a valuable model of

democratic, community-based organizations that can mobilize local resources for both social and economic development.

Evidence from the Learning Phase underscores the inadequacies in current thinking about one particular aspect of the developmental role of the business community: how business is integrated into governance and community life. One opportunity that is sometimes missed in USAID programs is the important contribution that the business community can make to the consolidation of democracy and good governance. Business actors and business associations can play an active role in community service and governance at the local level (e.g., boards and public authorities). The definition of the "public good" is an ongoing political and civic process that very much depends on the quality of information, dialogue and participation. The integration of the business community into the process greatly enhances all three.

c) The Role of Institutions of Democratic Local Governance

Local governance institutions include local authorities (municipal and county governments), local branches of the national bureaucracy that interact with the community, and a variety of special authorities (tax districts, water districts, transportation authorities, etc.) whether licensed locally or nationally.

Strategic partnering relies upon governance institutions that are democratic in character. However, there is no presumption that they need be directly elected by the community. They may be indirectly elected, appointed, or elected by major stakeholders. Nevertheless, they should be accountable through election, courts or administrative procedures, and should be sufficiently transparent in their operations to permit community scrutiny. Above all, they should operate in an environment in which local participation and partnerships are possible and encouraged. This local accountability implies that decentralization and participation is a widespread characteristic of governance institutions.

The Learning Team has retained the Core Report's focus on local community empowerment and action, underscoring the primacy of the devolution of power from the central to local levels of government. At the same time, the experience of the Learning Phase has further reinforced the Core Report's emphasis on vertical linkages and the national enabling environment in order to support effective local development. The geography of local problems varies greatly and returns to scale together with spillover effects may move solutions to a regional level or even a transnational level. In consequence, NPI stresses the need for communities to have the capacity to participate in dialogue and partnerships both vertically and horizontally. Community empowerment implies not only the ability to act locally to support development, but also the capacity to act effectively in broader arenas.

The NPI Mission experience reflects a growing interest in the "privatization" of public functions at the local level. As decentralization increases in developing countries, there is often the tendency to recreate the bureaucratic state at the local

level. The NPI lesson is that local authorities, as much as national government, need to consider partnering with civil society and the business community to provide local services and support public investment. It is often difficult for newly elected leaders of local governments to learn to share power and therefore lose patronage. It is equally hard for civil society and business to learn that they should not expect their local officials to take sole responsibility for the benefits the community desires, but rather share the responsibility for development.

The importance of an advocacy role for business, NGO and other civil society organizations and institutions of democratic local governance in national policy has been strongly reflected in Mission experience. The NPI team also recognizes that inter-sectoral partnering must take place not only with local authorities, but also with the local branches of the national bureaucracy. In consequence, bureaucratic reorientation and vertical links to affect national policy must match decentralization as a viable strategy.

The simple lesson is that power is not a zero-sum game. Development requires that the community develop the capacity both to solve its own problems and also to function effectively in local, national and international arenas.

3. NPI's Impact on USAID

USAID's internal management reforms, the changing role of development assistance in U.S. foreign policy, and declining resources all affect the way in which the Agency does business. NPI is a significant step forward in linking these dramatic changes to the substance of the Agency's program, outlining new ways of doing business that can guide USAID's response to these external forces (see Volume 1, Chapter 7, Annex 2 for an examination of current Agency policy and program guidance relevant to NPI). A detailed listing of existing policies and guidance that support NPI programming is provided in Volume 2, Section B. Additionally, the NPI Core Report provides a list of USAID management reforms relevant to NPI (NPI Core Report, Annex 4).

a) NPI and Reengineering

NPI contributes to Agency reengineering by assisting in institutionalizing a **results orientation** among partners, contributing to **sustainability** by providing the organizational capacity for **participation and local ownership** of development efforts, increasing the **impact** of development programs and introducing **cost efficiencies**; advancing **management reforms**; and building inter-sectoral and society-to-society **linkages** that will outlive graduation.

Results: The Mission reports attest to the complementarity of NPI and the Agency's reengineered management systems--enhancing the impact of the Mission's active involvement with local stakeholders and strengthening a results orientation. First, the greater the organizational capacity of local organizations and partnerships, the better the public dialogue with USAID and other donors will be. Second, NPI

facilitates partnerships among stakeholders--precisely those actors with the strongest interest in assuring program results. Partnership requires clearly articulated agreement on: goals; the distribution of costs and benefits; performance indicators and mechanisms for measuring and monitoring results; the delineation of responsibilities; and a process for adjudicating disputes. These factors combine to institutionalize a Mission's results framework. Third, Missions report that they are better able to adapt to local conditions, leverage donor and local resources, and enhance program impact through these partnering arrangements.

"To fulfill its obligations as an NPI/LEM, the Mission will devote additional effort to monitor and document both the results and the processes which lead to increased institutional capacity and developmental impact. A key new aspect of the strategic plan implementation will be the development of an information system that will facilitate both monitoring and learning from experiences under NPI."

USAID/Kenya

Cost Efficiencies: NPI provides an overarching framework and specific mechanisms for increasing program impact at reduced program cost. NPI's concept of partnerships establishes USAID staff as entrepreneurs--bringing together other donors, local stakeholders, U.S. partners, and the host government in a collective effort. The Mission role is to encourage institutional change, policy reform and to provide technical services. The cost effectiveness of this approach is demonstrated in the NPI Leading Edge and Partner Mission case studies: (a) leveraging resources from other donors and local stakeholders; (b) using strategic partnering to build synergies across Mission SOs; (c) building local capacity and encouraging society-to-society exchanges that can survive USAID's departure (e.g., see the USAID/Russia report); and (d) encouraging local ownership of programs. Adaptation to the diversity of local conditions has traditionally been a significant constraint on the impact of donor programs. NPI institutionalizes local ownership and responsibility for adapting to local conditions, thereby enhancing developmental impact.

Exit Strategies: NPI has a direct relationship to Agency exit strategies. Ideally, an exit strategy has two components: first, assuring that sufficient institutional capacity is left behind to sustain USAID's contribution to development; and second, that society-to-society linkages facilitate continuing access to U.S. expertise and technology, and support long-term cooperation on issues of common concern (e.g., environment, disease control, trade, etc.). NPI addresses both of these objectives.

Central to the issue of institutional capacity is the issue of financial sustainability, absent donor funding. Several Missions have expressed concern on this issue, particularly the Philippine Mission (Volume 2, Section B, Annex 10). The NPI Resource Guide has stressed the need for local economic growth and revenue sources to sustain community efforts, for links between civil society and government and private funding sources, and has stressed the development of professional

and business associations that can sustain community partnering through the income derived from direct services to members. However, this issue merits further attention.

Over time, as a country moves closer to graduation, program emphasis may well shift from local capacity building to transnational partnering, as it has in Russia. Even where this is the case, however, the question of broad access to these linkages, their benefits and their sustainability requires attention. With increasing globalization of U.S. interests, many organizations (e.g., universities, PVOs, trade associations, environmental NGOs, associations of mayors, cooperatives, etc.) have a stake in maintaining these relationships.

Community Empowerment as an Assistance Strategy: Unlike many other donors, USAID's commitment to local participation and ownership includes a commitment to community empowerment. The participating Missions demonstrate that NPI supports assistance strategies that move beyond consultation with stakeholders to the development of institutional arrangements that guarantee that stakeholders have standing, formalized participation in decisions, and the capacity to hold their own governments accountable. Thus, NPI links the Agency requirements for engaging stakeholders to a program commitment regarding community level democratization, decentralization, active civic participation and policy advocacy in all development sectors.

Not only have participating Missions commonly adopted a decentralization strategy in their programs, but they have also supported stakeholder efforts to systematically restructure the development roles of civil society, government and market institutions within the community. Empowerment allows citizens in developing countries to take charge of their own development at the community level. This implies first, that they are empowered to act--that they have the legal standing to associate together in diverse ways as they require. The ability to associate implies that they have the capacity to make binding agreements, monitor performance, adjudicate disputes, and enforce their agreements. It also requires that they have access to necessary resources--adequately diverse sets of property rights, financial resources, information, technical and legal services, etc. NPI urges Missions to look at the efficiency of alternative institutional arrangements for local development, and to address policy constraints and incentives that impact on local initiative.

b) Moving Beyond Stovepipes

Development programs have traditionally been organized sectorally--i.e., around health, agriculture, economic infrastructure, education, etc. The reason for this is that development problems in each of these sectors require specialized technical expertise and organizational arrangements suited to the goods and services produced in the sector. A hospital's needs differ from those of an agricultural extension service.

Although there have been some dramatic development successes produced by sector specific programs (e.g., child survival and the "green revolution") there has always been concern that such "stovepipe" programs can ignore the "externalities" associated with most development activities. The "green revolution" did indeed produce dramatic increases in agricultural productivity. Nevertheless, its side effects are legendary--improper fertilizer use, mismanagement of irrigation systems, dramatic shifts in labor demand, agricultural credit as a precondition of access to technology, changing patterns of energy use, to name only a few. Another concern has been that the specialized technical/administrative organizations that embody sectoral programs may lack the ability to tap the resources of the community broadly--a significant weakness that limits the impact of many programs.

The response of the development community has been three-fold. First, the donor community has learned to include local participation, equity and sustainability in its programs. Second, donors have given increasing priority to the reform of the basic institutional arrangements that constrain and shape the productivity of social capital throughout the economy. Third, there is a growing interest in new institutional arrangements that can compensate for the inherent limitations of stovepiping (where work is carried out in a single sector, such as the environment or health, with insufficient regard for the potential synergies to be achieved through cross-sectoral integration) by engaging a range of stakeholders as partners in the development process.

NPI directs Mission attention to a range of institutional arrangements that bring together stakeholders from different sectors into "hybrid" entities that combine the characteristics of voluntary associations, for-profit organizations and public authorities. Examples might include cooperatives, community resource management (e.g., fisheries), county hospitals and clinics, special tax districts and local planning/development boards. Cooperation between local government officials and the business community to provide economic infrastructure, a revenue base and expand employment would be a fairly basic inter-sectoral concern. There are clear opportunities for expanding these synergies in Agency programs.

"...the Mission gained valuable experience in forging partnerships among the three SOs to promote synergy through cooperative, mutually supportive implementation arrangements...[a] collaborative--as opposed to competitive--process of allocating Special Account resources has been adopted by the Mission as standard practice as a result of experience gained during the NPI Learning Phase."

USAID/Sri Lanka

NPI also fosters better linkages between Agency programming in the area of democracy and governance and activities in the other four sectors within which the Agency works. Better democratic governance expands the opportunities for action in these other four sectors and, in turn, the engagement of a broad array of stakeholders in different aspects of development work reinforces democracy. The latter is enhanced by grassroots empowerment regardless of the sectors within which

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individuals and institutions participate, and whether or not these groups are explicitly engaged in advocacy work *per se*. Evidence from Bangladesh, for example, demonstrates that work done by NGOs in development sectors was instrumental to the process of democratic change.

NPI makes three main contributions to the policy reform agenda that relate to Agency stovepiping. First, the Mission experience suggests that community initiative is central to sustainable development in all the Agency's programs. As a consequence, decentralization and freedom of association become central to a Mission's policy dialogue. Second, policy weaknesses in different sectors interact at the local level to affect the quality of social capital. For example, weak financial markets not only constrain businesses, but also municipalities, cooperatives and hospitals that may need to raise capital. Similarly, subsidies to cement and water, can easily divert attention from irrigation system maintenance to system construction and frequently exert a corrupting effect on both the irrigation bureaucracy and water user associations. Water mismanagement then negatively affects the environment. Third, NPI suggests that local capacity building in all sectors should address the need for advocacy and participation in the governance processes that define policy, programs and institutional arrangements.

c) Making Time for Partnering: Costs and Benefits

A common observation to come out of the NPI field experience is that building partnerships takes time. While undoubtedly true, the issue of relative costs and benefits is critical to the Agency and merits further discussion.

First, partnering is particularly labor intensive. That is true of any development activity that emphasizes process, rather than simply the provision of goods and services. Building social capital is an entrepreneurial activity and depends on concepts, networks, persuasion, facilitation and brokering. What we are hearing from the field is simply the on-the-ground reality of trends in development theory. Development is about ideas--technology, institutions, policies, and values, not just capital accumulation. Earlier growth models which argued that capital accumulation (or transfer) was the key to development, failed to note that it is the effective use of capital that is truly critical.

Building institutional arrangements and improving organizational capacity is an incremental process that can take many years--a point well-documented in USAID experience in developing universities, agricultural research systems, credit institutions, or water users associations. The range of partnerships covered by NPI are not inherently different or more demanding than previous Agency experience with institutional development.

The organizational dilemma that USAID and other donors face is that in an era in which development is understood in terms of ideas and processes, donors are even more constrained by the lack of operating expenses and salary to support their professional work force than they are by declining program budgets. What the

Learning Team has heard from the field is not that the precepts of NPI and re-engineering are inappropriate, but that the direct hire staff to lead and facilitate the dialogue is in short supply.

Nevertheless, partnering arrangements and society-to-society linkages are central to a viable assistance strategy in today's world--providing institutional allies in the transfer of ideas and capacities. It is not that donors have not worked with partners previously. Rather, it is now the case that one of the key challenges facing USAID and its development partners is the collective mobilization of all available resources and experimentation with innovative ways to build strategic partnerships.

Second, building partnerships takes time because institutional change is usually incremental; partners are cautious in the face of uncertainty and a multiplicity of societal constraints to innovation. Institutional change is also characterized by experimentation, because problems are often misdiagnosed, conditions and interests change, and "free riders" wait for others to take the risks of change. The Missions are in agreement that one proceeds by small steps.

Nevertheless, it is incorrect to conclude that "donors should proceed slowly." Delays or a lack of clarity about interim markers increases the risk of disillusionment and/or defection. A number of years ago an Agency team met with villagers about a project and the headman complained that this was the eighth goat he had to kill to fete USAID teams for what was, after all, a trivial project. The critical brokering task is to move things along, keep costs and benefits to partners in balance and to demonstrate visible progress against intermediate benchmarks. Partners want to see the results.

The speed of building partnerships can be significantly influenced by such factors as the strength of existing participating organizations, levels of conflict among the potential partners, how high the stake is in the partnership, and the level of knowledge about the problem at hand (which can reduce the risks and time spent in experimentation).

Many of the delays revealed in the NPI Learning Phase are due to USAID's own processes. Donors can play an important role in facilitating new partnerships by providing technical support, seed money and brokering services. When USAID projects are delayed by budgetary or legislative constraints, design or contracting delays, the partnering process can be inhibited by uncertainty, false starts and interruptions.

Experience also suggests that the delays involved in building new institutional arrangements can be substantially increased by an unfavorable enabling environment or a failure to assure local ownership. The consequence is that short-term gains in time are lost in terms of results--sustainable impact--when donor funding ends. Time and cost efficiencies are enhanced by doing it right the first time.

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▶ The LEM reports contain a number of lessons of importance:

1) The key to partnering is to proceed incrementally, to maintain a positive ratio of costs (including transaction costs) to benefits, and to provide early and visible results. Twenty years of agricultural extension failed to produce the behavioral changes on the farm that two years of the "green revolution" did. The reason was not that the extension efforts were misguided, but that they were high cost for modest gains, and that the gains were often not measurable by farmers' existing management skills. Programmatically, this means that a design that builds in intermediate results and the capacity to measure and report them is essential. In this context the NPI strategic framework can be very helpful.

2) For a donor to play a role in facilitating partnerships, the donor must adopt a new mode of dealing with its potential partners. This form of participation by stakeholders is already mandated in Agency program guidance as a means to foster the sustainability of development efforts. The NPI Mission reports make clear the importance of the early involvement of potential partners in the development of strategies, and results indicators and monitoring. As a result, the need for partnering is pushed upstream. This can work fairly well where the Agency already has established relationships with the partners in question, but is more challenging when Missions must start from scratch.

3) There is substantial agreement among the Missions that a partnering approach to Agency development efforts is indeed worth the level of Mission resources committed. The leveraging of untapped energy and resources at the community level and improved institutional efficiencies can be an important stimulus to growth and to graduation. Over time, the staff demands on Missions should decline.

▶ Specific LEM observations on the cost-effectiveness of NPI follow:

- In Bangladesh, the fact that the Mission was a reengineering Country Experimental Lab (CEL) gave it an advantage in that key partners had already been integrated into a democracy SO team. As a result, a number of key relationships were already established. When the Mission moved to program design, the partners could move quickly to establish their respective roles, the rules of decisionmaking, and a clear task focus--before the implementation phase. This was a considerable time saver. The Mission estimates that the client surveys, utilizing direct hire staff, entailed substantial OE costs (\$375,000), but that this was considerably cheaper than using contractors.
- In Bulgaria, delays in the political and economic reform process will undoubtedly hamper the effectiveness of Mission partnering efforts. Considerable attention is being devoted therefore to improving that

environment. In this transition society, where civil society, democratic local governance, and the private sector are all new actors with no tradition of working together, the Mission has integrated its sectoral capacity building efforts with strategic partnering among the sectors. The Mission reports that both of these are staff intensive efforts, but they are already reporting results that justify the cost.

- Guinea reports very high development pay-offs to Mission work on the enabling environment and from the encouragement of creative synergies across sectors. USAID has played a catalytic role in assisting agreement on roles and goals among the partners, which demands a high level of facilitation skills at the start. The Mission also provides vital input into the analysis of the nature of problems and possible solutions. The initial start-up costs to such a Mission facilitation role can be high, but the development impact leveraged is considerable.
- In Kenya, the NPI partnerships are central to a long-term Mission strategy to improve the enabling environment for citizen action--which continues to constrain community initiative. NPI is viewed by the Mission as a mechanism for engaging the resources and energy of the community in the development process, enhancing the impact of donor resources.
- Sri Lanka reports that advances linked to reengineering put the Mission in a good position to move ahead quickly to integrate NPI into its programs. NPI has enhanced the impact of Mission programs by engaging the interests of stakeholders and facilitating cooperation among the various actors. The key there is that an NPI approach enables communities to act on their own behalf.
- USAID/Philippines was able to utilize a series of procurement and reporting reforms, based on their long experience in working with civil society to: facilitate partnering; use reengineering to advance partnership building upstream; and develop program initiatives to bring together inter-sectoral groups around local problem definition and problems--with formal facilitation. The Mission argues that streamlining Agency procedures can free up significant amounts of staff time which can then be spent in working with partners. The Mission also noted the tendency for a "results" orientation to encourage Mission micro-management, rather than a real partnership with clearly defined roles and expectations. This again impacts on the availability of Mission staff resources. The challenge is to blend upstream partnering with the elaboration of the results framework on the part of the Mission.

Guinea: Improving Equity and Quality in Primary Education

Development Problem: Guinea's highly illiterate human resource base is a major constraint to economic growth and development. A 71% illiterate population means poor management in the public and private sectors, limited ability to take advantage of agricultural export opportunities, reduced capacity to understand and use family health services, and slower adoption of democratic principles. The fact that girls and rural children are disproportionately affected exacerbates this situation.

Why the NPI approach: Increasing enrollment, improving equity and improving the quality of education requires a strong partnership between parents, community leaders, government officials and NGOs. Such partnerships are the most effective means of increasing awareness about the importance of education, transforming traditional views about the role of girls in society and enhancing a community's ability to manage education resources.

Ongoing and planned actions: Over the past decade, the Government of Guinea has made great strides in improving its education policies. Prodded and assisted by conditional USAID Non-Project Assistance, the Government of Guinea significantly increased budget allocations to primary education. As a result, Guinean children now have greater access to a higher quality education at the primary level. A successful social marketing campaign conducted by the National Education Ministry's Equity Committee, which manages efforts to increase girls' and rural children's enrollment, has led to an increased demand for girls' schooling and for schooling in rural areas. In many cases, demand now exceeds the capacity of local schools. The norm is 100 students per class.

The second phase of our education activity will focus on developing the capacity of local parents' associations to participate in school management and take greater responsibility for school financing. These activities will involve close collaboration with the National Ministry of Education (MEN), and with regional and prefectural authorities to expand the definition of community participation to include increasing enrollment levels and improving education quality. These activities will also broaden the scope of NGO involvement in primary school education beyond solely furnishing material inputs, and are anticipated to reinforce the programmatic vision and administrative capacities of education-oriented NGOs.

Finally, with support from the Global Center's Girls and Women's Education Activity, we will work with the private sector to develop constituencies to support the education of girls and rural children. In addition, we will also offer assistance to the National Ministry of Education in developing forums for public-private sector dialogue on education policy reform. Support from the GWE Activity will also promote Mission equity objectives by: (1) facilitating a process to mobilize the country's decisionmakers--religious, business, media, unions, academia to develop, implement and sustain effective policies and programs for increasing girls' participation; (2) strengthening the institutional capacity of the Equity Committee, local NGOs and APEAEs throughout the country, and (3) increasing classroom participation of girls through the development of curriculum materials and tools through a training program for teachers and communities.

[For full case study, see Volume 1, Chapter 4]

- Zambia reports that although NPI complemented Mission program approaches well, staff and program cutbacks greatly reduced the potential benefit to Mission programs. However, the Mission finds the NPI approach of focusing on capacity building, enabling environment, and building strategic alliances/partnerships to be a powerful tool. The Mission made considerable progress in articulating the problems of the three NPI sectors, but program cuts clearly inhibited building new partnerships among the sectors in the Mission program.
- Haiti also demonstrates the detrimental impact of uncertainties in funding. Additionally, the Haiti experience with NPI clearly underscores the use of NPI as a tool to support reengineering objectives. Finally, Haiti also makes clear how the participatory processes engendered by reengineering facilitate implementation of partnerships downstream by building relationships, goals and commitment upstream. The Mission argues that implementing an NPI approach is not, in itself, a high-cost activity--assuming that reengineering principles and processes are in place. However, it does require changes in Mission program processes to build in the continual consultations and the staff time to broker new relationships among partners. These need to be factored into program development costs in the Mission. For example, the Mission has made extensive use of professional facilitators in its partnership building efforts. The results are worth the cost, as local ownership taps local energy and resources, program objectives and partner interests are clearly articulated, and activities are better adapted to local conditions. Above all, NPI supports reengineering by emphasizing synergies among Mission SOs.

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NPI: KEY POINTS

- 1) Stresses strategic partnering among the three NPI sectors: civil society, business and institutions of democratic local governance.
- 2) Mobilizes and applies energy, resources and knowledge of a broad array of local actors.
- 3) The NPI Building Blocks (local capacity building; strengthening the enabling environment and fostering strategic partnering) support more efficient institutional arrangements to:
 - Tackle complex problems that no one sector has the resources and/or ability to manage alone and in which all have a stake.
 - Foster the long-term financial sustainability of development programs through inter-sectoral and transnational partnering.
 - Clarify the value of vertical linkages (national/local) and horizontal linkages (across the five Agency sectors) in Country Strategic Plans.
 - Emphasize country contextualization--adapting NPI to local conditions.
- 4) Enhances Agency programs by:
 - Reinforcing reengineering.
 - Building consensus among donors, host governments and other partners around strategic partnering and local community empowerment.

C. NPI TOOLS

The NPI Learning Team has developed a set of program tools to assist Missions in integrating NPI into their ongoing programs. These include: a strategic framework for program analysis; a methodology for organizational capacity building; a conceptual framework for diagnosing the enabling environment; and a guide to building cross-sectoral partnerships.

1. NPI Strategic Framework and Performance Measurement

The objective of the Performance Monitoring and Indicators Group (PMG) was to advance performance measurement of NPI. The first exercise performed by the PMG was to assess current indicators used by the Leading Edge Missions to track activities that might be relevant to NPI. The exercise produced a list of 200 indicators that were then categorized according to the three NPI building blocks (local capacity building, strengthening the enabling environment, and strategic partnering) and the three sectors involved (civil society, business and institutions of

democratic local governance). A key gap was identified and that was the lack of indicators for the central focus of NPI: strategic partnering.

The PMG developed a Strategic Framework for NPI (see Figure 1) in order to reframe the LEMs' indicators for more universal application to NPI strategies and to fill in the gaps, especially in terms of strategic partnerships. The Framework helped forge a consensus that the NPI objective operates through the operating units' strategic objectives and is linked directly to the Agency's Strategic Framework. The NPI Strategic Framework supports the Agency's five goals for sustainable development and outlines what needs to happen at the intermediate result level to achieve the NPI objective. The NPI Objective is stated as: **More effective response by civil society, business, and institutions of democratic local governance in collaboratively addressing development challenges.** This objective operates across all five Agency goals and helps Missions achieve their objectives more effectively.

The NPI Strategic Framework and its accompanying illustrative indicators (see Volume 1, Chapter 2) not only serve to forge consensus, but they also provide a tool for communication, strategic planning, performance monitoring, targeting evaluations and management. The NPI Strategic Framework offers the possibility of measuring sustainability and, by means of comparison to non-NPI approaches, of assessing NPI's relative effectiveness in advancing sustainable development.

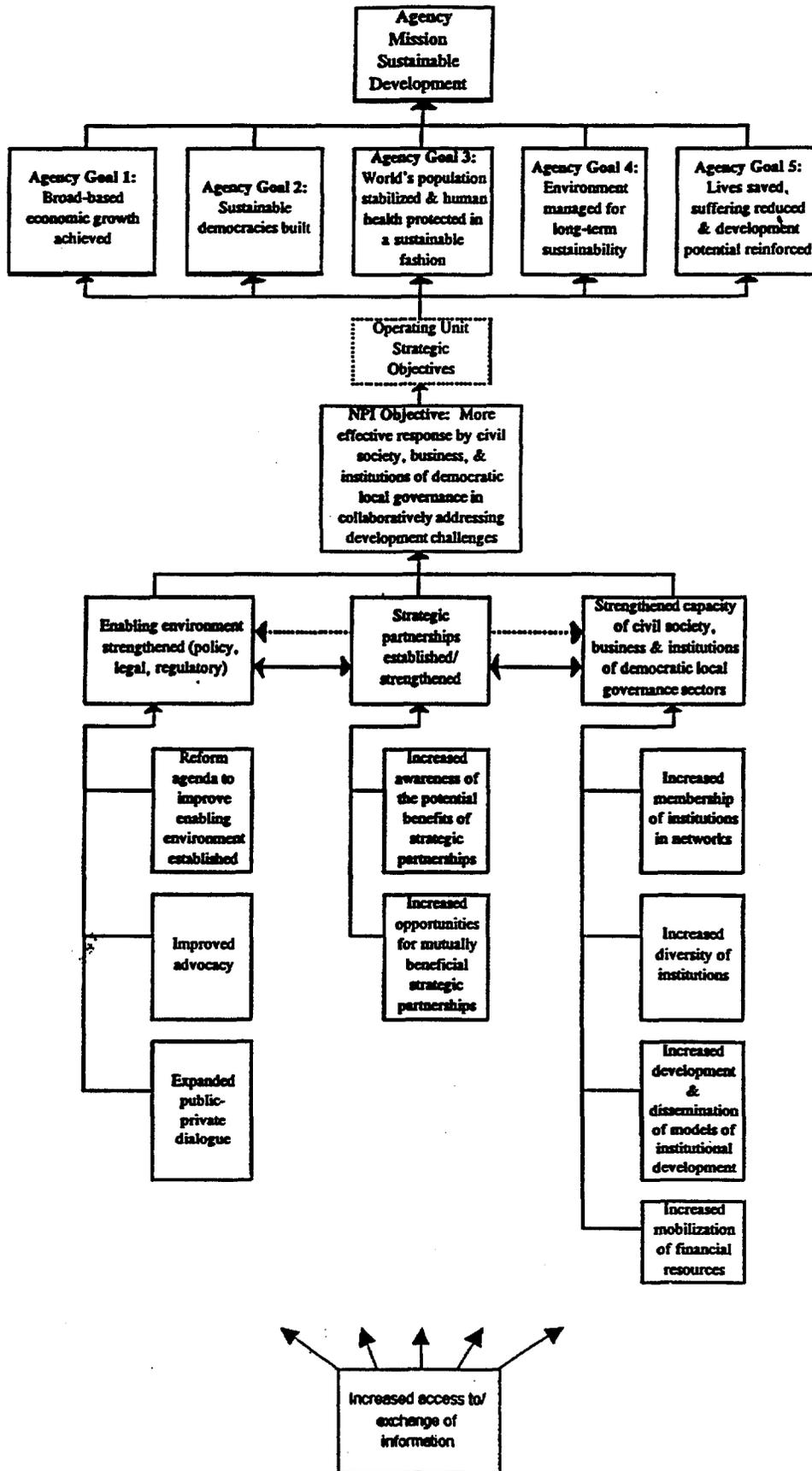
The PMG field-tested the Framework with the Guinea Leading Edge Mission, which formed the basis for the Guinea Case Study in this report (see Volume 1, Chapter 2 and Volume 2, Section B, Annex 2). The Mission found it useful for the analysis and modification of its existing Framework. The Framework helped generate new indicators to track NPI strategies and to identify and make significant partnerships in the existing Mission strategy more demonstrable. Chapter 2 details the strategic use of partnerships leading to increased capacity, effectiveness and efficiency from USAID activities organized around an NPI approach. The Guinea partnerships discussed in that chapter are models for achieving sustainable impact, leveraging resources, increasing capacity, removing constraints and decentralizing.

The three necessary and sufficient intermediate results to achieve the NPI Objective stated above are:

- ▶ **Strengthened capacity of civil society, business, and institutions of democratic local governance sectors**
- ▶ **Enabling environment strengthened**
- ▶ **Strategic partnerships established/strengthened**

Each of these contributes in a causal relationship to the achievement of the NPI objective and to the achievement of the other two intermediate results. For example, an improved policy, legal and regulatory (enabling) environment contributes to partnership formation and to strengthened capacity of the sectors involved (civil society, business, and governance). Effective partnerships may address policy

NPI STRATEGIC FRAMEWORK- Figure 1



constraints and enhance the impact of actions taken by these three sectors. Constraints to achieving results in any one of the three intermediate results are often addressed by intervention in the other two, and recognition of this interdependence is central to the NPI strategy.

When applied to a Mission strategy, NPI strategic thinking may appear at various levels in the Mission results framework and be reflected in results statements and indicators at all levels. For example, in a Mission agricultural sector program, a possible SO result "Agricultural sector capacity increased" might have an NPI indicator, "number of partnerships focused on environmental constraints." The kind of partnership required in this case is one focused on modifying the "enabling environment," and would contribute to a general Mission NPI *intermediate result*, **Enabling environment strengthened**. The development problem that dictates the above application of NPI strategic thinking is grounded in the difficulties encountered by an agricultural sector faced with a punitive market policy and regulatory environment. The sector needs to organize and strengthen its advocacy function.

The relationships among NPI's three building blocks, articulated in the results framework as "intermediate results," are very fluid on the ground. Advocacy for reform at one level may lead to changed conditions favoring capacity building at another level. For example, correct pricing of agricultural inputs or of water can significantly reduce corruption and inefficient management in agricultural cooperatives or water users associations. Thus, the NPI framework can be used as an analytical template for diagnosing policy and institutional constraints, targeting corrective action and mapping interdependencies. In a Mission strategic framework, the NPI intermediate results may contribute to an overall Mission goal of restructuring civil society, or play an instrumental role as indicators of a specific sectoral objective--for example, enhanced capacity to maintain economic infrastructure.

Whatever the specific mechanisms used to further NPI's strategic approach, its result may be measured by those Missions that report on strategic partnerships (inter-sectoral and transnational) as an integral part of the Mission strategy in the R4 presentation.

2. The NPI Building Blocks: Local Capacity Building, Strengthening the Enabling Environment, and Fostering Strategic Partnering

The Strategic Framework above emphasizes the interdependence of NPI's three sectors--civil society, business and institutions of democratic governance. It is the NPI argument that each of these three sectors affects the conditions within which the others operate, and, more importantly, together provide the basis for strategic partnerships and new institutional arrangements that greatly expand the capacity of the community to provide collective goods and services. NPI's key program building blocks--local capacity building, strengthening the enabling environment and fostering strategic partnerships--capitalize on and help to institutionalize the interdependencies of NPI's three sectors, thus adding greatly to

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the momentum and sustainability of development efforts. The working assumption is that these actors will, in a mature institutional environment, be organizations, but this is by no means always the case. Individuals, clans, factions and informal networks may play an important role.

The reports produced by the NPI Working Groups exploring the three NPI building blocks are included in this Volume in Chapters 3-5. A summary of each of these reports is found below:

a) Local Capacity Building

USAID has long been involved in capacity building. Most of this capacity building, however, has been directed at strengthening the ability of individual organizations to achieve their mission. **What is new about NPI is its focus on capacity building for strategic partnering and strengthening individual organizations so they can better engage in such partnerships within and across the three NPI sectors.** Capacity building is a process by which an organization or a partnership among organizations is helped to increase its effectiveness and efficiency in achieving its mission. Chapter Three of the NPI Resource Guide provides a detailed discussion of hands-on local capacity building under NPI, and includes a set of tools for Missions to use in assessing organizational capacity and building capacity for partnership.

Many of the capacity building activities under NPI have worked to strengthen the capacity of individual organizations to engage in partnerships. To participate in partnerships, organizations must have developed operational and financial capabilities adequate to allow them to be equal partners. New organizations often have a nascent capacity and must focus on strengthening the eight basic organizational functions: executive leadership, governance, product or service creation and delivery, resource generation and marketing, management of human resources, management of external relations, management of financial resources and management of informational resources.

More developed organizations have an emerging capacity and can focus their capacity strengthening activities on the cross-functional elements of the organization. This refers to the combination or coordination of two or more basic functions. Examples of cross-functional elements are: long-range planning, organizational learning; leadership practices, organizational culture and organizational structure and systems.

Established organizations have a mature capacity. Capacity building for these organizations focuses on strategic issues such as an organization's position in relation to the external environment, the development and maintenance of external networks, and engaging in partnerships. New or less developed organizations that are still struggling to strengthen their basic functions or cross-functional elements, often find it difficult to engage in partnerships as equals with established organizations. NPI, therefore, emphasizes strengthening these individual organizations in

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order that they might be in a better position to consider the strategic-level questions involved in engaging in partnerships.

Partnerships among organizations can also be strengthened. New or incipient partnerships must be open to learning and have mechanisms that make it possible to build trust among members, identify common ground, create shared visions, explore alternatives and develop agreement on strategies. Training in communications and interest-based negotiations, and support for dialogue development and problem-solving, are capacity building activities appropriate for incipient partnerships.

More developed or functional partnerships need mechanisms that allow for the implementation of shared strategies, coordination of resource mobilization, managing conflicts and holding partners accountable. Training in conflict management and strengthening both collective planning and joint monitoring and evaluation are important capacity building activities for functional partnerships.

Mature partnerships begin to closely resemble an independent organization. They are involved in institutionalizing operations, expanding activities, codifying initial solutions, reassessing their mission, sustaining resource mobilization and transferring skills to new problems. Capacity building for mature organizations focuses on strengthening their ability to learn from experience, to disseminate lessons learned, to expand their operations, to engage in strategic planning and to identify new resources and new partners.

Capacity building for partnerships involves a series of specific steps. First, the current capacity level of the partnership and their member organizations needs to be assessed. Several tools for doing such an assessment are discussed in Chapter Three. Second, the capacity that a partnership and its member partners require to carry out their mission and strategy must be assessed. Partnerships only need to be strengthened when the current capacity is less than the required capacity, and then only strengthened to the point that current capacity is equal to required capacity. It is costly for a partnership or organization to maintain a capacity greater than needed to achieve its mission and strategy, except when the partnership's strategy is expanding and therefore, increasing its required capacity.

The next step is actually strengthening the capacity of a partnership or its member organizations. This is done primarily through training and/or technical assistance. Chapter Three provides guidelines for the provision of training or technical assistance to strengthen partnerships. It is also the case that tasks can be restructured to existing capacity or that the organization can procure technical services externally.

The final step involves the monitoring and evaluation of a partnership's current and required capacity. The required capacity of a partnership and its member organizations will vary over time. As a partnership matures, its required capacity usually increases and further strengthening is necessary. Sometimes the mission or strategy of a partnership is contracting and downsizing is required. To

remain effective and efficient, a partnership must develop mechanisms that allow it to monitor and evaluate the balance between its required and current capacity. In this respect, reducing transaction costs and maintaining a reasonable balance between organizational and client benefits are critical.

The ability to address capacity building problems at several different levels is important, because it is frequently the case that what appear as management problems in individual organizations actually have their origins in policy or institutional weaknesses that affect a whole sector. Organizational problems may stem from sector-wide constraints associated with such factors as property rights, accountability, financing, and information and technical services. Bad policy can induce bad management in organizations generally. For example, subsidized credit in credit cooperatives or subsidized water and cement in irrigation systems frequently have had a negative impact on both the efficiency and honesty of those organizations. Good organizational analysis can, therefore, often spotlight policy and institutional problems within a sector and inform a Mission's policy dialogue process.

USAID is currently using several innovative approaches for strengthening partnerships and member organizations. One of the most common approaches is the umbrella model in which one organization receives direct funding from USAID and then helps support capacity building for a partnership and for individual organizations within the partnership. This support is generally in the form of small grants to the partnership and member organizations. Under this approach only one member of the partnership needs to have the capacity to administer a USAID grant.

Another innovative approach is that of the NGO Service Centers pioneered by Counterpart Foundation Inc. These centers provide a number of capacity building activities for partnerships and organizations both at the centers and at satellite sites. Another capacity building training program is provided by the Global Excellence in Management (GEM) Initiative established by the Weatherhead School of Management at Case Western Reserve University. One focus of GEM is strengthening innovative partnerships among local organizations.

A very common model of partnership strengthening is through the mentoring of a partnership of organizations by an established U.S. PVO or consulting firm. The established organization provides training and technical assistance for developing the partnership and strengthening the member organizations as required. Increasingly, established national or local organizations are being funded to strengthen less developed local organizations. This is especially true for strengthening small businesses and for providing financial management training. Another type of partnering is to encourage partnerships between U.S. PVOs without prior international experience and those with such experience to undertake joint activities overseas. Such an arrangement brings new skills and perspectives to both.

Chapter Three examines the lessons learned by the Leading Edge and Partner Missions about capacity building for partnerships. Only the main lessons are discussed here. Missions noted the great need to strengthen partnerships if local

organizations are to effectively and efficiently engage in development activities. Most Missions, however, found the time required to strengthen partnerships to be greater than initially expected. At the same time, joint training of employees of different organizations within a partnership helped develop lines of communication and establish a dialogue among member organizations. Many Missions found that as a partnership matures, it is able to expand its mission to address other local development problems. In this way, highly focused partnerships tend to expand into broad-based community development organizations. The complete capacity building experience of the Mission is provided in rich detail in the attached country reports.

There are eleven guiding principles that can give direction to Missions efforts to strengthen partnerships and their member organizations. They are listed below and discussed in more detail in Chapter Three:

- ▶ Certain core competencies are common to all capable organizations.
- ▶ Capacity building is an ongoing, incremental, non-linear process
- ▶ Key functional components behave in a highly interdependent fashion.
- ▶ Because change to a single organizational component has ramifications across all organizational components, capacity building is best achieved through planned, deliberative and cross-cutting efforts.
- ▶ All capacity building efforts should be closely connected to outcomes and impact, and actors need to be able to monitor performance and the distribution of costs and benefits efficiently.
- ▶ Capacity building must be a highly individualized process, grounded in local realities and specific organizational needs.
- ▶ The achievement of any lasting capacity building development is generally linked to a change in organizational culture.
- ▶ Effective partnerships and individual organizations exert mutual influence upon each other.
- ▶ More capable individual organizations make more capable partners, and less capable organizations can be strengthened through strategic partnering.
- ▶ The outcome of capacity building is a set of organizations operating collectively and individually which effectively promote sustainable development.
- ▶ Organizational performance is fundamentally affected by the policy and institutional environment within which the organization functions, so that capacity building is typically an iterative process of improvements in the enabling environment and in internal management.

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b) Strengthening the Enabling Environment

Enabling environments establish the rules of the game: they are the formal and informal social, political, economic and cultural conditions which shape the incentives and opportunities for growth and development. NPI's goal is to stimulate more fruitful partnerships among civil society, business and democratic governance sectors at the community level. NPI maintains that the provision of collective goods and services will be greatly enhanced by such partnerships, and that the number, range and effectiveness of such partnerships can be significantly increased in a favorable enabling environment.

Reform of the national political, economic and social policies that facilitate productive activities by civil society, the business sector and sub-national governments is a political process. Coalition building, advocacy and leverage are the critical components. Even once adopted, however, policy changes are not automatically implemented. For example, the Ministry of Agriculture may be enthusiastic, but the Ministry of Interior may drag its feet.

Finally, the community may not take advantage of the opportunities afforded. In his book Institutions, Institutional Change and Economic Performance¹, Douglass North comments that "although formal rules may change overnight as the result of political or judicial decisions, informal constraints embodied in customs, traditions, and codes of conduct are much more impervious to deliberate policies." These informal constraints have been referred to elsewhere in the report as the "social enabling environment." Additionally, key requisites for action would include a lack of resources, leadership or perceived benefits. Policy changes are necessary, but not sufficient.

The focus of NPI's work on the enabling environment of a given country is to target system-wide policy issues that affect the capacity and incentives of the community for creating new development partnerships. Ideally, the enabling environment is supportive of each of the three NPI sectors in the local community. Second, the enabling environment must support institutional innovation generally, but especially at the local level. As the sectors become more integrated, their respective enabling environments become more interdependent. For example, energetic local government can be seriously constrained by weak capital markets. Third, unless the community is simply to be a passive recipient of national policy, creative partnering requires that community actors have the capacity to engage in dialogue and advocacy of the policy changes at the national level that affect their environment. Thus, vertical linkages are a key organizational requirement for maintaining a favorable enabling environment. Finally, there are specific elements of the enabling environment which support partnering among these three sectors.

¹North, Douglass C., Institutions, Institutional Change and Economic Performance, Cambridge, Cambridge University Press, 1990.

Constraints in the enabling environment can often be addressed successfully by partnerships within and/or across sectors. However, the complexity of the policy reform task for strategic partnering is considerably greater than that for individual sectors. Strategic partnering brings together groups of actors which are motivated by quite dissimilar sets of incentives and which play by different sets of rules. The difficulty of getting the enabling environment right, combined with the related problem of inter-sectoral capacity building, means that, typically, the poverty of collective goods and services is even greater than private poverty. Donors can play a key entrepreneurial role in breaking out of this situation.

(f) The enabling environment necessary on a sector by sector basis

NPI highlights the following minimum requirements of an enabling environment for the three NPI sectors:

Local Governance: NPI supports democratic decentralization. Such devolution entails the transfer of a portion of governmental processes and functions to the local level sufficient to stimulate local initiative and provide ownership of development processes. Democratization at the local level to assure transparency, accountability, representation and rule of law is also essential.

Civil Society: The basic characteristics of an enabling environment vis-à-vis civil society empowerment include the following: favorable economic conditions, freedom of association, appropriate laws and regulations, supportive tax codes and freedom of press and expression.

Business: A successful business sector requires a strong macro-policy environment that stimulates growth, political stability, and a competitive market structure. Transparent and efficient rule of law and civil law are also essential for the enforcement of contracts.

Enabling environments that foster a robust civil society, a dynamic business community and democratic local governance have many aspects in common (e.g., basic rights of association, expression, and property or competitive financial markets), but they also require conditions that are specific to each sector. For example, although all three sectors are affected by tax laws, they will be affected differently by different parts of the tax system. Similarly, effective inter-sectoral partnerships often require partnership specific enabling conditions that allow for more inventiveness in creating institutional arrangements. For example, it may be very cost effective for a local government to franchise a local NGO or business group to manage selected public services, but the local government may lack the authority to do so.

In developing an NPI strategy for a Mission, it is useful to consider changes in both the demand for and supply of new partnership arrangements--the enabling environment affects both. Changing conditions which induce citizens to consider alternative institutional arrangements (demand) include: systemic or episodic



collapse/failure; new information or technology, external interventions such as global and regional trends, opportunity based self-interest, or new habits. But the ability of citizens to act depends on such factors as knowledge of alternatives, political tolerance, availability of resources and effective leadership (supply). Citizens will consider the ratio of perceived costs and benefits before they act. Uncertainty, mistrust and transaction costs clearly influence their calculations.

These factors commonly persuade citizens to move incrementally. They want results, but they are risk averse. The political process often raises the costs of change excessively and, therefore, constrains local initiative. If a small improvement in cooperation at the local level requires a national change in policy and administrative procedure, the cost is clearly out of proportion to the benefits. This is the reason NPI emphasizes decentralization as a key component of the enabling environment--it reduces the cost of innovation to citizens. In this context, donors can make a major contribution in encouraging relevant policy and institutional reforms at the appropriate levels.

(ii) The enabling environment needed to foster partnerships

In the Working Group's investigation of the enabling environments necessary for fostering partnerships, the following elements have been identified as central:

- ▶ Decentralization: legal and constitutional structures that permit local initiative in fiscal, administrative, regulatory and policy matters;
- ▶ Democratic norms that provide accountability and transparency in the collection, allocation, and dispersal of funds and support citizen participation in public affairs;
- ▶ Free flow of information to support public dialogue, and informed choice--as citizens and consumers--and the freedom to associate and advocate;
- ▶ Positive macro-policy environment that assures competitive markets, discourages rent seeking, and assures broad-based growth; and,
- ▶ At a minimum, a threshold level of social accord.

As USAID/Guinea points out in its final report: the time and resources invested in creating an improved enabling environment, including the *social* enabling environment, can have an enormous pay-off. Therefore, understanding and addressing the constraints or conditions--both formal and informal--for institutional change is the starting point for NPI. As an integral part of this process, NPI promotes democratic local governance, not as a substitute for national government, but as a key complement to a national development strategy. This means bringing

democratic principles into the conduct of sub-national governance activities. It also means creating the necessary capacity for local initiative by local governance structures, business and civil society.

Strategies designed to improve the enabling environment at the national level generally call for the initiation or strengthening of a process of open policy dialogue in which civil society organizations, the business sector, institutions of democratic local governance and interested citizens participate. Unfortunately, however, cooperation does not come easily nor is it a natural part of each sector's daily pattern of work. Learning to appreciate each other's strengths and understand and speak each other's language is not easy for any sector. It is even harder if there is an atmosphere of suspicion on the part of one sector towards another, whether based on negative experiences or on ignorance. There is undoubtedly still a great anxiety on the part of NGOs about the behavior of the corporate sector, just as there is concern about the capacities of NGOs on the part of the business sector. Governments are all too often seen by both NGOs and the private sector as impersonal bureaucracies with little understanding of the values of either.

As The Prince of Wales Business Leaders Forum (PWBLF) reports, however, "It can be a major function of cross-sectoral work that the process of partnership-building actually seeks to reinforce those separate roles and responsibilities so that each sector can be more effective on its own terms as well as in partnership. It is essential to clarify the separateness of each sector and identify the particular strengths each sector brings to any partnership. By doing this it is possible to see the benefits that accrue to each sector from direct interaction. Then there is the basis for creating a genuine partnership and, through that, valuable social, environmental, and business projects which are truly sustainable."

Unless a national government is extremely weak or simply indifferent, localities and civil society organizations do not govern themselves nor operate in a political vacuum. Rather, localities operate under the political, fiscal, and economic framework set by the national government. Therefore, in order for local governance to be truly democratic and sustainable, the national government must reflect a democratic orientation and must devolve real political and economic power to localities. Without a minimum threshold level of basic human rights, individual security, free participation and association, security and property rights for men and women, tools for effective governing and open public debate, local empowerment is an illusion. Civil society will be most effective in the context of national democratic institutions that assure political competition, the rule of law, and transparent and accountable administration.

The national economic environment is also a critical factor in local partnerships. Effective decentralization implies a resource base for local initiative. A local economic base is critical. National policies must be friendly to economic decentralization and to community efforts to attract and support business. This has implications for the national investment policy for economic infrastructure--energy, transportation, communications and land policy. A competitive financial market that

reduces costs, encourages regional expansion and stimulates financial intermediation, can be critical to financing not only business but also local governance and civil society activity.

The advocacy role of business interests can be critical to a dynamic local economy. Larger firms in the national capital often occupy privileged positions in national economic policy to the detriment of consumers and sectors populated by small producers in the hinterlands. These neglected interests are often a potential constituency for macro-economic reform.

In many developing and transition countries, the business community is isolated from mainstream civil society. There are many causes for this. In an environment in which there are few institutional protections for either laborers or consumers, mistrust and tension abounds. Where there is slow or even negative economic growth, everyone is fighting for their share of the pie, rather than making investments to increase the size of the pie. Bribery and corruption become the rule for businesses. In many developing countries, business lacks a tradition of community service and a commitment to democratic norms. Thus, the process of engaging the business community in civil society and, conversely, instilling an understanding of the developmental role of the private sector and entrepreneurship within the public at large, can be a very important contribution that donor civil society programs can make to sustainable community partnerships.

Whether it is wiser to target efforts to improve the enabling environment primarily at the national or at the local level, is largely a function of a particular situation or the state of democratic development existing in the country in question. NPI emphasizes the need to transcend this dichotomy where possible. Circumstances permitting, the most desirable approach is to incorporate both "bottom-up" and "top-down" elements in an overall strategy.

c) Fostering Strategic Partnerships

At the very heart of NPI is the concept of fostering strategic partnerships among different organizations in order to respond jointly to development challenges. A central premise of NPI is that active participation and collaboration by a broad range of actors in the different sectors of society is key to achieving development which is both effective and sustainable. By partnering together to achieve a common objective, organizations can often develop innovative solutions and achieve results that would be impossible for them to attain alone. This is particularly true of organizations partnering across the different NPI sectors. They can also promote increased mobilization and access to resources, increased "leverage" to address policy constraints, and increased sustainability through lasting linkages and resource sharing between and among the organizations. Strategic partnerships can also provide a framework for mutual capacity building among the partners, and a basis for sustained collaboration to address a broad range of issues.

Inter-sectoral partnering arrangements increase the efficiency of development efforts and greatly expand the capacity of communities to initiate and maintain their own development efforts. The institutional arrangements that emerge from such partnering, begin to blur the distinctions among the three NPI sectors. Arrangements to stimulate coffee exports in Haiti, for example, combine the regulatory authority of the state, community cooperation to reduce hillside erosion, and product development and marketing components. Many previous experiments of this sort have failed in the developing world precisely because they were not, in fact, partnerships, and did not succeed in integrating divergent incentives, values and organizations.

The process of partnering may alter the three NPI sectors themselves. Reorientation of a bureaucracy to partner with either civil society or business is transformational. A business community that works with government and NGOs to address health, environmental and other externalities alters its view of its clients and its product. The concept of "partnership" suggests that these changes are formalized in a relationship with defined objectives, obligations, and arrangements for monitoring and enforcing performance. Over time these arrangements may spread throughout the society to the point where they require legal validation and regulation by the state and become institutionalized.

The absence of a tradition in some developing countries of inter-sectoral approaches to community problem-solving can produce widespread mutual mistrust among the representatives of each of the three sectors. The following case study of a USAID-supported training session in the Dominican Republic highlights one possible approach to the challenge of bridge-building across sectors within a community.

Case Study: Building a Spirit of Cooperation in the Dominican Republic*

During a recent USAID-supported fundraising training session for a large group of NGOs in the Dominican Republic, the issue of collaboration arose frequently. It was a difficult concept to embrace for groups accustomed to thinking in highly competitive terms, particularly with regard to resource acquisition in a limited economy. IGI International, Inc. developed a simulation exercise designed to demonstrate that collaboration among "competitors" could be mutually beneficial.

As the participants learned more about one another during the simulation exercise, they began to see that each had different strengths and comparative advantages in pursuing the hypothetical project identified by the trainers. Initially, the groups had focused on the "threats" posed by each of their "competitors" in the room, as well as on strategies to "win." During the course of the exercise, a different perspective developed as the NGOs realized that only by working collaboratively could they achieve their objective. The debriefing session afterwards was exhilarating as the NGOs came to understand the incredible strength they had enjoyed when united. The feeling in the room pre- and post-simulation was markedly different and turned into a very real, tangible force.

As a result of the training sessions, real world alliances were formed. In one case, a business association of large corporations joined forces with two small environmental NGOs to pursue an environmental grant with a special focus on increasing the supply of quality water to urban areas. In another case, three NGOs and a government clinic dealing with AIDS-related programs agreed to collaborate on a proposal for a donor project larger than any one of them could have pursued on their own.

While the simulation exercise was conducted among NGOs only, it is a technique that could easily be adapted to encourage local actors from different sectors to examine the potential pay-off from cross-cutting linkages among civil society, business, and institutions of democratic local governance.

** Submitted by IGI International, Inc. The complete case study is included as Annex 10 in Volume 2, Section B of the NPI Resource Guide.*

The experience of the Leading Edge and Partner Missions suggests that partnerships, particularly "strategic" partnerships, can bring significant value added to development approaches. A strategic partnership generally involves a formal agreement between two or more organizations with complimentary skills or resources to address a common development problem, or to achieve a common objective. One of the insights of NPI is that different organizations with varying--even conflicting--motivations and purposes can identify areas where their interests overlap, and can work together to achieve a common development objective.

(i) Transnational partnerships

NPI advocates partnerships and linkages among a broad range of actors within and between sectors. NPI's primary focus is strengthening partnerships and cross-cutting linkages at the local level, and empowering these actors to take charge of their own development. However, NPI also underscores the importance of strategic partnerships at the local, national and international levels--and between organizations at these different levels--to provide effective support for local development. Therefore a wide range of transnational partnership arrangements come into play in NPI, including, for example: "North-South" partnerships between a U.S. PVO or an international business association and local NGOs or local government; "South-South" partnerships among NGOs and businesses in neighboring developing countries; "donor" partnerships between multilateral and bilateral development agencies; and "intra-sectoral" partnerships which include the formation of national level associations and coalitions within each of the three NPI sectors.

"...an interesting "South-South" NGO relationship has been developing in the health sector of USAID/Zambia's portfolio, by linking Zambian health NGOs with PROCOSI in Bolivia. PROCOSI is a network of 27 NGOs which work in the areas of child immunization, reproductive health and community sanitation. The idea is to create a similar network in Zambia and a number of Zambians have been sponsored by the USAID Mission to visit Bolivia and become familiar with the concept and how it operates."

USAID/Zambia

Transnational partnerships are extremely effective tools to handle problems that cannot be managed at the country level alone (including national policies with spillover effects). In this sense, international cooperation and society-to-society linkages are critical to the pursuit of sustainable development. The nature of these partnerships will evolve over time. As nations develop, the ability of their citizens to contribute to a range of issues of concern to the international community will also increase. Thus, partnerships based initially on development assistance have the potential to evolve into ever richer and more complex webs of society-to-society relationships.

While the content of public policy is often the focus of analysis and concern, Keohane, Haas and Levy² demonstrate that the policy process is as important--if not more important--than policy content. An effective policy process makes it possible to sustain and/or improve upon the content of public policy through the active engagement of the civil society, business and governance sectors. Further, the policy process helps to create the level of concern about problems, on the part of

² Haas, Peter M., Keohane, Robert O., Levy, Mark A., eds. *Institutions for the Earth: Sources of Effective International Environmental Protection*, MIT Press: Cambridge, 1993.

both citizens and their governments, that is required in order to achieve solutions. To be effective, government-to-government negotiations on global problems, for example, commonly rely on society-to-society efforts to share information, plan advocacy campaigns and provide political support. Transnational partnerships, and the institutions that they use or create, can help to provide individual countries and their citizens with information, resources and skills. In addition, they can negotiate or help citizens to negotiate positive, sustainable responses (in terms of agenda setting and implementation) by government.

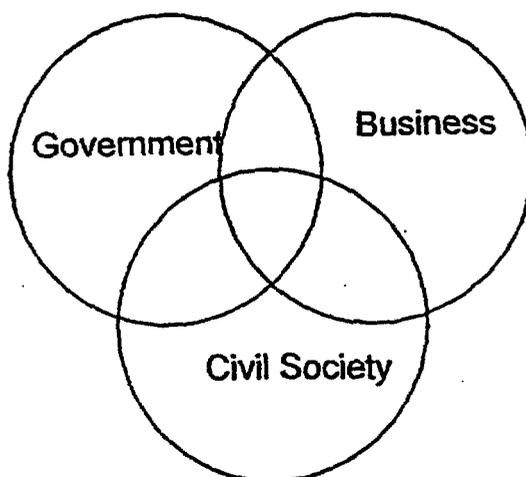
Keohane, Haas and Levy further suggest that experience indicates that information networks and society-to-society coalitions are often more effective than international bureaucracies in effecting policy change, because they energize a country's own political processes and changes in policy and national behavior rather than relying on external pressure. The ability of these transnational partnerships to monitor country performance can also be valuable in informing citizen action. International linkages can also alter the balance of forces within a domestic policy process by adding information, publicity, and technical support.

North-North partnerships are characterized by the presence of common norms among the involved countries and the requisite capacity and enabling environments necessary for success. North-South and South-South partnerships are often frustrated or unsuccessful due to differing norms, a lack of capacity and/or the absence of an enabling environment. As the creation and strengthening of such partnerships are crucial to sustainable development, particular attention must be paid to such constraints.

(ii) Inter-sectoral partnerships

The Capacity Building and Partnerships Working Group (CPBWG) focused its attention primarily on "inter-sectoral partnerships" (ISPs), which assume particular importance in NPI. These partnerships bring together organizations in two or more of the three NPI sectors to pursue joint initiatives or common objectives. These types of partnerships are critical to achieving the overall objective of NPI: "More effective response by civil society, business and institutions of democratic local governance in collaboratively addressing development problems." An important insight of NPI is that for development to be effective the three sectors must work together. Without collaborative action the sectors often work at cross purposes or duplicate efforts; with collaborative action they can take advantage of synergies and achieve outcomes that are impossible for any of them acting alone.

ISPs can take a variety of forms depending on the way organizations in the different sectors pair up. They can take the form of dyads between organizations in two of the three sectors, such as government and business, government and civil society, or civil society and business. Others may combine all three sectors.



**Inter-sectoral Partnerships Combine
One or More Sectors**

ISPs can exist at the local or national level, where groups in two or more of these sectors are working together. Partnering arrangements can also vary widely, from "informal" partnerships in which the different sectors meet occasionally to share information or exchange views on issues, to "formal" partnerships in which representatives of the different sectors are members of a legally constituted organization.

(iii) The benefits of inter-sectoral partnerships

The introduction noted that strategic partnering can bring substantial "value added" to traditional development approaches. Nowhere is this clearer than in the case of ISPs. Joining the state, market and civil society links the three systems critical to sustainable development. Therefore, inter-sectoral partnering can address large scale issues or problems that no one sector has the resources and ability to manage, and in which every sector has a stake.

Key areas in which ISPs can make a critical difference are environmental concerns, traditional public issues like health and education and economic infrastructure. Environmental issues are a classic example of problems based on externalities that often require changes in the behavior of all three sectors in order to address them. NGOs are essential vehicles to express community concerns (through advocacy and other means) and obtain changed citizen behavior; the national government is responsible for legislation and supplying a supportive policy environment for addressing these concerns; local government is responsible for most, if not all, of the implementation and operational aspects; and the business sector, as a producer, faces the demands for change and opportunities for new business driven by environmental concerns. As the formal sectors begin to grow, arrangements for managing labor relations become increasingly important, both at the national and community level. Sri Lanka's NPI report (Volume 2, Section A)

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provides two excellent examples of how inter-sectoral partnerships helped to address environmental conservation issues.

ISPs can bring many other benefits as well:

- ▶ By joining together the three NPI sectors, a new range of outcomes arise that are improbable for the sectors working independently. A critical advantage of these "hybrid" inter-sectoral arrangements is that they can provide a different mix of incentives than purely market, bureaucratic, or voluntary structures alone and can frequently lead to innovative ways to reduce transaction costs. The combination of reduced costs and more effective incentives stimulates innovation in terms of product development and delivery, governance and the expression of local values.
- ▶ ISPs can promote increased mobilization of resources from the partnership members and improved leveraging of outside resources.
- ▶ ISPs at the local level can increase negotiating power with authorities at the national level to remove constraints to collaboration and to accelerate decentralization.
- ▶ ISPs promote long-term sustainability through lasting linkages and increased resource generation capability.
- ▶ ISPs can serve as a mechanism to tackle other development problems, long after the initial problem that catalyzed formation of the partnership has been resolved.

(iv) USAID's role in fostering partnerships--practical steps to support the development of ISPs

One of the most important potential roles donors can play is to work with governments to remove the policy, communications and other constraints to partnering and to help create an "enabling environment" in which organizations can partner readily. We must assume that citizens possess the entrepreneurial talent and interests to form partnerships in the right enabling environment. Nevertheless, partnering does not always follow policy reform, and reform is not always possible.

USAID Missions can play a direct role in fostering partnerships simply by bringing potentially beneficial partnerships to the attention of likely partners. The essence of a strategic approach to development partnering is the ability to identify organizations with the necessary complementarities of interests, skills and resources to work together to resolve a problem. USAID may also help to bring the potential partners together, either directly or by promoting the involvement of an appropriate intermediary. Missions can help by providing technical assistance or training to help

build the skills needed for effective partnerships, or by providing funding to bring the actors together or support partnership activities.

Fostering ISPs poses special challenges because the organizations in different sectors often have different motivations and interests, and there is sometimes mistrust or a history of antagonism between the different actors. It can be difficult for the groups to identify common ground and learn to work effectively together. Because this is a new and challenging area, the CBPWG has developed a "practical guide" (Volume 1, Chapter 5) to assist Missions and others who are interested in promoting ISPs. This guide identifies five key stages related to the development of ISPs, outlines issues that may arise in each stage, and offers suggestions as to how the issues may be addressed. The five stages are summarized below.

Preconditions for Cooperation: Any successful cooperation must be driven by real problems and needs that touch all potential partners. It is important to understand the problem, how it relates to the interests of potential partners and what capacities the organizations must have to collaborate.

Convening Partners and Defining Problems: The identification of a strategy to bring potential partners from the different sectors together, needs to be based on an understanding of the problem and its stakeholders. It is important that the right individual or group be identified to convene the potential partners--someone with credibility with all parties. The initial meetings need to be organized in such a way that mutual trust and commitment can be established among them.

Setting Shared Directions: In order to be successful, members of a partnership need a joint definition of the problem and a shared vision of what they hope to achieve together. Identifying the intersection of interests of the different sectoral partners is key to building the relationship. It is important to develop a "plan for action" that all parties can buy into.

Implementing Action Strategies: Actual implementation will pose challenges given the differences among the partners and the evolving nature of the relationship --including, often, the entry of new actors as implementation proceeds. The different partners need to learn how to work together in ways that respect their differences while allowing them to pursue common objectives--and they need to learn how to handle the tensions that may arise in the course of implementation. Critical to this new working relationship are cost-effective methods of monitoring compliance with the "contract," of allocating costs and benefits acceptably, and of settling disputes and applying sanctions.

Institutionalizing and/or Expanding Successful ISPs: The most successful ISPs generate the human, social, material and financial capital to maintain or even expand themselves. In the long-term, success may involve expanding the program's reach to more people, as well as institutionalizing its arrangements to ensure that it continues after outside resources have been withdrawn.

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(v) Conclusions

Fostering strategic partnerships for development, particularly partnerships across different sectors, is a new and exciting area that we are just beginning to understand. Strategic partnering can bring tremendous value added to development approaches and effective strategic partnerships can make an important contribution to sustainable development. But it is clear from the lessons learned to date, reported by the Leading Edge and Partner Missions, that to be effective in this area we need to adapt our traditional roles and time horizons. Developing ISPs is a long-term process because it takes time for partners to build the commitment and cooperation needed. Missions using an NPI approach have to incorporate the time required for partnering into their strategies and activity designs. In addition, Missions and other donors need to play a facilitative as opposed to a directive role, encouraging partnerships to chart their own course and work out their own issues. In this way our partners are truly empowered to take charge of their own development.

D. NPI FIELD EXPERIENCE

As described in detail in Special Report 1 and in keeping with NPI's intention that the pilot phase be field-based and voluntary--rather than the result of pre-selection by USAID/W--a cable was sent out in January 1995, requesting that interested Missions submit proposals to serve as Leading Edge or Partner Missions. Based on those proposals, and consistent with the intention that the pilot phase include Missions facing a variety of different development challenges in each of the regions in which USAID works, eight NPI Leading Edge and seven Partner Missions were selected by the Learning Team.

Missions volunteered for different reasons: to help share their experience in strategic partnering with others; to expand the arsenal of tools at their disposal through an exploration of the value of such partnering; to give visibility to their pre-existing NPI-type activities; to move beyond the current development assistance framework and explore an innovative approach; to give greater structure to their existing activities, etc. Not surprisingly then, the nature of the value added by the NPI approach varied as well among the various pilot missions. For some, NPI's impact derived from the conceptual framework that NPI provided the Mission; while others found the value added to be centered in its operational contribution to Mission programming or the management impact on the Mission's ability to integrate internally.

"In order to increase women's participation in local government activities, RHUDO/SA is promoting...partnerships [that] collaborate in the implementation of pilot projects and research efforts on how to improve the gender considerations of local government. The pilots deal with small businesses, women in poor neighborhoods, strengthening neighborhood organizations (health etc), and the training of women...[the] capacity to deal with gender issues and with municipal governance has been strengthened as a result of this activity."
USAID/Ecuador

In this section, the NPI regional backstops draw on the experiences of the 15 pilot missions to examine three types of lessons learned--conceptual, operational and management--in each of the four NPI pilot regions (Africa, Asia and the Near East, Latin America and the Caribbean, and Europe and the New Independent States).

1. Lessons Learned: Conceptual

▶ Africa (AFR)

NPI offers programmatic options and opportunities that fit well with many of the goals and strategic objectives guiding USAID Missions in Africa. Although each Africa Bureau Leading Edge and Partner Mission elected to associate with NPI for different reasons, there are some common development problems that cut across the continent, and NPI provides some very rational and effective methodologies to address them. Key among these is the need for a holistic approach, one of NPI's principal features. When working in areas where the need is so overwhelming, as in the case of Africa's great poverty and institutional weaknesses, it makes obvious sense to adopt a strategy that allows one to create synergies across development sectors and to work simultaneously from the bottom-up and the top-down.

Although earlier development paradigms continue to have proponents and funding, it is clear that for the first time in post-World War II history, many development planners are realizing that top-down, nation-level development and reconstruction programs may not be the most appropriate models for many countries in Africa. By adopting the NPI concepts of improved enabling environments, institutional capacity building and enhanced partnerships, the locus of intervention shifts from macro-level planning to the micro-level processes that concern people and the ways they work together toward objectives of their own design. NPI lays a strong local foundation for economic, social and political development at the national level by encouraging and enabling people to identify and resolve their own local development constraints. Both theoretically and operationally, NPI conforms to the Africa Bureau's underlying principles that effective and sustainable U.S. assistance to Africa must be characterized by African leadership, ownership and broad involvement in the development process.

The announcement of NPI and its ongoing conceptual development coincides with changes taking place in the way donors are approaching development in Africa. A common feature of the LEM and Partner Mission reports from Africa is the clear statement that programs with NPI attributes have been underway for some time and that Missions sought association with NPI both to improve these programs and to offer their experiences to other Missions and development partners.

▶ Asia and the Near East (ANE)

As a region, ANE countries represent considerable diversity in terms of development profile, demographics, social conditions and the nature of the political

society that conditions much of the opportunity for NPI work. At the same time, the three ANE Leading Edge Missions have for some time operated alongside, and with, fairly well-developed civil societies. Each has attained substantial private sector growth--the Philippines, for example, approaching the status of a "newly industrialized country" (NIC) and all offer substantial prospects and experience in partnering with business enterprises. Even so, applying an NPI conceptual framework has helped ANE LEMs better integrate their already considerable experience with civil society, business, and institutions of democratic local governance.

The greatest potential from involvement in NPI-led programming may flow from efforts to create new divisions of labor to scale up results of sectoral investments. ANE Missions have found, for example, that a better conceptual definition of areas of responsibility can help mobilize new resources and expand the scale and impact of investments. In Bangladesh, a workable division of labor between USAID, local partners and the European Community (EC) was established which will strengthen the advocacy capacity of local associations and the ability of local elected bodies to respond to community interests. But NPI has also brought important new investment (EC and local counterpart) to expand the field of NGO partners and impacts. Key here has been the willingness to develop new relationships, define expectations clearly and to pay attention to process.

A critical conceptual understanding from ANE's experience is that sustainable development is demand-driven. ANE Missions found that if USAID can reach agreement on priorities with partners and customers willing to assume the requisite responsibilities, results will follow. The greatest potential for success comes when we can identify groups whose objectives are consistent with our own. USAID/Philippines noted that this creates the possibility of a relationship based upon performance, rather than just a claim on resources. Once USAID identifies the right partners, its role becomes one of facilitator and catalyst, linking good ideas, people, and resources--a role which applies to both USAID and its intermediate partners. This concept and approach helps to more effectively promote the independence and confidence of local groups, and discourages an over-reliance on external assistance.

▶ Latin America and the Caribbean (LAC)

The case of Haiti represents some very unique opportunities for NPI initiatives. The early stage of democratic transition, combined with the Mission's current efforts to develop a longer-term strategy and utilize reengineering principles to assist that transition, provides fertile ground for an NPI approach to building strong partnerships for a sustainable future for Haiti. The blossoming of partnerships and linkages and the sheer breadth of participation across the development spectrum is evidence of the synergy and potential for change that NPI creates.

USAID/Panama and USAID/Haiti both consider NPI to be time- and cost-intensive, particularly in its early stages. Conversely, USAID/Ecuador sees NPI as a method for extracting cost savings. This difference may reflect various stages of partnership development which depend upon the capacity of various partners, the

level of engagement with partners, and the length of time invested in partnership development. With this in mind, one could envision partnership/linkage development on a spectrum with Haiti at one end, Ecuador at the other end and Panama falling somewhere in between. Haiti and Panama have fledgling civil societies that are just now beginning to emerge. Ecuador has a strong NGO sector that cuts across all areas of society. USAID/Ecuador has a long history of working with these local NGOs and other partners as a catalyst for change, as a facilitator rather than as the manager of the development process. Presumably, the costs will decrease as a Mission's role shifts from manager to catalyst.

Panama sees NPI as having helped to foster USAID's ties with the government and the NGO sector. Through these efforts, the government is beginning to see the NGO sector as an advocate for local, regional and national governmental policies. This is a good sign for the future of the NGO sector in Panama and a sign that they can take the next step in developing the critical linkages and partnerships necessary to construct a more participatory, democratic society.

► **Europe and the New Independent States (ENI)**

The countries of Eastern Europe and the former Soviet Union share important characteristics with developing societies commonly termed "the Third World," yet the challenges of economic, social and political transition in the post-communist setting are different in some significant ways.

Overcoming the legacy of economic central planning and State/Communist Party domination of all dimensions of public life, remains the paramount concern of contemporary reformers. NPI's emphasis on building institutional capacity at the local level, forging partnerships between and among various social actors (including USAID and other donors), and creating an enabling environment supportive of empowering civil society, dovetails perfectly with the requirements of overhauling the set of institutions, practices and mentalities inherited by communism's pro-reform successors. For precisely this reason, NPI constitutes both a supreme challenge for countries emerging from the shadow of the former Soviet Union and a promising alternative approach to building a democratic, free-market future.

Working with U.S. and host-country development partners, USAID has had an extraordinary opportunity to assist these societies in constructing a wholly new political and economic order out of the upheaval and dislocation accompanying the collapse of the old system. With the old institutions having crumbled, there is an unprecedented chance to help ensure that the evolving post-communist order rests upon a vibrant civil society and enduring linkages between and among a broad array of development partners.

The calculated elimination of virtually all elements of civil society, including any indigenous authority structures (which sometimes function as a substitute in more traditional settings), is arguably the most salient feature of communist political systems from the standpoint of NPI. If citizens have any hope of participating in a

meaningful way in their country's policymaking process, it rests on efforts to find common ground among disparate interests and to provide vehicles for articulating still-coalescing collective interests to decision-makers at all levels.

2. Lessons Learned: Operational

▶ Africa

The post-Independence legacy of extremely centralized, one-party states in most of Africa has both created the need for the NPI framework and made its introduction more difficult. Except for a few special cases, such as South Africa and Kenya (both of which have many active NGOs and vibrant business communities), most African nations are characterized by small and institutionally weak nongovernmental sectors, a very limited number of formal businesses, and poorly trained and equipped local administrative structures. These difficult conditions and limited USAID resources restrict the overall scope of NPI programming. Most interventions are by necessity pilot activities whose goal is to build and perfect replicable models in chosen sectors.

On a more positive note, however, there exist across Africa a very rich variety of institutions not previously associated with formal development processes. These include a multitude of different types of membership-based organizations, including customary African religious institutions, cultural and youth groups, and a variety of community self-help organizations and social movements. In an increasingly pluralistic political environment, these organizations have greater opportunity to participate in public forums and play a leading role in defining the content and direction of local development.

In Kenya, South Africa and several other countries where one or more of the institutional sectors is fairly well-established, the opportunity to achieve substantial results with NPI programming is great. USAID/South Africa, in particular, has a wealth of experience and know-how in working with nongovernmental actors, and in the past few years has broadened this knowledge to include collaboration with governmental institutions. USAID/Kenya, on the other hand, continues to be constrained by the difficult relationship with the Government of Kenya, but the program itself has produced many significant accomplishments as a direct result of the capacity and vibrancy of the business and NGO communities. Given the exponential growth in the number and institutional capacity of NGOs across the continent, and the increasing amount of USAID programming with them, we are likely to see many more results of this kind.

Several African regional initiatives closely follow NPI themes and seek to build the capacity of community associations to work with other institutional sectors to identify and resolve local development issues. One of the most successful of these has been in the area of primary education. In more than a half dozen African countries, USAID is working to improve national educational policies through

decentralization, while simultaneously supporting local schools by training teachers and by building the capacity of local Parents of Students Associations to play a much greater role in their children's education and in the physical condition of the schools. Other programs in health and natural resource management have similar goals and objectives. The common theme is to build the capacity of local community associations to collaborate with decentralized administrative structures and--where possible--private businesses, so that ownership and responsibility for local development is in the hands of local people.

"USAID support for models of effective partnerships among Government, NGOs and the private sector at provincial and local levels is [shown] through its assistance to proposed partnerships that demonstrate innovative practices and have the potential to be replicated."

USAID/South Africa

These programs are implemented by individual USAID Missions and thereby tailored to country specific contexts, but they are also supported by the technical divisions in the Africa Bureau's Office of Sustainable Development in Washington. This home office backstopping allows a great deal of information to be shared and lessons learned. The individual pilot activities essentially combine to a sum greater than the parts, and our understanding of how best to deal with many of the Africa-specific institutional constraints is improving daily.

► **Asia and the Near East**

ANE LEMs found that operational changes can help deepen and broaden partnerships. Some of these changes have been to involve NGO grantees and other partners in such areas as SO refinement, selection of performance indicators, and reviews. But in addition to more shared efforts in the area of "programming", the Philippines, for example, also used its PVO Annual Meeting to widen coalition-building and increase access to USAID by groups and individuals with little prior contact with USAID.

Participation can be developed operationally in other ways as well. The Philippines Mission has used a "Technology of Participation" methodology in working with local government units (see Volume 2, Section B, Annex 11). It is now also being used with universities and NGOs to promote collaboration among groups that typically include politicians, local government employees, NGOs, people's organizations, and business people, enabling participants to define common ground, identify feasible approaches, and move toward action. As a result of his participation in a USAID-sponsored session that used the TOP methodology to encourage a cross-sectoral dialogue among local stakeholders, one mayor from Panay Island in the Philippines completely restructured the priorities he had established for his third term in office. Admitting that he had been initially apprehensive about participating in such an open dialogue, he later stated that his only regret was that he had not engaged in such a discussion during his first term in office.

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Similarly, USAID/Sri Lanka and its partners have developed specific mechanisms to bring provincial councils and local governments to work together with community organizations and user groups to increase local participation in the management of natural resources, resulting in more sustainable agricultural and environmental practices.

A specific lesson learned is that the "authority" of local government can be critical to results. Community partnerships for natural resources management, for example, are more likely to reach their goals where local authorities--especially given their legal jurisdiction over many of the proposed activities--are supportive. But there is a risk: insofar as the head of a Coordinating Committee of local governmental authorities, NGOs and community-based organizations is a representative of the central government, results may be too closely linked to a particular official, his/her standing and individual commitment.

ANE LEMs, each in a unique way, have built upon pre-NPI program innovations to reinforce inter-sectoral linkages. By helping to establish partnerships between "sectors," USAID/Sri Lanka's support for shared control of natural resources through new private-public partnerships has maximized opportunities to develop effective solutions across sectors. Here, new forms of partnership have resulted in intensified and sustainable agricultural production increases while conserving the physical, biological and soil environments. User groups have improved their use of land and water resources. Similar coastal resources management activities have also been based on a partnership among local businesses, government and CBOs to improve the management of important coastal resources, while expanding participative decisionmaking in the community.

► **Latin America and the Caribbean**

Civil society in Ecuador is vibrant and long-standing. NGOs are active in all sectors of society. Strong, long-standing partnerships and linkages exist between the NGO sector, the business sector and the government. Due to the rich enabling environment and the capacity of NGOs in Ecuador, the NGO sector now has the opportunity and the ability to develop the capacity of other, less capable NGOs. This in turn strengthens real participation by expanding the base of nongovernmental support for change and increasing the capacity for NGOs to provide services beyond the level the GOE is currently able to support.

Two Missions in LAC reported that the NPI approach assists with the development of R4s and strategies. The true benefits of NPI's value added will be seen in the medium-term when the high level of interaction and participation becomes regularized and the primary role of the Mission is as a catalyst, as in the case of Ecuador.

USAID/Panama reported that the critical missing links in developing partnerships between NGOs, businesses and governments are between the government and civil society. The government does not appear to support civil

society's role in a democratic society. Strong linkages exist between the business sector and the NGO sector and between the business sector and the national Government of Panama. But both the business sector and the NGO sector still do not trust the GOP, and vice versa. Through NPI, USAID/Panama is working to bring these three sectors together around the issue of preserving the Panama Canal Watershed in order to build trust and create a "practice ground" for working together to solve problems in society. Changes are beginning to take place slowly and each sector is learning the benefits of working in partnership around a common goal.

Unlike Ecuador, Panama lacks NGOs that are strong in their own right, and have the vision and capacity to help build other NGOs. This places a tremendous amount of pressure on organizations that do have sufficient capacity to press for change in various areas. The NGOs with the greatest capacity see the importance of sustainability and are beginning to build a solid resource base, listening to customers, developing strategic plans and managing for results. They also see the importance of supporting other NGOs, but often do not know how to do so. USAID/Panama has shifted its program to address both the GOP's lack of appreciation for the role of NGOs in a democratic society and the lack of capacity on the part of existing NGOs.

► **Europe and the New Independent States**

The completely under-developed nature of civil society in former communist states has led most ENI Missions to concentrate their capacity building efforts there, drawing on the talents of a highly educated population that is only beginning to understand that democracy confers rights and freedoms as well as responsibilities. A number of ENI Missions, most notably USAID/Bulgaria, have gone two steps further. First, all too aware of the fragility of democratic and market institutions and of the relative weakness of civil society, they have endeavored to identify and then systematically exploit the conceptual and programmatic linkages among the three NPI elements.

Second, these Missions were instrumental in the formation of associations of various types (primarily elected mayors, small business, and NGOs) with the twin goals of creating a formidable stable of pro-reform 'lobbying' organizations and--with an eye to sustainability--boosting the prospects that innovative practices would be replicated throughout the individual countries. These associations provide the critical link between strengthening local capacity and fostering a favorable enabling environment.

Both NGOs and municipal governments share a common interest in demonstrating to an often skeptical polity that they have important roles to play in a well-functioning democratic society. USAID/Bulgaria has been able to forge this common interest into collaborative efforts designed to address the needs of ordinary Bulgarians, in the area of social services delivery, for example. In the process, they have persuaded them that NGOs and local governments provide effective

mechanisms for popular participation in the political process--heretofore unknown in these societies. Moreover, successful local government-NGO cooperation has also begun to influence the thinking of central authorities who, in the past, have had a tendency to view these civil society actors as either organizing to make demands on the State or seeking to usurp its power.

Another important lesson to emerge from the NPI experience in former communist states is the need to work simultaneously at the local/regional and macro-strategic levels. The Bulgaria, Russia and Romania Missions all sought out reformist central government officials as important interlocutors in seeking to create a supportive policy and regulatory environment. At the same time, they also began to invest considerable resources in augmenting the capacity of local and regional actors (NGOs, the small business community and democratically elected municipal governments), often through the establishment of various types of associations. The expectation was that these actors would influence the decisions of national policymakers.

This approach recognizes the interdependent relationship between the character of the prevailing policy environment on the one hand, and collective action by civil society actors on the other. It also explicitly supports the devolution of political authority to the local level commensurate with its burgeoning responsibility (e.g., in the provision of social services), while still treating the State as a significant player in shaping the evolution of the enabling environment.

Working to forge linkages among a broad array of established and newly-emerging societal actors, has been of particular importance in the post-communist world because for decades these societies were essentially cut off from the West as fearful leaders attempted to insulate them from the "corrupting" influences of capitalist democracies. Despite these measures, the very few elite-based, society-to-society linkages that were allowed at the time, played a critical role in bringing about the end of the Cold War and helped to consolidate the post-communist transition. These partnerships served as conduits for the transmission of valuable information and know-how, while also providing a way to empower reform-minded elements and integrate nascent democracies into the community of Western nations, a principal goal of U.S. foreign policy. Recognizing the power of such linkages, donors continue to place high priority on building society-to-society linkages in the region.

At the same time, the unique history of the former communist states and their complex political-psychological relationship with the West, suggests that society-to-society partnerships, at least, must be based on a general notion of equality--real or perceived--if they are to be successful. The former communist states rightly feel that although they lack the requisite expertise in the area of economic restructuring and democratic governance, the fact that they achieved a relatively high level of development under the old system demonstrates that they possess the skills and know-how to be full, able-bodied partners in building their societies anew. The notion of equality is also to be encouraged to help break the

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pervasive dependency mindset engendered by decades of communist paternalism and to foster a sense of ownership and individual responsibility.

3. Lessons Learned: Management

▶ Africa

Technical backstopping from Washington has been one important way Africa Bureau Missions are gaining the information they need to continually improve their programs, but in the context of NPI several other innovative strategies have emerged. **In all cases, NPI-related Missions have noted that association with the NPI Learning Phase has generated more enthusiasm and commitment for activities with local level partners, while also creating more rigor in the monitoring and implementation of these programs.**

Two of the four NPI Missions in Africa created cross-cutting NPI Learning Teams with a number of distinct activities. In Zambia, for example, the Mission NPI team produced a charter--the Civic Society/Public Sector Partnership--with goals, expected results, resources needed and available, and a work schedule. Over the course of the learning period, this team generated concept papers related to each of the NPI institutional sectors in Zambia, and the team proposed several new, NPI-specific activities.

In Guinea, the NPI team took a slightly different approach. This team saw as one of its main tasks the dissemination of the NPI concept among Mission staff and to existing and potential partners. Team membership was broadened to include representatives from all of the strategic objective teams, giving NPI a cross-cutting focus. The NPI team held a number of individual and group meetings and training sessions with Mission partners to familiarize them with NPI and to identify existing and new entry points for NPI programs. As a result of these efforts, the NPI philosophy and principles have been internalized by Mission staff and partners. A new five-year Country Strategic Plan is in the process of being prepared by USAID/Guinea. In this case, NPI is truly a cross-cutting theme, forming the foundation for the Mission's strategy to introduce democratic governance components in all of its strategic objectives.

▶ Asia and the Near East

ANE experience in partnering pre-dates NPI and provides some useful lessons as the Agency moves forward. Missions have found that partnership is a labor intensive business and also requires a high skill and knowledge base. There is no substitute for skilled staff. Training opportunities, including substantive training, democracy training, and management and language training are needed to make USAID staff capable of partnering with the groups it wishes to assist.

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Missions advise that some degree of management caution regarding NPI and related "reengineering" is advised. Solutions to deal with the issue of time intensity in working with new partners have not necessarily been worked out. USAID/Indonesia found that its use of the "experimental grant" mechanism was instrumental to its ability to provide new assistance in areas key to its democracy and environmental strategies: advocacy for women's rights, environmental protection and human rights. But it did not reduce the paperwork and level of effort required to work, as planned, with new and emerging NGOs and may have increased the Mission time required to assist these NGOs.

Other aspects of capacity building and partnering require similarly close USAID oversight and coordination. Consensual decisionmaking in the Democracy Partnership in Bangladesh has slowed implementation slightly, but the increase in group cohesiveness seems to have been worth the trade-off. And there may be reason to hope that labor intensity declines after the "short burst" of longer hours during start-up. USAID/Bangladesh, TAF and BRAC worked together virtually full-time over three months to jointly develop the program's strategy and activities, and to select local implementors. But the result has been to establish a Partnership in which risks and accountability for results are shared, and both USAID and the EC expect to be able to reduce their levels of direct involvement as Bangladeshi partners take the lead on implementation.

The simplification of management procedures also produces gains in accessibility. In the Philippines, a prime lesson is that USAID can most quickly improve work with its partners by becoming more accessible, and by streamlining its grant and contract management. Even before the NPI Learning Phase, the Mission had worked to strip away unnecessary policies (often growing out of overreactions to specific problem cases or audits). This helped to ensure that Agency procedures were characterized by sound grant management focused more on results and less on approvals. From greater flexibility and simplification in grant management to a more user friendly financial management guide and consolidated financial and progress reporting, the freeing of staff and partners from excessive internal processing (e.g., approvals, multiple internal committees, quarterly reports, etc.), allows them to spend more time with people on the ground and to focus on results.

► **Latin America and the Caribbean**

As an NPI Partner Mission, USAID/Panama developed two Task Force Groups to discuss transition of the Panama Canal, reversion of U.S. military properties and conservation and protection of the Panama Canal Watershed. A third, smaller group was formed to discuss overlapping issues. These groups are made up of representatives from the Government of Panama, the business sector and civil society. The Mission recently decided to invite all three of these groups to join its Strategic Objective teams. The move to integrate these groups into the Mission SO teams is a critical step to establishing linkages between institutions of democratic local governance, business, civil society and other actors. It can serve as a proving

ground or practice arena for building the strong partnerships and networks necessary to build a sustainable economic, social, environmental and democratic future in Panama.

In Panama, the restructured Mission program reinforces the development of partnerships among businesses, NGOs and the government. The practice of working together is further reinforced by the opportunities and strong incentives built into USAID/Panama's activities. Examples include the provision of resources for projects implemented jointly and the use of Participatory Rural Evaluation methodology.

► **Europe and the New Independent States**

The circumstances surrounding USAID's presence in Eastern Europe and the former Soviet Union placed the forging of strategic partnerships near the top of Missions' respective agendas. U.S. technical assistance to these countries was envisioned as a short-term proposition, helping them to consolidate the transition to free market democracy that, to varying degrees, was already underway following the dissolution of the Soviet empire. Overly optimistic projections about the likely time frame notwithstanding, the push to "graduate" these misdeveloped countries from U.S. assistance necessitated an emphasis on sustainability from the outset.

Sustainability, it was determined, depended in large part on the depth and breadth of linkages among the various societal actors, between U.S. and host-country societies, and between USAID and its development partners. The staunch commitment by ENI Missions to support fledgling civil society institutions together with a recognition of the historically prominent role of the State in this region, led USAID to pursue strategic partnerships encompassing the full array of actors, though the precise configuration varied according to country, issue, and over time.

E. NEXT STEPS

The NPI Core Report established the parameters and conceptual foundation of the NPI approach. The NPI Learning Phase permitted ground testing and a refining of the concept in the field. Phase III will concentrate on Agency-wide implementation of NPI by FY 98, and collaborative efforts with a broad range of Agency development partners to bring NPI into the mainstream of development practice. To move forward with Phase III, the following steps are needed, pending review by USAID senior management:

1. NPI Guidance

- Produce Agency policy and program guidance on NPI.

2. NPI Outreach

- ▶ Conduct briefings and focus group sessions on NPI with key groups of USAID development partners.
- ▶ Hold briefings on NPI on Capitol Hill.
- ▶ Organize an in-depth, two-day workshop on NPI for USAID staff and development partners, featuring the participation of representatives from the NPI Leading Edge and Partner Missions.
- ▶ Hold a USG inter-agency workshop on NPI.
- ▶ Develop a variety of information materials on NPI for public dissemination.
- ▶ Develop an information dissemination strategy for NPI, with particular attention on the print and electronic media.
- ▶ Actively promote NPI objectives with other bilateral and multilateral donors, and in international fora such as the OECD/DAC, G7 discussions, etc.
- ▶ Develop and/or expand linkages between USAID and those U.S.-based actors/organizations whose activities are focused on the role played by civil society in the United States. Explore possible Lessons Without Borders session focused on NPI.

"There are many good ideas both in and outside USAID which need to be disseminated and institutionalized. The best practices need to become part of the management training curricula, and form part of the promotion precepts."
USAID/Philippines

3. NPI Implementation

- ▶ Assign administrative responsibility for Phase III.
- ▶ Targeted NPI briefings for USAID staff that focus on the specific concerns of senior managers, program officers, Mission staff, technical specialists, regional bureaus, etc. Take advantage of existing venues for these briefings (such as Mission Directors' conferences, Participation Forums, CDIE sessions for Indefinite Quantity Contract (IQC) contractors, Agency training sessions, etc.), in addition to organizing specialized NPI sessions.

- ▶ Complement Mission resources used to support innovative NPI efforts in the field.
- ▶ Create an NPI web site to include:
 - a) The NPI Resource Guide.
 - b) A mechanism for capturing and disseminating NPI models, technical know-how and expertise from Mission to Mission, including development of a user-friendly NPI data bank detailing best practices and providing lists of technical/country specialists both internal and external to USAID. Develop as a model that others in the Agency can replicate as they search for ways to share best practices and skills in their areas of responsibility.
 - c) NPI-NET (for public on-line discussion of NPI-related themes) and NPI-LINK (for targeted audiences). Create linkages with other such networks (e.g., GP-NET, CIVNET, etc.).
 - d) Virtual conferencing on NPI on a regional basis.
 - e) Additional NPI resource materials (such as case studies and bibliographies).
- ▶ Develop supplemental guidance in the Agency regarding the attention to be given in Agency programs to the role of the business community in strategic partnering at the local level and, more broadly, to the contribution of the business community to civil society, democratization and policy dialogue at the national level.
- ▶ Develop regional workshops on NPI with participation by key donors, external partners, and host country specialists to familiarize Missions with the approach.
- ▶ Experiment with NPI "extension" techniques such as "twinning" with Leading Edge and Partner Missions, incentives for Mission-to-Mission "peer assists," (i.e., rewarding efforts to initiate and respond to requests for a sharing of information and skills on NPI from Mission to Mission), etc.
- ▶ Respond to offer by USAID/Sri Lanka and work with them to develop an NPI training and/or information video.

4. Institutionalization of NPI

- ▶ Establish an inter-bureau working group to staff out and further explore NPI Resource Guide proposals on Agency management reforms that would facilitate progress on NPI.
- ▶ Review accuracy and utility of reporting on NPI results indicators in the R4 Guidance.
- ▶ Ensure central capacity to extract lessons learned and further develop the analysis and conceptual framework of NPI.
- ▶ Include NPI reporting in the Annual Performance Review.
- ▶ Further develop the NPI Strategic Framework and its relationship to the Agency Strategic Plan.
- ▶ Train technical assistance contractors to integrate NPI performance measurement into strategic framework assistance.
- ▶ Add NPI results as a cross-cutting component of Mission strategic plans.

5. NPI Research and Knowledge Gaps

- ▶ Additional work is needed in the area of performance indicators and interim benchmarks for strategic partnering.
- ▶ Further analysis is needed regarding the appropriate enabling environment for inter-sectoral and transnational partnering.
- ▶ Financial sustainability of partnership arrangements is a significant pre-graduation issue and merits additional attention. USAID/Philippines has taken the first steps in this area.
- ▶ CDIE evaluation or research effort on the value of North-South and South-South society-to-society linkages (Sister City programs, university linkage programs, etc.). Given the interest of certain other donors in this subject, we might propose a joint effort or a DAC initiative.

The lack of training opportunities for staff, including substantive training, democracy training (given the lack of experienced democracy officers in the Agency), management training (following the principles of partnership and reengineering), and language training, make USAID staff less capable of partnering with the groups it wishes to assist.

USAID/Philippines

- ▶ Explore the gender impact of decentralization and local empowerment on a region by region basis.
- ▶ Examine the way in which strategic partnering can build bridges between previously alienated sectors of the population (particularly in post-crisis transitions).
- ▶ Explore the role to be played by specific NPI partners such as labor, professional and trade associations, etc.
- ▶ Develop further the vertical and horizontal dimensions of strategic partnering that reach beyond the community context.
- ▶ Analysis is needed on transition strategies to post-graduation society-to-society linkages--especially as they relate to partnerships in dealing with global issues such as environment, disease, technology transfer, human rights, etc. Existing arrangements such as the Common Agenda with Japan, the New Transatlantic Agenda with the European Union, and the OECD/DAC offer venues for exploring the integration of developing countries into global partnerships.
- ▶ Contribute to Agency efforts to develop a "continuing education" program for USAID staff through efforts to foster the incorporation of new thinking and best practices in the area of strategic partnering into Agency training programs.

Chapter 2: PERFORMANCE MEASUREMENT

The NPI Strategic Framework shows how the NPI objective contributes to the achievement of USAID operating unit Strategic Objectives. NPI crosses the boundaries of the traditional sectors of economic growth; democracy and governance; population, health, and nutrition; environment and natural resources; and humanitarian assistance, and makes a critical contribution to integrate these five sectors within which the Agency works.

A. INTRODUCTION

The Performance Monitoring and Indicators Group (PMG) is the sub-group of the NPI Learning Team focused on measuring performance. The PMG began in January of 1996 with representatives of the following offices and organizations: PPC/DP, BHR/PVC, PPC/CDIE, G/DG, G/EG, AFR/DP, PPC/DEM and ENI/PCS. As the work of the group evolved, key partners contributing to the development of an NPI Strategic (results) Framework included a smaller, core group of USAID staff and representatives of organizations external to USAID. The core membership group worked intensively between May and November, 1996. See Volume 1, Chapter 6, Special Report #1, Table 2 for core working group membership.

To advance NPI performance measurement, the PMG focused upon the following tasks:

1. Assess and analyze current indicators utilized by Leading Edge Missions
2. Provide to Missions an illustrative menu of NPI-related indicators to guide NPI monitoring
3. Promote information sharing, learning and dialogue on NPI-related indicators with Agency staff and partners
4. Coordinate support to NPI Missions for NPI monitoring
5. Contribute to the NPI Resource Guide

The first exercise performed by the PMG was to assess the current indicators used by the Leading Edge Missions (LEMs) to track activities that might have some application to NPI. The compilation and analysis of indicators in use by the LEMS was essential to accomplish the tasks listed above. The assessment of the current indicators produced a list of 200 indicators for NPI that were then categorized in a nine-cell matrix according to the three NPI building blocks (enabling environment, strategic partnerships and capacity building) and the three NPI sectors involved (civil society, business and institutions of democratic local governance). Once categorized, the PMG shared the list of indicators with the LEMs in response to second task. Analysis of the categorized indicators against some of the themes from the NPI Core Report showed a large majority of indicators applicable to capacity building (mostly local nongovernmental organizations (NGOs) with the enabling environment coming in second).

The core of NPI -- strategic partnerships -- was not well represented by Mission indicators, and those that did exist were almost all limited to partnerships between NGOs and local governments. Analysis of the indicators, and especially of the gaps in relationship to the general understanding of the NPI strategy, highlighted the need to develop a framework for NPI. Trying to develop indicators without specifying the result that those indicators were to measure would have put the cart before the horse. Also, the LEMs' requests for assistance from the PMG to improve the tracking of NPI components of Mission strategies required a generic framework for comparison. The PMG thus turned its attention to producing the NPI Strategic Framework and an illustrative list of generic indicators to accompany it. The Stra-

tegic Framework was then shared and vetted with the Learning Team and field tested in Guinea as a tool for developing Mission specific indicators for NPI. The Strategic Framework with its illustrative indicators, the List of 200 Current Indicators used by LEMs and the Guinea Case Study are three major products of the PMG.

B. STRATEGIC FRAMEWORK

1. What is the NPI Strategic Framework?

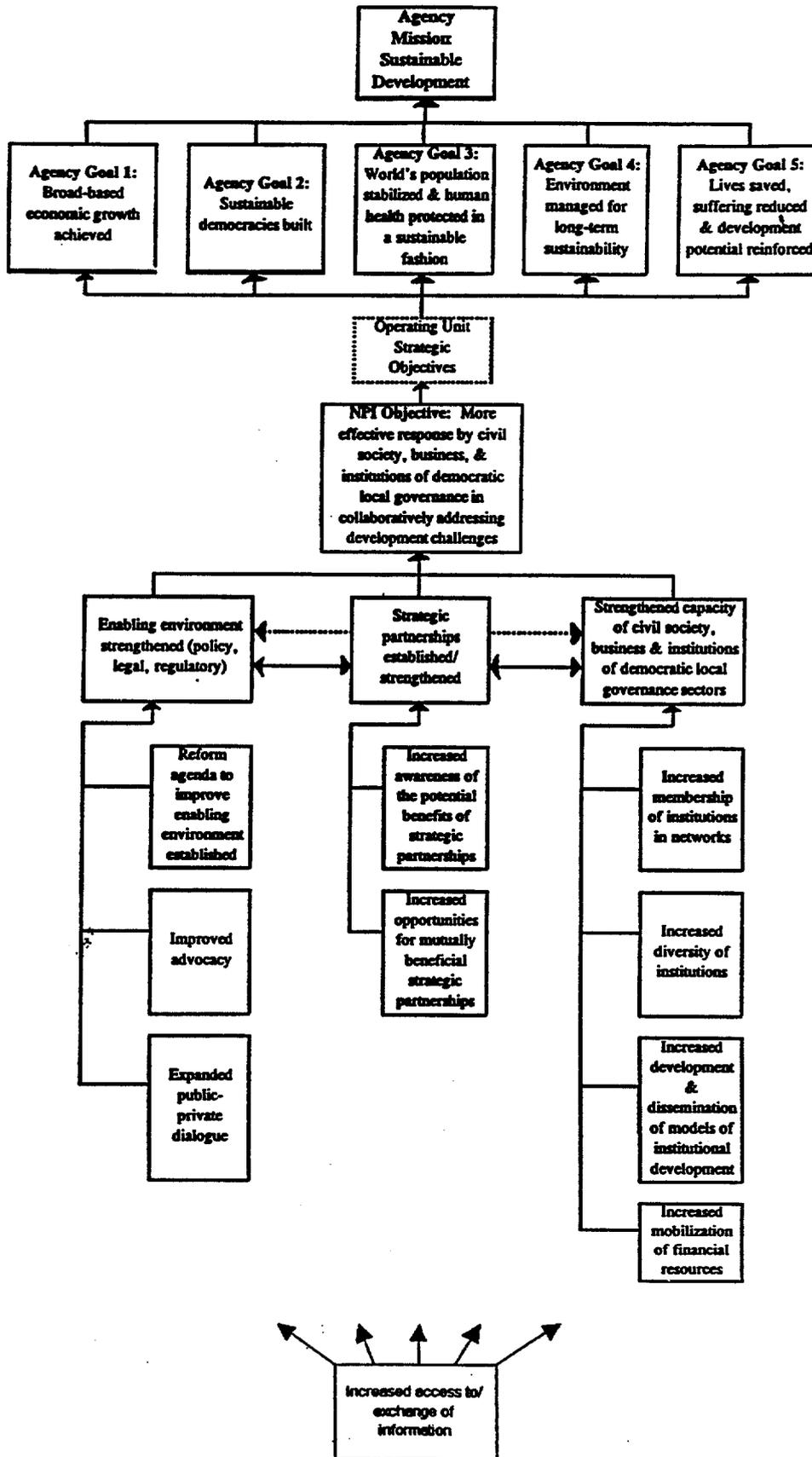
The NPI Strategic Framework represents the set of results that are necessary to achieve the NPI objective: *More effective response by civil society, business and democratic local governance in collaboratively addressing development challenges.* The Strategic Framework is a conceptual tool that reveals the cause and effect partnerships/linkages/relationships that underlie the Agency's plan (See Figure 1, NPI Strategic Framework, on next page).

The set of results listed just below the NPI objective shows what is necessary to achieve the objective. The lines connecting the results boxes represent causal connections. A result that is causally connected to another result contributes to and is necessary for the achievement of the latter result.

The NPI Strategic Framework shows how the NPI objective contributes to the achievement of USAID operating unit Strategic Objectives (SOs). USAID Missions and offices are not required to establish separate NPI Strategic Objectives (or accompanying results frameworks). Instead, the New Partnerships Initiative is designed to be integrated into program strategies to achieve strategic objectives in the various sectors. The fundamental assumption underlying the New Partnerships Initiative is that NPI is an effective way of achieving the sustainable development and transition objectives of Missions and AID/W operating units. NPI is implemented through the strategies that these operating units use to achieve their Strategic Objectives. NPI crosses the boundaries of the traditional sectors of economic growth; democracy and governance; population, health, and nutrition; environment and natural resources; and humanitarian assistance, and makes a critical contribution to integrate the five sectors within which the Agency works.

The NPI Framework also shows that the NPI Objective, through the achievement of the operating unit Strategic Objectives, is in turn linked to the Agency's Strategic Framework. The Strategic Objectives of operating units contribute to the five Agency goals (and below the Agency goals, to the various Agency objectives, which are not specifically shown in the NPI Strategic Framework). These goals in turn contribute to the achievement of the overall Agency mission of sustainable development. **Thus NPI is integrated with and supports the achievement of Mission and office strategic objectives, and the overall Agency's goals and mission.**

NPI STRATEGIC FRAMEWORK - Figure 1



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2. Potential Uses of the NPI Strategic Framework

The Strategic Framework can be used in various ways to help Missions apply NPI strategies, as listed below.

A tool to help focus, clarify, and forge consensus on key NPI concepts: The NPI Strategic Framework was developed to serve as a tool for focusing and clarifying key elements of the New Partnerships Initiative. The Core Report on NPI provides abundant material that describes various aspects of NPI. Subsequent work by the Learning Team, Leading Edge Missions, and Partner Missions has added to the understanding of what NPI is and how it can be used. The NPI Strategic Framework provides a simple, clear, and focussed portrayal of key NPI concepts. The process of trying to capture NPI concepts in a strategic framework has also helped to forge consensus on the NPI objective and key results that contribute to its achievement.

A communication tool: Because it succinctly captures the key elements of the strategy for achieving the NPI objective, the Strategic Framework is an excellent communication tool. The framework can be useful for communication on NPI issues both within USAID and among USAID, its customers, partners and other organizations.

A strategic planning tool: The NPI framework shows how NPI relates to and complements the Agency's overall strategic plan. It also shows how NPI contributes to the achievement of the SOs of individual USAID operating units. Missions and offices can use this overall NPI Strategic Framework to help them analyze and think through how they will integrate NPI activities into the specific strategic plans for their individual SOs. The NPI Strategic Framework contains generic results that are necessary to achieve a more effective response to development challenges through an NPI approach. Not all of the results in this framework are directly applicable in all program contexts. In mapping out an NPI strategy for achieving a specific SO, a USAID Mission or office can incorporate the relevant elements of the NPI Strategic Framework into its own results framework for its Strategic Objective. (See the end of this section on potential uses of the NPI Strategic Framework for two strategic planning tool applications developed in the Guinea Case Study.)

A performance monitoring, evaluation and reporting tool: The NPI Strategic Framework can potentially provide the organizing framework for measuring, analyzing, and reporting on the results achieved through NPI. The illustrative performance indicators for the results in the Strategic Framework measure particular dimensions or aspects of the various results in the framework. The indicators are intended to serve two purposes: 1) to provide useful ideas to USAID Missions and offices in developing their more specific indicators to track NPI in their own programs; and 2) to potentially serve as a means for reporting at an Agency-wide level on progress in extending NPI. The results in the NPI Strategic Framework and their associated performance indicators could potentially be used to group, aggregate and analyze the more specific data on NPI that will be generated by Missions, so that overall Agency progress in the NPI area can more easily be tracked.

A programming and management tool: The NPI Strategic Framework can serve as a useful management tool for the Agency. In combination with Mission generated performance information, it can be used for the identification of successes and problem areas for management decisions about program strategies, directions, and use of resources. Missions can use it as a programming tool to integrate decisionmaking on design, resource allocation or changes in strategic direction. For example, the design team for USAID/Sri Lanka's Natural Resources and Environmental Policy Project (NAREP II) included members of the Mission's three Strategic Objective Teams. They programmed the PL-480 local currency resources within the NAREP II design to provide integrated support to all three Mission Strategic Objectives.

An example of the Framework as a strategic planning tool was its application to Guinea. The following strategic planning tool developed for the Guinea Case Study can be applied to the specifics of any strategic objective using NPI, in order to diagnose strengths and weaknesses and identify opportunities for making the strategy more effective. The application of the tool begins with the question:

Why can't representatives of civil society, business and the institutions of democratic local governance respond more effectively to development challenges in a collaborative manner?

The answers to the above question are represented in the categories on the left below and are paired with the suggested strategy intervention from the column on the right. The tool can also be applied to an existing strategy to clarify whether constraints are being properly addressed. Simply find the generic equivalent in the right hand column of a specific strategy employed, and look to the left hand column for its corresponding problem definition.

A. Knowledge/capability areas that require capacity building:	Response/Indicated strategy intervention
Not aware of the challenge.....	Generate awareness
Don't know appropriate response.....	Do research/planning
Don't know how to implement appropriate response.....	Train or give technical assistance for organization/management/marketing/evaluation
Haven't got the clout or resources.....	Broker partnerships and/or resources
B. Obstacles in the enabling environment	Response/Indicated strategy intervention
Social, economic or personal price is too high.....	Remove costs/lower risks
Payoff too low.....	Add incentives

Haven't got the clout to change price or get resources for incentives.....	Broker partnerships and/or resources
C. Undeveloped partnerships/ linkages	Response/Indicated strategy intervention
Don't know about potential partners/linkages.....	Broker for awareness/ opportunities
Don't trust them.....	Team build
Can't reach clear agreements.....	Facilitate

The NPI Strategic Framework also proved to be a useful tool in the Guinea Case Study for bringing to light those significant NPI components of the strategy not apparent in the Mission Results Framework. The major components of any Strategic Objective strategy using NPI can be categorized by whether the focus is on capacity building, improving the enabling environment, partnership/linkage building or some combination thereof. Often the partnership/linkage building activities are assumed as understood and not visible in the graphic presentation of the strategy. To give the partnerships which have strategic importance explicit recognition, the questions suggested by the NPI Framework are:

- Does the strategy for achieving the objective involve collaboration among civil society, private sector and local governments?
- Is the environment conducive to their achievement of the objective?
- If not, how does the strategy address the constraints and are strategic partnerships/linkages involved?
- Do those that stand to gain from achieving the objective have the capacity to do it?
- If not, do they gain the capacity through partnerships/linkages or other capacity building activity?
- To what degree is achieving the objective donor dependent and do partnerships/linkages reduce that dependence?
- If the desired level of impact is achieved, can it continue without the donor(s)?
- If not, will some other indigenous web of partnerships replace the donor function?

Note: The last three questions above are predicated on the interpretation that a "more effective response" in the NPI Objective means (among other possibilities) a contribution to development that is more sustainable.

3. Results and Causal Linkages in the NPI Strategic Framework

a. NPI Objective Statement

The NPI objective statement is: ***"More effective response by civil society, business and democratic local governance in collaboratively addressing development challenges."***

This language was selected because it best conveys the key concepts and intent of the New Partnerships Initiative. NPI involves broad based and collaborative efforts by diverse groups working together to respond to development challenges. Civil society organizations, business sector groups, and institutions of democratic local governance are the critical actors in NPI. The objective statement also expresses the central premise that NPI is a more effective way to achieve sustainable development results. The development results to be achieved are essentially the Strategic Objectives of the USAID operating units.

b. NPI Objective Contributes to Mission Strategic Objectives, Agency Goals, and Agency Mission

As explained above, NPI is a process for the achievement of the strategic objectives of USAID operating units. The NPI Strategic Framework shows this linkage, and conceptually demonstrates how NPI is integrated into the program strategies used by operating units to achieve their Strategic Objectives. The NPI Strategic Framework also shows how Mission Strategic Objectives contribute to the achievement of the Agency Goals and Mission, thus linking NPI to the overall Agency Strategic Framework.

c. Critical Assumption

A critical assumption must hold if NPI is to flourish: *that "The necessary political processes to support reform of the enabling environment exist."* Some degree of government acquiescence, if not support, for political processes needs to be present for an environment in which civil society, business, and institutions of democratic local governance can address development challenges collaboratively. Without progress in improving the enabling environment, local initiatives can be denied critical national support, local institutions corrupted, and local initiative stifled. The NPI strategy must take into account the level of constraints in the enabling environment and it is assumed that, over time, local actors have the capacity to effect positive changes in that environment. Mission strategies need to balance their support for national reform and local capacity building, as appropriate.

d. Other Results in the NPI Strategic Framework

The NPI Strategic Framework, as shown in Figure 1, contains results that are considered necessary to achieve the NPI objective. As explained earlier, not all of the results in the NPI Strategic Framework will be relevant in each country or program context. As a USAID Mission or office develops its NPI strategy for achieving a particular Strategic Objective, it can refer to the results from the NPI Strategic Framework that are relevant. Some results from the NPI Strategic Framework may end up being directly incorporated into the results framework for a particular Strategic Objective, some may not be appropriate, and some may be amended before being incorporated.

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As shown in the NPI Strategic Framework, three results are critical and necessary for achieving the objective. The horizontal causal arrows show that each of these results also contributes to the achievement of the other two. The results are:

- "Enabling environment strengthened (policy, legal, fiscal regulatory)"
- "Innovative strategic partnerships established/strengthened"
- "Strengthened capacity of civil society, business, and democratic local governance sectors"

The Enabling Environment, Capacity Building and Partnerships

An improved policy, legal, fiscal and regulatory enabling environment is a critical result that contributes to the achievement of the NPI objective. **Partnerships and linkages** are fundamental to an NPI approach. Actors involved in civil society, the business community including small businesses, and institutions of local governance form strategic alliances as governed by the dictates of the objective(s) they pursue and the environment in which they pursue it.

The Guinea Case Study revealed five categories of strategic uses of partnerships/ linkages: 1) to continue to produce sustainable impact after donor involvement has ceased; 2) to leverage additional resources from other donors; 3) to increase local capacity through society-to-society partnerships; 4) to remove enabling environment constraints; and 5) to facilitate decentralization of government authority and responsibility. Increased **capacity** of these organizational entities is necessary to achieve the New Partnerships Initiative. The capacity that must be strengthened goes beyond that of individual organizations to the entire sectors. NPI can best be achieved if there is a critical mass of organizations within the three sectors which have increased capacity.

The Guinea Case Study also revealed that **in combination** the enabling environment, capacity building and partnerships are a tool for strategic thinking. When applied to a Mission strategy, the strategic thinking may appear at various levels in the Mission results framework and be reflected in results statements and indicators at all levels. For example, an indicator for the result "Agricultural sector capacity increased" was "number of partnerships focused on environmental constraints." The NPI *intermediate result*, **Innovative strategic partnerships strengthened**, appears in modified form as an *indicator* for another (modified) NPI *intermediate result*, **Strengthened capacity of civil society, business, and democratic local governance sectors**. Also the kind of partnership/linkage required in this case is one focused on modifying the "enabling environment." This particular *definition* of the kind of partnership required is from the NPI *intermediate result*, **Enabling environment strengthened**. The development problem that dictates the above application of NPI strategic thinking is that the agricultural sector is confronting a punitive market policy and regulatory environment. Steps must be taken therefore to strengthen the sector's advocacy function.

Intermediate Results

The key intermediate results of the NPI Framework, as a tool for strategic thinking, can support each other at all levels in results frameworks, either as results contributing to higher levels or as indicators that results are being achieved. They may even appear in the definition of an indicator. The NPI Strategic Framework is not static and, though it can be used as a template through which to view another framework, the relationships among the intermediate results are fluid and may often change in a complete articulation of the strategy.

Each of the above higher level results is, in turn, achieved through the accomplishment of a set of additional results, shown as vertical columns beneath each higher result. For example, according to the Strategic Framework, three results are necessary to achieve the result of "Enabling environment strengthened". These three results are:

- "Reform agenda to improve enabling environment established"
- "Improved advocacy"
- "Expanded public-private dialogue"

One of the three sectors, or some combination of partnerships among them, must define the purpose and specific objectives of an effort to change the environment to make it more "enabling". That *reform agenda* often follows an analysis of constraints in the existing environment. For example, USAID/Bulgaria organized associations of city mayors and established linkages with American counterparts. Those associations built a reform agenda focused on the issue of the devolution of financial power and authority from the national government to the local level commensurate with the devolution of responsibility. The reform agenda has become self-sustaining in that even though a majority of those who created it were not re-elected, their successors embraced it and continue to advocate for change. Also, citizens groups can continue to provide political support at the local level for national level policy reforms.

Those attempting to implement reforms may have to improve their *advocacy capability* in order to move their agenda forward. USAID/Panama, for example, has strengthened the advocacy position of NGOs in relation to the Panamanian government's plan for management of the Panama Canal Zone. The government is trying to balance the benefits of development against the benefits of preserving the Canal Watershed as a natural resource. USAID provided a venue for all parties concerned in order to give NGOs the platform from which they have learned how to influence policy for the preservation of Protected Areas and National Parks.

In some cases, there may be no possibility for advocacy or only limited options. Increased *public-private dialogue* can help to create a better climate for advocacy to function constructively. USAID/Kenya uses public-private focus groups as a vehicle to increase dialogue about development problems. The focus group provides the greenhouse for developing a reform agenda and advocacy capability on

issues of immediate concern to the group. For example, self-regulated use of pesticides by the Fresh Producers Export Association Fruit in response to European market requirements was born out of a focus group dialogue.

Two critical results are necessary to achieve the higher result of **"Innovative strategic partnerships established/strengthened"**. These two results are:

- **"Increased awareness of the potential benefits of strategic partnerships"**
- **"Increased opportunities for mutually beneficial strategic partnerships"**

In order for linkages and partnerships to be formed, the awareness of different groups regarding the benefits to be gained from forming linkages or partnerships needs to be increased. There also have to be increased opportunities for mutually beneficial partnerships and linkages to be established or strengthened. Increased access to, and the exchange of, information contributes to the development of such opportunities.

Four results are specified as contributing to and being necessary for the achievement of the third higher result of **"Strengthened capacity of civil society, business, and democratic local governance sectors"**. The four results are:

- **"Increased membership of institutions in networks"**
- **"Increased diversity of institutions"**
- **"Increased development and dissemination of models of institutional development"**
- **"Increased mobilization of financial resources"**

Networks are formal or informal lines of communication and connections that groups have with one another. Joining a **network** is an important way for an individual organization to strengthen its capacity. Similarly, networks can strengthen the capacity of broader sectors made up of individual organizations as well. Networks can provide resources, training, know-how, and support that can lead to strengthened capacity on the part of member organizations and their sectors. Increased **diversity** of institutions within the NGO, business, and local government sectors also contributes to increased capacity. **Models** of institutional development are useful for building capacity. Finally, an infusion of **financial resources** is often needed to "jump start" the process of strengthening or building networks and/or encouraging the institutional diversity required to strengthen the civil society, business, or democratic local governance sectors.

Causal Linkages

An additional result is shown at the bottom of the Strategic Framework with numerous causal arrows pointing upward toward the other results in the Framework. This result is:

- **"Increased access to/exchange of information"**

Increased information exchange is necessary for and contributes to many of the other results in the NPI Strategic Framework. It makes a direct contribution to the three key results of a **strengthened enabling environment, strengthened strategic partnerships, and strengthened capacity of civil society, business, and democratic local governance sectors**. Increased information access and exchange also contributes causally to virtually all of the lower order results in the framework. For these reasons, it is depicted at the bottom of the chart, with general causal connection lines pointing upward toward the other results.

Another point to recognize is that a few secondary causal relationships exist among the lower order results in the NPI Strategic Framework. These causal linkages are not depicted in the graphic for the Framework in an effort to increase clarity by focusing on the primary causal linkages. An example of one such secondary causal linkage is: **"Improved advocacy"** can contribute to **"Reform agenda to improve enabling environment established"**. Another is: **"Strengthened capacity of civil society, business, and democratic local governance sectors"** can contribute to **"Increased awareness of the potential benefits of strategic partnerships"**. These are represented by horizontal arrows on the NPI Strategic Framework.

C. PERFORMANCE INDICATORS

As previously mentioned, the PMG developed a selected list of Mission-generated performance indicators from the Strategic Plans, R4 submissions, and the NPI/LEM proposals of the eight Leading Edge Missions. The purpose was to assess the extent to which NPI-like activities were tracked by the Missions' existing performance monitoring systems. The PMG distributed the list categorized in a nine-cell matrix according to the three NPI building blocks (enabling environment, strategic partnerships and capacity building); and the three NPI sectors involved (NGOs/civil society, business and institutions of democratic local governance). What stood out among the categories were the three related to innovative partnerships/linkages, which had only one indicator identified by the LEMs for the business sector and none for civil society and institutions of democratic local governance. See **Volume 2, Section B, Annex 1** for the Current Specific Indicators used by NPI/LEMs.

With the Strategic Framework and the set of Mission-specific performance indicators in hand, the PMG began the process of creating illustrative (generic) indicators for the NPI Strategic Framework. The generic indicators selected track particular characteristics or dimensions of their corresponding results. The indicators for the NPI Strategic Framework, as shown in Table 1, are illustrative and incomplete. In the evolutionary process of NPI, some of these indicators might eventually be dropped; others might be adapted to address specific sectors; while still others will need to be added. Many of the indicators would need to be further assessed and refined before they would be used for reporting on overall Agency progress related to NPI.

The Guinea Case Study and other LEM contributions provided the opportunity to compare the illustrative indicators with Mission specific indicators for tracking

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NPI, given the Mission context and objectives. The comparisons provide guidance on how the illustrative list can help generate Mission specific indicators and vice versa. Though the Mission side of the comparisons may be sector specific, the generic indicators can be applied to any sector as appropriate. See Table 1 (next page) in this chapter for the NPI illustrative indicators developed to date, with examples of indicators specific to LEMs where applicable.

1. Analysis of Illustrative and Mission-Specific Indicators

a. *Current Indicators Used by Leading Edge Missions*

The indicators in Volume 2, Section B, Annex 1 were culled from the Leading Edge Mission reports and give a good descriptive presentation of the NPI-oriented indicators currently tracked by Missions. The majority of the indicators focus on capacity building, a smaller number on the enabling environment and only one was categorized under partnerships/linkages. It is obvious from the Guinea Case Study alone that **partnerships/linkages** are an **essential but often undocumented** part of Mission strategies. As indicated in the section of this chapter on the NPI Strategic Framework, applying the Framework and the series of questions implied by it, to a Mission's strategy can help demonstrate results from existing but undocumented partnerships in the Mission framework.

Within the family of intermediate results related to **capacity building**, there are examples of indicators from the list that address increased membership in networks (coalitions), but nothing that specifically tracks increased diversity of organizations. There is nothing that addresses dissemination of models of organizational development. There are several, however, that track increased mobilization of financial resources, especially with regard to the issue of sustainability for specific organizations or subsets of organizations, if not for the sector as a whole. There are many that track specific categories of organizations' development relevant to a specific Strategic Objective in a specific country context. It appears that capacity building as presently practiced occurs from the bottom up. Capacity building for a sector occurs as grassroots capacity increases. For that reason, the NPI Framework applies to both individual organizations and sector level capacity building.

Mission indicators for the **enabling environment** fit fairly well under that family of intermediate results in the NPI Framework. The wide majority measure either the enabling environment itself, the reform agenda, improved advocacy or public-private dialogue. The same configuration of results appears to work whether the enabling environment is specifically related to family planning, agricultural production, or building democracy.

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TABLE 1: ILLUSTRATIVE PERFORMANCE INDICATORS FOR THE NPI STRATEGIC FRAMEWORK

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PERFORMANCE INDICATOR	COMMENTS
NPI OBJECTIVE: More effective response by civil society, business, and institutions of democratic local governance in collaboratively addressing development challenges	
Sustainability of impact of a strategic objective(SO)	<ul style="list-style-type: none"> - life of key partnerships (Definition: Period of time during which the definition of partnership holds and exchanges continue) [Guinea Case Study] - life of impact (Definition: Number of years that use of family planning/maternal and child health services remains stable or increases) [Guinea Case Study] - USAID estimate of percent completion of the web of partnerships necessary for critical mass for sustainable impact [Guinea Case Study]
Level of problem solving that occurs in a SO	- number of problems solved by partnerships [Guinea; Philippines]
Ratio of donor to local investment in SO	- non-donor revenue compared to total cost of primary school
RESULT: Enabling environment strengthened	
Policies, laws, or regulations changed	<p>More specific variations of this might be:</p> <ul style="list-style-type: none"> - number of policies/laws/regulations that have been changed - percent of policies/laws/regulations in an identified list that have been changed - a matrix of specific laws/regulations that tracks the status of reforms (e.g. law drafted in committee, law debated in congress, law passed....) - number of Ministry of Education policies/practices changed by consumer initiative [Guinea] - number (or percent) of (local governance units) with mechanisms for local participation in decision making with documented use [Guinea]
Laws or regulations enforced	<p>More specific variations of this might be:</p> <ul style="list-style-type: none"> - number of laws/regulations that are properly enforced or implemented - percent of the time that a particular law is enforced - some measure of the partial enforcement of a specific law/regulation - number (or percent) of (local government units) with at least one resource allocation decision/year implemented and documented as traced to local group initiative

Degree of freedom for community action to occur	<p>This would need to be made more specific before it would be operational.</p> <ul style="list-style-type: none"> - percent of (local government units) with 2 or more institutionalized procedures for local participation, democratic or financial transparency from civil society initiative, with documented use on file [Guinea] - level of risk associated with advocating change (Definition: scale with anchor points [to be defined]) [Guinea]
Reduction in enabling environment constraints	<ul style="list-style-type: none"> - number of environmental constraints to marketing agricultural products reduced [Guinea] - percent of area or political units of government of Guinea that make information on (to be defined list) laws accessible in local languages (Definition: accessible is a [to be defined] rating of steps/time/\$ cost to get it. Area or political units qualify as falling under maximum difficulty level.) [Guinea] - percent reduction in cost (to be defined in # steps/time and/or \$) associated with legalizing civil society organizations [Guinea]
Extent of decentralization	<p>A more specific indicator might be:</p> <ul style="list-style-type: none"> - number or percent of certain identified authorities that have been delegated to municipal government - percent of primary schools with partial local finance [Guinea] - number of media independent of government and political party control [Guinea]
RESULT: Reform agenda to improve enabling environment established	
RESULT: Improved advocacy	
Number of advocacy organization, interventions or successes	<ul style="list-style-type: none"> - number of enabling environment constraints (e.g., to marketing agricultural products) reduced [Guinea] - percent of agricultural advocacy organizations that satisfy financial and management audit [Guinea] - number of (agricultural sector) advocacy interventions [Guinea] - number (or percent) of civil society groups holding at least 2 advocacy meetings per year with local government units [Guinea]

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RESULT: Expanded public-private dialogue	
Number of fora, percent of organizations providing one, or their results	<ul style="list-style-type: none"> - number of civil society organizations that have achieved at least 1 local government policy or administrative change objective [Guinea] - number (or percent) of (local government units) known to project(s) that conduct information meetings with community groups [Guinea]
RESULT: Innovative strategic partnerships established/strengthened	
Number of partnerships/linkages established	<p>Note that clear definitions of what constitutes a linkage and what constitutes a partnership need to be developed. (See Guinea Mission Report for proposed definitions)</p> <ul style="list-style-type: none"> - number of partnerships formed [Guinea] - number of partnerships/linkages focused on environmental constraints [Guinea] - formal government of Guinea (health) coordination council functioning [Guinea] - percent of prefectures (districts) with community representative management committees [Guinea]
Number of fora in which partnering or linking groups participate	
Number of types of partnerships/linkages: <ul style="list-style-type: none"> - local to local, - local to US (South-North), - local to other Southern country organization (South-South), - donor to donor 	<p>Note that each of the above partnership/linkages types can be either across sectors (NGO/business/government), or within the same sector.</p> <ul style="list-style-type: none"> - number of (agricultural sector) advocacy organizations [Guinea] - number of new GOG/NGO consultative mechanisms established [Kenya] - increased participation by local level organizations in strategic planning, development, and resource allocation [Guinea]
Number of members of a partnership	
Number or percentage of partnerships that have been organizationally transformed	An example of organizational transformation might be if a partnership becomes a coalition, or an NGO becomes a business.
Number of replicated partnership linkages	This is a proxy measure of the strength of a partnership or linkage. The strength of a partnership is assessed by examining whether there has been any replication of it.
Number or percent of linkages that have become more formal partnerships	

Level of resources raised by a partnership/linkage to solve a development problem	This is a proxy measure of the strength of a partnership or linkage. The strength of the partnership can be assessed by looking at its achievements in terms of raising resources to solve a development challenge. - GOG training and TA budget amounts available to NGOs [Guinea]
Diversity index of the funding base of a partnership/linkage	This would be some measure of the extent to which the funding base for the partnership/linkage is diverse. Increased diversity of funding sources indicates increased strength for an organization because it shows that the organization is less dependent on any single source of support.
Number or percent of partnerships/linkages that survive until their common purpose is achieved	- success of coalitions in partnership in terms of policy outcomes [Philippines]
Number or percent of partnerships/linkages for which their common purpose has been achieved	This is a proxy measure of the strength of a partnership or linkage. The strength of the partnership/linkage is measured by the result of that increased strength, which is the achievement of the purpose that brought the parties into the partnership/linkage.
RESULT: Increased awareness of the potential benefits of strategic partnerships	
Number or percent of organizations that know what other organizations are doing that is relevant to their field or area of work	Data for this type of indicator could be gathered through a survey of organizations.
Number or percent of organizations that have considered working with other organizations to solve common issues or development problems	Data for this type of indicator could be gathered through a survey of organizations.
Number or percent of organizations that know of other organizations that they could potentially work with to pursue mutually beneficial goals	Data for this type of indicator could be gathered through a survey of organizations.
RESULT: Increased opportunities for mutually beneficial strategic partnerships	
Number of conferences, round tables, or other fora that have been convened in which different groups had the opportunity to explore possible partnering/linking arrangements	

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<p>Number of workshops or study tours that have been held to bring different groups into contact with each other to explore partnering/linking possibilities</p>	
<p>RESULT: Strengthened capacity of civil society, business, and democratic local governance sectors</p>	
<p>Number or percentage of institutions that are at a certain level on an institutional capacity index or achieving a defined rating</p>	<p>The institutional capacity index needs to be further developed. It will likely be based on PACT's seven categories of institutional development, and other work led by the BHR/PVC office on framing an institutional capacity measurement tool. The same index can be adapted to measure the institutional capacity of both institutions of democratic local governance and civil society organizations. The index will include information on a number of different areas of capacity, and the overall index score for an institution will be some aggregation or averaging of the scores for the different areas. The seven areas of institutional capacity used by PACT are:</p> <ul style="list-style-type: none">- governance- management practices- human resources- financial resources- service delivery- external relations-sustainability <p>Some specific aspects of an institution that might be assessed within the governance area could include:</p> <ul style="list-style-type: none">- existence of a board of directors-existence of an organigram, or organizational positions and relationships that are clearly defined- principles and policies for the organization are in place- the organization has legal status- some sort of accountable leadership structure, or accountable and transparent decisionmaking structure, is in place

	<p>Some specific aspects of an institution that might be assessed within the human resources area could include:</p> <ul style="list-style-type: none"> - personnel policies and systems are in place - technical and administrative staff needed for organization to do its work are in place - staff are in place for a certain length of time - number of (civil society) organizations progressing on a capacity matrix (Definition: Matrix to be developed but centered on good governance, managing the environment, and advocacy) [Guinea] - revenue generated by selected NGOs/community organizations - rational use of revenue (by NGOs) (Definition: percentage point of deviation of service costs divided by total costs subtracted from a benchmark) - number and estimated \$ value of services brokered by NGOs for selected activities [Guinea] - Guinean Franc (or percent increase) growth in local revenue of (local government units) [Guinea] - rational use of revenue (by local government) (Definition: Portion of total revenue invested in public projects/services) [Guinea]
Average score of institutions on an institutional capacity index	See comments directly above.
RESULT: Increased membership of institutions in networks	
Percent of institutions that participate in networks	<p>A definition of networks should be developed in order for this indicator to be made operational.</p> <ul style="list-style-type: none"> - number of second tier organizations created by grassroots organizations with a (to be defined) significant membership [Guinea]
RESULT: Increased diversity of institutions	
Diversity rating score for relevant sectors	<p>A diversity index would have to be developed. Informed experts would use the index to give diversity rating scores to particular sectors. Diversity has several dimensions. One dimension concerns the existence of diverse types or structures of institutions. We simply ask how many different types of institutions exist. Another consideration is the density, proliferation, or spread of the various institutional types. We ask how many institutions within the various categories exist. It is noted that the relative benefits of increased diversity will vary with the particular context. For example, the optimal number of diverse institutions may vary with the context.</p>

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RESULT: Increased development and dissemination of models of institutional development

RESULT: Increased mobilization of financial resources

Amount of revenue generated and/or number of revenue sources

A specific list of networking organizations or a representative sample of local civic organizations could be tracked for revenue growth and the breadth of their funding base.

- number of activities co-funded/jointly implemented by community, local government, other donors, NGOs, etc. [Sri Lanka]
- total amount of national revenues allocated to target local government [Philippines]
- legal changes and directives promote independent municipal finance, property, and privatization (as measured by key events) [Bulgaria]

RESULT: Increased access to/exchange of information

Extent of availability

- percent of (local government units) with access to information on appropriate laws at the sub-prefecture level (Definition: available in local language within 1 hour of travel during normal office hours) [Guinea]
- percent of people or organizations with access to information/services [Sri Lanka]

Guinea Case Study and the Illustrative Indicators (Table 1)

Generic indicators for the NPI Objective did not develop until USAID/Guinea began to define sustainability for Mission objectives. The PMG decided that indicators for the NPI Objective would only appear within a set of Mission defined indicators for a Strategic Objective, which NPI activities helped achieve more effectively. Once Guinea defined "more effectively" as "more sustainable," it became possible to use "sustainability" indicators for the NPI Objective itself. Similarly, the web or map of partnerships is a visual tool to describe existing relationships among partnerships and linkages and was developed in collaboration with the Mission. The projection of what a sustainable web of partnerships/linkages might look like to extend results out beyond the period of donor involvement, opened another avenue for indicators of sustainable development. The result is three indicators at the NPI Objective level that deal with sustainability. There are as yet no indicators to capture cost effectiveness or the relative pace at which results are achieved, which are undoubtedly additional dimensions of "more effective response."

Analysis of the indicators for the *NPI result*, "Enabling environment strengthened", reveals that the logic of the NPI Strategic Framework is repetitive in descending levels rather like a set of Russian nesting dolls, one inside the other. For example, the *Guinea indicator*, "number of Ministry of Education (MEPU) policies/practices changed by consumer initiative" fits under the *NPI result* stated above and corresponds to the *generic indicator* "policies, laws or regulations changed." If parents organize into parent teacher associations, NGOs or special interest groups to influence education policies and practices, presumably they will improve the environment for education, at least if one posits that the consumer is ultimately right. However, in the Mission Framework, the indicator falls under a more specific version of the *NPI result* of "Innovative strategic partnerships established/strengthened." The reason is that consumer influence on education policies/practices is the product of some specific partnerships the strategy is promoting and, therefore, indicates how well the partnerships are functioning.

The same indicator might be used under the *NPI result*, "Strengthened capacity of civil society, business & democratic local governance sectors" because consumers will not be able to influence educational policy and practices constructively until they have considerable knowledge, level of representative organization, and resources to do so, i.e. capacity. The reality of the Mission strategy is that capacity building, partnership/linkage building and environmental change are all happening simultaneously and reinforce each other (as the NPI Strategic Framework shows). The means of achieving progress on any one of the three fronts often involves one or both of the other two fronts, and you add two additional Russian nesting dolls are added to the set. The conclusion is that the results are interactive, and that the same indicator in one framework might show up under a different result in another framework.

Under the *NPI result*, "**Innovative strategic partnerships established/strengthened**", it is interesting to review Guinea's strategic use of partnerships/linkages and whether those strategies are evident in the indicators. The categories of strategic use of partnerships/linkages are: (1) **sustainable impact**, (2) **leveraging resources**, (3) **increased capacity**, (4) **removing constraints**, and (5) **decentralization**. (See the Guinea Case Study for more information on their five categories of strategic use of partnerships.)

The *indicators* for partnerships for (1) **sustainable impact** appear as "number of partnerships formed", "number of problems solved through partnerships", "government of Guinea training and TA budget amounts available to NGOs", and "USAID estimate of percent completion of the web of partnerships necessary for critical mass for sustainable impact". The results under which they fall in the Mission Framework provide the context to understand their application to sustainability. There are no indicators specific to partnerships for **leveraging resources** that were developed by USAID/Guinea, although an indicator for the reliability of continued resources could be considered. Either they are not seen as an element of the Results Framework, or they are buried in a generic category of partnerships that address constraints in the environment (including resource constraints). However, implicit in "number of partnerships/linkages focused on environmental constraints," are specific partnerships targeted to address financial constraints. Also, under the strengthened capacity result are indicators that track NGO leveraging of resources.

As will be apparent from the Guinea Case Study section of this chapter (Section E), the Mission is leveraging a considerable amount of resources that are simply not being tracked. **Increased capacity** appears as "number of (agriculture sector) advocacy organizations" and "organizations progressing on a capacity matrix." The Mission uses society-to-society partnerships and linkages for capacity building that are not tracked. There are some indicators focused on removing constraints when partnerships/linkages are used to influence the **enabling environment** to make it more "enabling." There are no specific indicators for **decentralization**, but it is inherent in those indicators tracking partnerships formed for the democracy and governance, natural resource management, and education objectives of the Mission.

One conclusion is that strategic use of partnerships is not explicitly tracked by indicators in Mission Strategic Objectives. A separate Strategic Objective for NPI could make it explicit. Whether visible in reporting or not, the ultimate impact of the strategic use of partnerships would be to track development results for each Mission strategic objective. Further analysis may facilitate the decision regarding whether the benefits of tracking NPI as a separate Strategic Objective outweigh the costs of doing so.

The indicators for the *NPI result* "**Strengthened capacity of civil society, business, and democratic local governance sectors**" are fairly consistent with the generic model, except that the majority of the indicators focus on units within a sector, not the sector as such. Of the seven PACT (Private Agencies Collaborating Together, Inc.) categories for measuring institutional capacity, the ones that sur-

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faced for Guinea are: governance, financial resources, service delivery, and external relations (advocacy). (See the "Strengthened capacity of nongovernmental, small business, and local government sectors" result in Table 1 for a list of the seven PACT categories. The number of second tier (associations, networks, federations, etc.) created by grassroots organizations as an indicator for sector strength follows the model. Some interesting variations are that for agriculture, capacity took on the robe of advocacy, and for health, NGOs need the capacity in order to broker NPI relationships.

2. Uses of Illustrative Indicators for the NPI Strategic Framework

The indicators for the NPI Strategic Framework can provide useful ideas to USAID Missions and offices as they develop specific indicators to track the New Partnerships Initiative in their own programs. The illustrative indicators for the overall NPI Strategic Framework are phrased in general terms. A Mission that is tracking a specific result that is part of its NPI strategy for achieving a particular strategic objective would probably use a more specific version of an illustrative indicator taken from the NPI Strategic Framework. For example, an illustrative indicator for the result "Innovative strategic partnerships established/strengthened" in the NPI Strategic Framework is "Number of partnerships/ linkages established". A Mission would probably use a "customized" version of that indicator that would be specific to the circumstances of its particular strategy, such as the particular type of partnership or linkage to be counted, the geographic location of the partnerships in question, or the sectors involved. One indicator recommended in the Guinea Case Study was "Number of partnerships focused on (critical health system) constraints".

A second use for the illustrative indicators is to serve as the foundation for possible future reporting on the New Partnerships Initiative at an Agency-wide level. As explained earlier, the results in the NPI Strategic Framework and their associated performance indicators could potentially be used to group, aggregate, and/or compare more specific NPI data from operating units. While there are limitations on the extent to which NPI data from different Mission or office programs could be directly compared or aggregated, the illustrative indicators could form the basis for efforts to analyze overall Agency progress in extending NPI strategies. It might be possible to aggregate and compare data from different Missions if they have the same NPI results incorporated into their strategic objective results frameworks. It would also be possible to compare the progress of separate units that are using different strategies to reach a common NPI result. Successful and less successful cases could be compared and analyzed.

The NPI Strategic Framework and its indicators could be useful for both performance monitoring and for evaluation. Performance indicators measure progress toward specified results, and can be used to determine whether those results are being achieved. Evaluations are conducted to answer questions about how and why those results are or are not being achieved. Evaluations can be used to examine unintended impacts as well as planned ones, and to analyze more complex aspects of impact such as sustainability. Performance indicators for the

NPI framework could be useful to pinpoint the need for evaluations and to focus research on questions of what does and does not work. Monitoring and evaluation information on NPI could potentially be useful for reporting on the New Partnerships Initiative to both internal and external audiences.

At a conceptual level, it is very difficult to formulate indicators that directly measure the NPI objective itself ("**More effective response by civil society, business, and institutions of democratic local governance in collaboratively addressing development challenges**") As described earlier, the objective statement captures the fundamental assertion that NPI approaches are more effective ways of achieving sustainable development results. The Performance Monitoring Group debated at some length whether it is possible to identify indicators that directly measure the effectiveness of a response to a development challenge. The group noted that it is certainly possible to track whether the desired development results, as stated in the Mission and office strategic objectives, are being achieved. These development impacts are being measured by specific performance indicators for the operating unit Strategic Objectives. The Strategic Objective indicators measure whether the development impacts are being achieved, not the effectiveness of the response by civil society, business and democratic local governance.

However, if NPI strategies are contributing to the results of the Strategic Objective, then NPI provides the opportunity to monitor aspects of it that might otherwise be missed. For example, if "more effective response" in the NPI Objective statement means (among other possibilities) development that is "**more sustainable**", then NPI offers some indicators to measure sustainability at the Strategic Objective level. One indicator is **life of impact**. Measurement of impact over time can be viewed as its life. It either increases, levels out or declines. Impact that remains constant or increases over time is an indication of sustainable development, especially if the impact continues past the period of donor assistance. Another indicator is **life of key partnerships**. The indicator of sustainability can be measured by the webs of partnerships that continue to function once donor subsidies have ended.

In addition, as civil society, business, and institutions of democratic local governance in any specific geographic area become more effective in addressing a particular development challenge, the level of donor investment in the impact of meeting the challenge should drop. Thus the **ratio of donor to local investment** in a Strategic Objective is an indicator of sustainability, especially if the impact life continues as the ratio diminishes. Another aspect NPI can help track at the Strategic Objective level is the **level of creative problem solving** throughout the strategy. The more problems confronted and solved by civil society, business, and institutions of democratic local governance partnerships in the course of implementation of an objective, (and by inference, the fewer confronted and solved by USAID) the closer USAID gets to leaving in place that critical mass of partnership webs capable of sustaining impact.

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After much deliberation, the PMG came to the conclusion that measuring achievement of the NPI objective itself, which would involve determining whether a collaborative response by the above actors to a development problem is "more effective," could be accomplished through comparison of the NPI approach with one or more non-NPI approaches. It was recommended that the key criteria for judging the effectiveness of an NPI response to a development challenge would be characteristics such as the following: sustainability of development impact achieved through the approach; cost-effectiveness of the approach that led to the impact; or relative pace with which the desired level of impact is reached. One place to start could be to measure the "life of impact" of NPI and non-NPI approaches for the same Strategic Objective under similar conditions. In practical terms, however, it will be difficult to establish the sort of controlled situations that will facilitate direct comparison of an NPI response to a particular development problem with non-NPI responses to the same problem. Many factors in the local context besides the introduction of an NPI approach itself may influence the sustainability, cost effectiveness, or speed of a solution to a development challenge. It is very difficult, if not impossible, to control for all of these factors. Undertaking a high quality analysis of the relative effectiveness of an NPI response therefore would probably not be a feasible undertaking for individual Missions or offices.

Therefore, the PMG recommends that the achievement of the NPI objective statement be assessed periodically through a coordinated evaluation effort to be carried out by CDIE (Center for Development Information and Evaluation). Periodic evaluations could use data from multiple USAID Missions to do a comparative assessment of the effectiveness of NPI responses and non-NPI responses. If adopted, this suggested approach to tracking the achievement of the NPI objective will require further analysis and development. Criteria for judging the effectiveness of responses to development challenges should be refined, and systems to collect the information for the periodic assessments should be developed.

Given that the immediate use of the NPI indicators is to help Missions using NPI strategies define and refine their own indicators, the next section lists criteria for indicator selection as identified by the PMG.

3. Criteria for Indicator Selection

The abbreviated descriptions of the criteria shown below are based on "Selecting Performance Indicators," *Performance Monitoring and Evaluation Tips*, No. 6, 1996, USAID Center for Development Information and Evaluation (CDIE).

direct - A performance indicator should measure as closely as possible the result it is intended to measure.

objective - A performance indicator should be unidimensional and operationally precise, so that there is no ambiguity about what is being measured.

adequate - Taken as a group, a performance indicator and its companion indicators should adequately measure the result in question.

quantitative where possible - Quantitative indicators are preferred, although qualitative indicators can supplement quantitative data by providing rich and valuable information.

disaggregated where appropriate - Data for indicators should be disaggregated by specific groups if such information is relevant for determining differential impacts on social groups.

practical - Practical indicators, for which data can be obtained in a timely way and at reasonable cost, are preferred.

reliable - The data for an indicator should be of sufficiently reliable quality to be useful for confident decision making by managers.

D. CONCLUSIONS/NEXT STEPS

1. Refinement of the NPI Strategic Framework

There are some interesting possibilities for measuring the NPI Objective itself, using indicators for sustainability. Further work is required to refine those indicators and to explore possibilities for measuring the cost effectiveness of impact and the relative pace at which the desired level of impact is reached. The evaluation question of whether NPI is more effective on any of those measures can only be answered by another question, "As compared to what?" The answer to that question involves comparative analyses among Missions and among strategies with and without an NPI approach.

The Framework proved useful in a field test to make undocumented partnerships in existing Mission strategies more visible in the Mission Results Framework. It also helped to clarify the interactive relationships among "enabling environment", "strategic partnerships", and "capacity building. The capacity building result in the Framework can be augmented to address capacity both at the individual organizational level and at the sector level. Partnering between two organizations may be required to change a policy vital to a sector, and the first step to create such a partnership may involve capacity building. As it stands, the activity of capacity building for those two organizations' inter-sectoral partnership would be tested by the achievement of its objective. The capacity result and its contributing intermediate results would have to be supplemented to maintain the interactive relationship of the three results at levels below that of a sector and above that of an individual organization.

The Framework itself should be shared widely throughout the Agency for feedback and comments. The illustrative indicators need additions and refinement

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and could benefit from a rigorous exercise of integration with the Mission specific indicators produced by the LEMs.

2. Reporting on NPI

Once in final form, the NPI Strategic Framework could be shared with Missions to help make partnerships/linkages more visible in the Mission results framework. With NPI demonstrable on Mission results frameworks, NPI strategies and results will become better incorporated into the Results Review and Resource Request (R4) process. That opens up the possibility of comparative evaluations of NPI and non-NPI Missions and/or strategies. Missions may choose to make NPI a stand-alone Strategic Objective that is cross-cutting through two or more other Strategic Objectives. The Guinea case study illustrated that many "resource leveraging partnerships" occur without documentation even though they contribute to achieving results. Either they are not seen as an element of the Results Framework, or they are buried in a generic category of partnerships that address constraints in the environment (including resource constraints). If leveraging resources becomes an Agency priority, then more Missions would report on leveraging partnerships and may choose to report on NPI as a separate Strategic Objective.

3. Progress in Implementing NPI

Possible vehicles for the extension of NPI within the LEMs and to other Missions include: the distribution of this Resource Guide and its technology, as well as regional (or worldwide) workshops to train USAID staff, to provide technical assistance, and to further collaborative research and development of the technology of NPI itself. An immediate vehicle is to train the technical assistance contractors who hold indefinite quantity contracts set up for that kind of task. Candidates include the contractors who hold Advisory and Assistance Services for Management and Consulting Services contracts and those who hold Technical Assistance and Strategic Planning, Performance Measurement, and Evaluation contracts. Similarly, the creation of partnership webs that can sustain development impact could become an important part of Mission technology.

Basically, the purpose of extending NPI is to change strategic approaches, not to change results frameworks. Possible reasons for changing strategic approaches to align with NPI are worth exploration. Given the centrality of "sustainability" to the Agency mission, efforts to develop a system to measure it are critically important and the attention paid to measurement of sustainable development would, by necessity, focus on NPI. NPI's contribution to sustainable development, through its emphasis on involving local decisionmakers, using local resources, and leveraging resources from all participants in the partnership webs, can then be evaluated as the Agency reports on sustainable results in each country.

Regardless of the mechanisms used to further NPI's strategic approach, its extension may be measured by those Missions that report on partnerships/linkages as an integral part of the Mission strategy in the R4 presentation.

E. GUINEA CASE STUDY¹

Introduction

USAID/Guinea is one of eight Leading Edge Missions (LEMs) developing and implementing the New Partnerships Initiative (NPI). The PMG responded to USAID/Guinea's request for assistance in tracking NPI strategies integrated into its existing strategic objectives. The Mission was especially interested in the integration of innovative partnerships and linkages into its reporting system. The request for technical assistance also offered an opportunity to the PMG to field test the NPI Strategic Framework and to review lessons learned by the Mission as a contribution to the NPI Resource Guide. The fact that the relationship between the Mission and the PMG was based on negotiated expectations from both sides made it interactive rather than passive. Guinea provided an excellent opportunity for the case study and for field testing NPI tools and concepts. This section documents what the PMG learned about NPI from the technical assistance experience and directly from the Mission. The report on the TDY to the Mission may be found in **Volume 2, Section B, Annex 2**.

Organization of the Work

The two-person PMG team worked closely with the USAID/Guinea NPI Team and the Strategic Objective (SO) Team leaders. The Guinea NPI Team is composed of individuals responsible for NPI-like activities within the Mission Strategic Objective Teams. The combined team structured the work into Strategic Objective Team meetings, field trips, an extended Guinea NPI Team meeting with partners², drafts, discussions and redrafts of results frameworks and indicators. The NPI Framework served as the lens through which to view the Guinea Mission Framework to identify and capture the NPI results produced, but not always tracked. To capture the lessons learned, the PMG team asked the Mission NPI Team, the Strategic Objective Team leaders, and the extended NPI team a series of questions about their experience with NPI. The answers to those questions provided much of the material for this report. See the **NPI New Partnerships Initiative Questionnaire for USAID/Guinea, Attachment A** of this case study.

Organization of the Study

The study is organized into sections that respond to four central questions:

- I. What contributed to Guinea's adoption of NPI?
- II. What changed in the Mission to support NPI?
- III. What NPI models for strategic use of partnerships/linkages appeared?
- IV. What are the other lessons learned?

¹Based on Guinea NPI TDY by Adele Liskov (USAID/BHR/PVC) and Jerry Harrison-Burns (MSI) 10/14 -10/26, 1996.

²"Partners" as used here in this section is more narrowly defined subsequently to mean organizations that contribute resources other than USAID's resources toward producing results defined in common.

GUINEA CASE STUDY

I. Guinea's Adoption of NPI

A. The Country Context for NPI

Years of central government control of political and economic life under a socialist, dictatorial system supported isolation and discouraged local initiative in Guinea. The current progressive government has policies in place to decentralize power and authority and to empower citizens at the local level, but it may take both the people and the administrative structure some time to accept and adjust to that change. NPI can facilitate the adjustment by empowering communities to participate with institutions of democratic local governance and by strengthening local government in its relationship with central government through increased representational power.

The central government needs partnerships with local government, communities, donors and the private sector to strengthen its own capacity and to leverage its limited resources. Collaboration among government units is possible, as is evident in the collaborative work of the Health and Education Ministries in producing a health education curriculum together, but much needs to be done in this area. Perhaps as a reaction to tight control of information under prior regimes, people have begun to express great interest in knowing what is going on, they want to be involved, and they value the power of working collaboratively.

From the donor point of view, Guinea is showing indications that it could be entering a fast developmental curve with multiple donor involvement. A strong partnership approach among donors avoids duplication of effort and working at cross purposes.

B. USAID/Guinea's Involvement in NPI

USAID Guinea decided to become a Leading Edge Mission because its programs were already consistent with NPI strategies and because it views NPI as a wave of the future. The Mission wanted to get involved early on in the process and to help lead the Agency in this direction. NPI helped the Mission focus internally and provided the Mission attention it might not otherwise have received from USAID/W. Mission staff state that in spite of the increased demand on staff time for additional meetings, NPI has improved morale. Partners stated that NPI has resulted in more transparency and open communication in their relationships with USAID/Guinea.

The Mission's programs were already consistent with NPI strategies largely due to the determination to maintain objectives at higher levels of impact in spite of a reduced budget. USAID/Guinea has seized the opportunity to pursue its objectives after cutbacks by strategically leveraging resources from others and by encouraging other donors to continue successful USAID initiatives. While--except for basic education--no financial assistance is provided directly to the Government of Guinea,

there is close collaboration and endorsement of USAID's policy to work in partnership with and to channel the majority of USAID funding through local organizations and international organizations working locally. **The NPI approach is good standard practice for local development strategies since strong partnerships can address the constraints to bottom up development initiatives.**

II. Mission Changes in Support of NPI

A. Mission Organizational Change

The combination of reengineering, its Core Values, and NPI resulted in several organizational changes within the Mission. The Mission created an NPI team from Strategic Objective (SO) Teams' members managing NPI activities, where they occur within the strategy of each Strategic Objective. The Mission NPI team incorporates implementation partners and there are plans to extend membership further to include other partners and customers once the current team composition solidifies. **The Guinea NPI team is the vehicle for synergy throughout the strategy described by the Mission Results Framework.** The Mission has instituted Partner Meetings with other donors and implementation partners to explain reengineering, NPI, and to begin the process of collaborative planning.

B. Mission Changes in Implementation

Some of the Strategic Objective teams are reaching for greater results (higher targets) than the level of resources dedicated would indicate by leveraging resources from others. There are many examples of increased capacity, effectiveness, and efficiency from USAID activities organized through an NPI approach. Notable cases of the strategic use of partnerships, including leveraging, include:

- The National Directorate of Rural Engineering has instituted a community-based, assisted road maintenance program as the result of a USAID-Africare pilot project.
- Africare located additional funding from the United Nations Development Program's (UNDP) Human Development Initiative to help local communities take responsibility for their communities. It then trained both the responsible Decentralization Directorate and UNDP personnel how to work in partnership with communities to help them identify the resources needed for the success of a given initiative. The program also incorporates long-term funding from the local syndicate of transporters.
- USAID shared the Government of Guinea (GOG) Family Code Project request for funding with its partners and, in the process, identified and eliminated areas of potential multi-donor, duplicate funding.
- USAID consultation with government partners on a public health community-based distribution project led to a joint review of similar community-based distribution models in Guinea and neighboring countries. That research led to

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a policy workshop and a national policy framework that will guide efficient resource allocation for all such programs in the future.

- The German Development Agency (KFW) intends to fund local costs of social marketing activities that were piloted by USAID and still receive USAID technical assistance. USAID refocused the unencumbered funds on expanding public sector and community-based activities.
- The French funded the creation of two offices for the USAID-sponsored, pilot credit project, PRIDE.
- The National AIDS Unit supported by USAID's Social Marketing project uses Peace Corps Volunteers to help organize training through the prefecture for communities at the sub-prefecture level, involving even local religious leaders. The decentralized and customized training events have provided very successful marketing for AIDS prevention products. A five-day event costs only \$7,000.
- The Market Town Project has led to documented increases in market tax revenues for local government and improved services for markets by local government. The project facilitates government, nongovernmental organization (NGO), and private sector partnerships to solve issues related to market services (e.g., trash, water, truck access, electricity, etc.)
- The Health Promotion Project found that intervention in a community with a prior Market Town success reduced the time and cost of mounting a health related education and marketing campaign by using established partnerships.
- In the democracy and governance area, Special Objective 1 (SPO 1), the Cooperative League of the USA (CLUSA, as the National Cooperative Business Association is known abroad) has used its bottom-up approach to engage local cooperatives prior to working with the local government. Further development of linkages and partnerships is directed by communities themselves with CLUSA facilitation.
- Under an employment generation activity funded with PL 480 Title III counterpart funds, Africare involved the private sector in what is now a growing, private trash collection service industry in Conakry. Africare is currently negotiating with the GOG to manage Conakry's recently revitalized trash collection program modeled on Africare's work. This will leverage funds for program activities planned with the GOG.
- As a result of the NRM activity effort, the government forest services accepted to share the responsibilities for and benefits from the co-management of forest resources.

III. NPI Models for Strategic Use of Partnerships/Linkages

A. Partnerships for Sustainable Impact

If properly executed, an NPI approach brokers the necessary local resources and/or ties outside resources to local decisionmakers so that the resources dedicated to a particular development challenge equal the cost of responding to it successfully. The central government lacks the resources to address local development challenges, so it must transfer some measure of both decisionmaking power and cost to the local level. The central government plays a role in policy and oversight, while the local level makes implementation decisions and resource commitments. For example, the government can take credit for the fact that its policies have led to local communities working on road maintenance at their own expense. Local road maintenance contributes not only to the sustainability of the road, but to the sustainability of all the development activity that the road supports.

The Natural Resource Management Project design rests on a partnership among the government, landless settlers, and landowners. The National Directorate of Forests and Wildlife does not have the resources to protect watershed forests from encroachment by timber interests and/or the landless. The project facilitates agreements by which the landless acquire rights to exploit selected areas in exchange for protecting specific areas from harmful exploitation. Long-term lease agreements (with local government oversight) protect the rights of both the landowners and the landless. The new guardians of the environment also gain technical assistance for conservation and income generation activities, which contribute additional tax revenue to the government.

The approach by CLUSA to empowering local cooperatives and local governments requires sustainability from the very beginning of any partnership they initiate or strengthen. CLUSA only subsidizes technical assistance and training costs. The strategy also helps to build the necessary partnerships and linkages to maintain impact once CLUSA leaves. The program is designed to leave technical skills behind in a business-oriented economic structure, a coop or other form, using fee-for-service and/or shared risk contracts. The private sector entity that results will provide consulting services that will generate revenue from increasing the financial success of its customers.

In the health arena, strategies to promote good health practices for family planning and the prevention of sexually transmitted infections (STI/AIDS) have become more sustainable through private sector involvement. Advertising agencies have improved their technical capability and increased their market share by working for USAID projects. Similarly, Statview, a company providing research and statistical services, has grown into new, private markets through increased capacity and a customer focus gained working for USAID projects. Statview has become a strong, private and self-sustaining resource for development in Guinea. The social marketing approach for the distribution of contraceptives and other public health products allows commercial businesses to profit from these sales thereby assuring greater distribution and sustainability.

Several SOs incorporate activities to create and/or strengthen a national non-governmental organization to eventually replace the role of a U.S. private voluntary organization (PVO). Natural Resource Management, Health and Training (Market Town, Skills Training and Social Marketing of contraceptives) all have such activities. The projects have one or more Guinean NGOs as partners for project implementation and to increase their realm of responsibility as the role of the U.S. PVO is reduced. As a tool to assist strategic thinking about sustainability, the Mission developed partnership web maps to illustrate the relationships among key partners necessary to achieve the strategic and special objectives. (See Attachment B of this chapter for sample partnership web maps.) **As projects mature, the web of relationships changes to compensate for the reduced donor role. A second map without donor presence could define the web of partnerships necessary to sustain impact after donor involvement ends, and serve to guide a program's evolution toward donor exit.**

The above examples of the use of partnerships/linkages for sustainability notwithstanding, the real test of the hypothesis that the NPI approach of strategic partnership delivers more sustainable development can only come several years down the road.

B. Donor Partnerships for Leveraging Resources

The education Strategic Objective took advantage of World Bank and IMF conditionality and, in the early days of USAID assistance, added its own conditionality to the mix to reform education. Donor collaboration set the stage for the policy and administrative changes that are enabling the current focus on gender specific attendance and literacy rates. Multiple donors are contributing to the overall education effort.

Although significantly reduced, the rural road construction project, a long-standing multi-donor effort, will continue with funding from other donors. The model of forest comanagement introduced by the Natural Resource Management Project has caught the attention of the government, which is expected to replicate the model in additional geographic areas. As stated previously, the credit project PRIDE received French Government support for creating two new offices and both the World Bank and the German Development Agency fund social marketing activities created by a USAID pilot project.

The health Strategic Objective Team organized a Partners Meeting in April of 1996 among donors, the Ministry of Health and major health project implementors. The Mission presented the basic tenets of USAID-supported development for health, guided by its four core values, the health strategic objective and NPI. Together, the Partners began a process to explore alternative mechanisms for overcoming critical constraints to meeting common objectives. Constraints such as insufficient supply of medicine at local clinics, substandard facilities and equipment, and limited skill levels of the personnel staffing the clinics concern consumers, donors, the GOG, and medical professionals alike.

C. Society-to-Society (Transnational) Partnerships for Increased Capacity

Long- and short-term training programs in the U.S. create capacity building partnerships; e.g., out of such a program, a society-to-society linkage between the Port of Philadelphia and the Port of Conakry has supported exchanges of technical information on port management. A trip to view the U.S. government in operation is planned for Guinean legislators next year and is expected to generate continued technical exchanges among members of our respective governments.

Many of the USAID supported U.S. NGOs have Guinean counterparts intended to continue the activities once the U.S. NGO departs. For example, Opportunities Industrialization Centers (OIC)/Guinea runs technical training programs in support of a microenterprise credit project and is associated with OIC International. OIC/Guinea has the benefit of OIC International's experience, technical expertise and contacts worldwide. Prior to Mission funding, CLUSA-Guinea received support for its cooperative development program through the National Cooperative Business Association (NCBA) using USAID/BHR/PVC cooperative development program funds. NCBA continues to support CLUSA with technical and managerial expertise. VITA has a similar direct support relationship to PRIDE and its microenterprise credit program in Guinea, and PSI has a similar relationship with OSFAM. CLUSA is setting the stage for sustainability by training a totally local staff which, after the departure of an ex-patriate training team which trained the local staff in the first year of project implementation, will implement the activities under the supervision of a single ex-patriate manager. The objective is to encourage and assist this local staff to form into a local NGO to continue to provide services to one or more associations of cooperatives which CLUSA plans to help create.

D. Partnerships/Linkages for Removing Constraints

In the health Strategic Objective, a major part of the strategy is to broker partnerships/linkages to focus on alleviating critical health system constraints. Examples of constraints are frequent shortages of medical supplies and medicine in health centers, Ministry of Health budget concentration on urban services and inadequate facilities/equipment in the health centers. The SO Team took a first step by calling a Partner meeting to begin a dialogue for common problem-solving. Part of the team strategy is capacity building for NGOs, which includes training in brokering NPI relationships focused on the above constraints.

The PMG Team recommended that Strategic Objective 1: **Growth in agricultural markets**, add an intermediate result to increase the agriculture sector's capacity for advocacy, in order to build partnerships for removing constraints to market growth.

E. Partnerships for Decentralization

Some of the examples mentioned above also serve the strategic purpose of decentralization of government. The National Directorate of Rural Engineering road maintenance program with communities, the Market Town Project with local

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government, the National Directorate of Forests and Wildlife's Natural Resources Management Project with farmers, the private trash collection service -- all involve partnerships that legitimate and make local assumption of responsibility a reality.

IV. Other Lessons Learned

A. Intermediate Results and Indicators

The NPI Strategic Framework developed by the Performance Monitoring and Indicators Group served as a tool to improve the Mission's Results Framework. NPI indicators will be integrated in the Results Framework of the new Strategic Plan which starts in 1997. As the result of comparing two frameworks, [except for Special Objective 2, **Protection of the Environment**, which was already adequate] changes in the framework and indicators of all Strategic Objectives and Special Objectives were recommended. Agricultural markets would add an intermediate result on capacity building for advocacy. Health would focus an intermediate result on capacity building for local NGOs to facilitate/broker NPI partnerships. Education would track additional indicators related to sustainability. The democracy and governance special objective would add an additional level of intermediate results having to do with the enabling environment, partnerships and capacity building. (See the before and after Results Framework and indicators in the Guinea Mission NPI Strategies and Indicators Report in Volume 2, Section B, Annex 2).

It became apparent that Special Objective 1 (**Fostering Civil Society Development and Good Governance**) managed by the Mission NPI Team, is cross-cutting throughout the Mission when it was recommended that it be added to the Mission Framework for three other Strategic Objectives. The recommended addition to the Framework of intermediate results managed by other donors also made partnerships with donors more evident.

Recommended indicators for Strategic Objective 1 (**Growth in Agricultural Markets**) focused on increased capacity for advocacy. The indicators are the **number of advocacy organizations, number of partnerships focused on environmental constraints, and the number of advocacy interventions**. A further indicator of the strength of the advocacy organizations is the **percent that pass a financial and management audit**.

For the health Strategic Objective (SO 2) (**Increased Use of Essential FP/MCH and STI/AIDS Prevention Services and Practices**), the **number of partnerships/linkages developed** became a recommended indicator for "Innovative linkages and partnerships strengthened/established," as a result necessary for "...addressing critical health system constraints." An **NPI partnership** was defined as, "...involving two or more parties contributing resources (at a minimum information) using mutually understood decisionmaking processes toward activities with (a) common objective(s)." A strong indicator of a partnership is (a) common target(s). An **NPI linkage** was defined as, "The smallest divisible unit of NPI is a linkage. A linkage involves an exchange of information (or other resources) by two or more parties for compatible and mutually understood objectives." **Key partnership life and impact life**

became recommended indicators for sustainability in the health area. As an indicator of sustainability, key partnership life was defined as, "The web of necessary NPI partnerships surviving at least as long as the development challenge (as originally defined or amended) to which it responds." As a measure of sustainability, impact life was defined as, "Impact remains constant or increases for at least one year beyond international donor support."

For the education Strategic Objective 3 (**Increased Enrollment in Primary Schools with Emphasis on Rural /Female Participation**), the recommended indicators focus on partnerships in three distinct roles: (1) in a problem solving mode to improve the enabling environment (**number of partnerships formed and the number of problems solved by partnerships**), (2) as a mechanism to contribute directly to (or leverage contributions for) non-donor revenue for sustainability (**percent of primary schools with partial local finance, non-donor revenue compared to total cost of primary school, and GOG training and TA budget amounts available to NGOs**), and (3) as a feedback loop to the Ministry of Education to improve quality, increase customer satisfaction, and thereby willingness to participate (**MEPU policies/practices changed by consumer initiative.**) (See SO 3 in Guinea Mission Report).

For Special Objective 1 on fostering civil society (**Fostering Civil Society Development and Good Governance**), the indicators tell a story of increasing influence by civil society with local government and local government's increased capacity to incorporate that participation as part of "good" governance (**number of civil society organizations that have achieved at least one local government policy or administrative change objective and percent of CUD/CRDs (local government units) with two or more institutionalized procedures for local participation, democratic or financial transparency, as a result of civil society initiative, with documented use on file**). One indicator (borrowed from the NPI Strategic Framework) also tracks the number of grassroots level coalitions into second tier (networking, advocacy or apex) organizations as an indicator of increasing civil society influence (**number of second tier organizations created by grassroots organizations with a [to be defined] significant membership**). At the first level below the SPO, the indicators track civil society influence and its incorporation into good governance in more specific detail:

- **CUD/CRDs with mechanisms for local participation in decision making with documented use**
- **CUD/CRDs with at least one resource allocation decision per year implemented and documented as traced to local group initiative**
- **growth in local revenue of CUD/CRDs**
- **rational use of revenue (portion of total revenue invested in public projects/services)**
- **access to information on appropriate laws at the sub-prefecture level (definition: available in local language within 1 hour of travel during normal business hours)**
- **CUD/CRDs known to (USAID) project(s) that conduct information meetings with community groups**
- **civil society groups holding at least two advocacy meetings per year with CUD/CRDs**

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Indicators for the NPI underpinnings would track **capacity specific to practicing good governance, managing the environment toward increased transparency/accountability, and advocacy**. A rating matrix for that kind of capacity may not exist and may have to be developed. Indicators for partnerships/linkages track the **number of partnerships (regardless of focus within the Special Objective), problems solved by partnerships, and progress toward sustainable impact (USAID estimate of percent completion of the web of partnerships necessary for critical mass for sustainable impact)**. That indicator would require USAID to estimate progress toward building the critical mass of partnerships that will sustain impact after donor involvement has ended. Indicators for an environment enabling transparency/accountability track the **accessibility of legal information, the transaction costs associated with forming civil society organizations, the size of an independent media and a reading on the level of risk associated with advocating change toward more transparency/accountability**. The risk scale would have to be developed in the Guinea context with behavioral anchor points starting with verbal threats and progressing from there (See Special Objective 1 in Guinea Mission Report for specific indicator language). There were no additional indicators recommended for Special Objective 2 (Protection of the Environment).

B. The NPI Strategic Framework as a Tool for Analysis

The NPI Strategic Framework proved to be a useful tool for analysis of the Mission Results Framework by suggesting questions to clarify the framework strategy. The major components of any Strategic Objective strategy can be categorized by whether they focus on capacity building, improving the enabling environment, partnership/linkage building or some combination thereof. Often the partnership/linkage building activities are assumed as understood and not visible in the presentation of the strategy. A "more effective response" in the NPI Objective was interpreted to mean a contribution to development that is more sustainable. The basic questions to be asked are:

- Does the strategy for achieving the objective involve collaboration among civil society, business sector and institutions of democratic local governance?
- Is the environment conducive to the achievement of the objective?
- If not, does the strategy address the constraints and are partnerships/linkages involved?
- Do those that stand to gain from achieving the objective have the capacity to carry it out?
- If not, can they gain the capacity through partnerships/linkages or other capacity building activity?
- To what degree is achieving the objective donor dependent and can partnerships/ linkages reduce that dependence?
- If the desired level of impact is achieved, can it continue once donors depart?
- If not, can some other indigenous web of partnerships assume the donor function?

That set of questions led the PMG team to focus recommendations on the following areas:

Strategic Objective 1: Growth in Agricultural Markets	Increased capacity for advocacy to overcome enabling environment constraints through partnerships/linkages or other means.
Strategic Objective 2: Increased Use of Essential FP/MCH and STI/AIDS Prevention Services and Practices	Use of partnership/linkages to overcome constraints and to work toward sustainability.
Strategic Objective 3: Increased Enrollment in Primary Schools with Emphasis on Rural/Female Participation	The role of partnerships/linkages in modifying the enabling environment, in voicing the demand for quality, equity, reasonable participation and enhancing sustainability.
Special Objective 1: Fostering Civil Society Development and Good Governance	Capacity building for good governance, improving the enabling environment and advocacy; partnerships to support sustainable impact; and an environment that fosters transparency and accountability.
Special Objective 2: Protection of the Environment	Illustrate the Special Objective 1 contribution to the Special Objective 2 and the inverse.

V. Next Steps

The Mission recommended a regional workshop of the Leading Edge Missions (to include implementing partners) for an exchange of information on approaches, techniques, successes, and learning experiences. Staff also expressed interest in a small pot of funds for Mission use and for support from USAID/W to further the application of NPI strategies.

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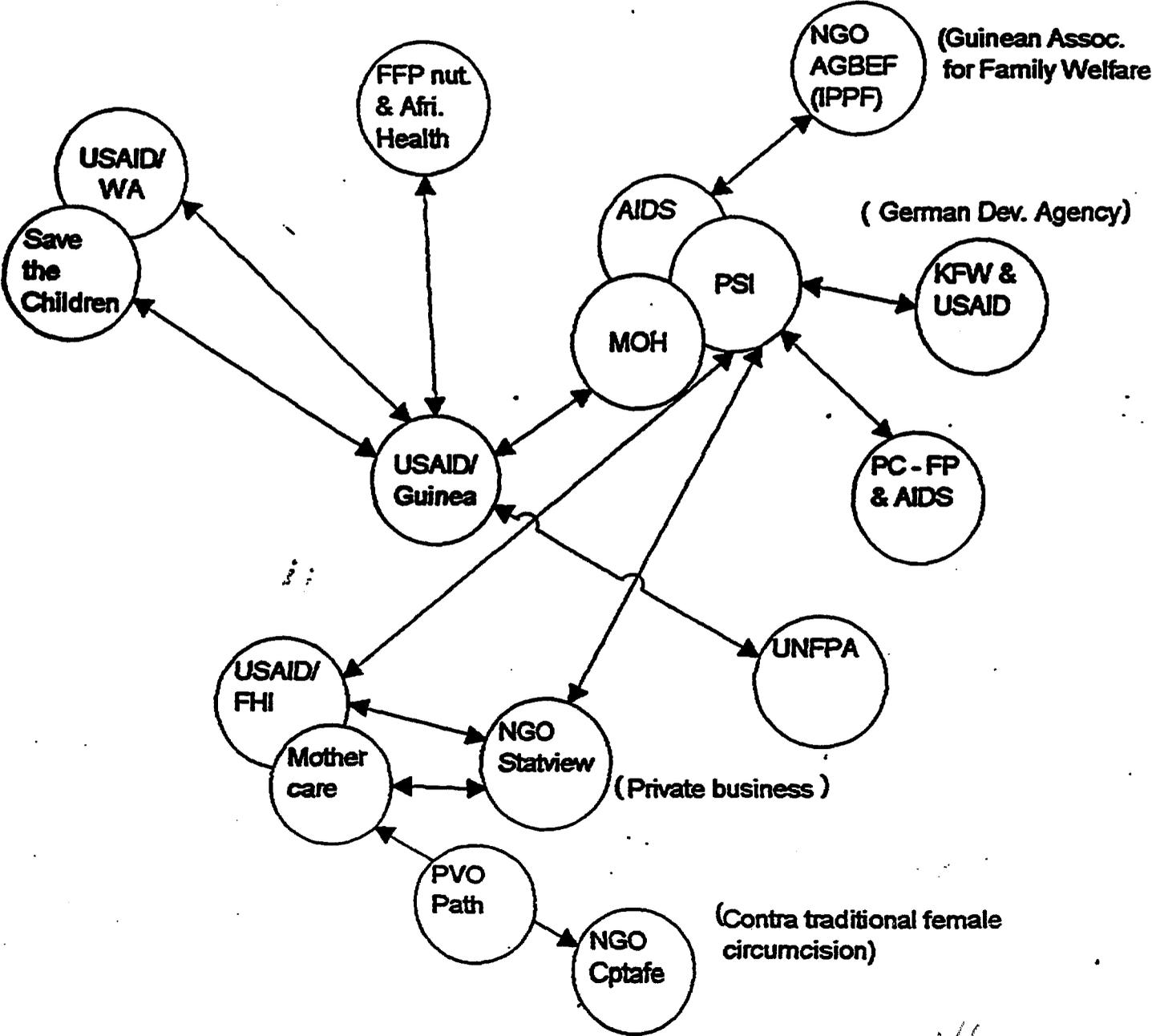
ATTACHMENT A

USAID Guinea - Leading Edge Mission New Partnerships Initiative Questionnaire

1. Has NPI resulted in Mission organizational change, including portfolio management/ procedures, and if so, how?
2. Is the Mission doing things differently as a result of NPI thinking, and if so, how?
3. Why has the Mission pursued linkages and partnerships?
4. Has the NPI approach helped to mobilize resources in ways that might not have occurred without this approach? Any examples?
5. Has NPI driven donor partnerships to some extent, and if so, to what extent and how?
6. What results have been or are planned to be achieved with donor engagement?
7. Is there any value added by being a LEM, and if so, what?
8. Have there been any lessons learned from NPI involvement to date, and if so, what are they?
9. Is there anything in the specific Guinea context that makes NPI particularly applicable, and if so, what?
10. Does NPI contribute toward the goal of sustainable development, and if so, how? Any examples?
11. Does NPI help the Mission plan better exit strategies, and if so, how? Any examples?
12. Has the NPI Strategic Framework helped the Mission, and if so how? Any examples?
13. Were performance indicators modified or developed with the help of the NPI Framework, and if so what were they?
14. Is the Mission pursuing any society-to-society linkages either within one sector or across sectors? If so, please list with expected results.
15. What kinds of NPI backstopping, TA or information exchange does the Mission want?

PARTNERSHIP WEB MAP

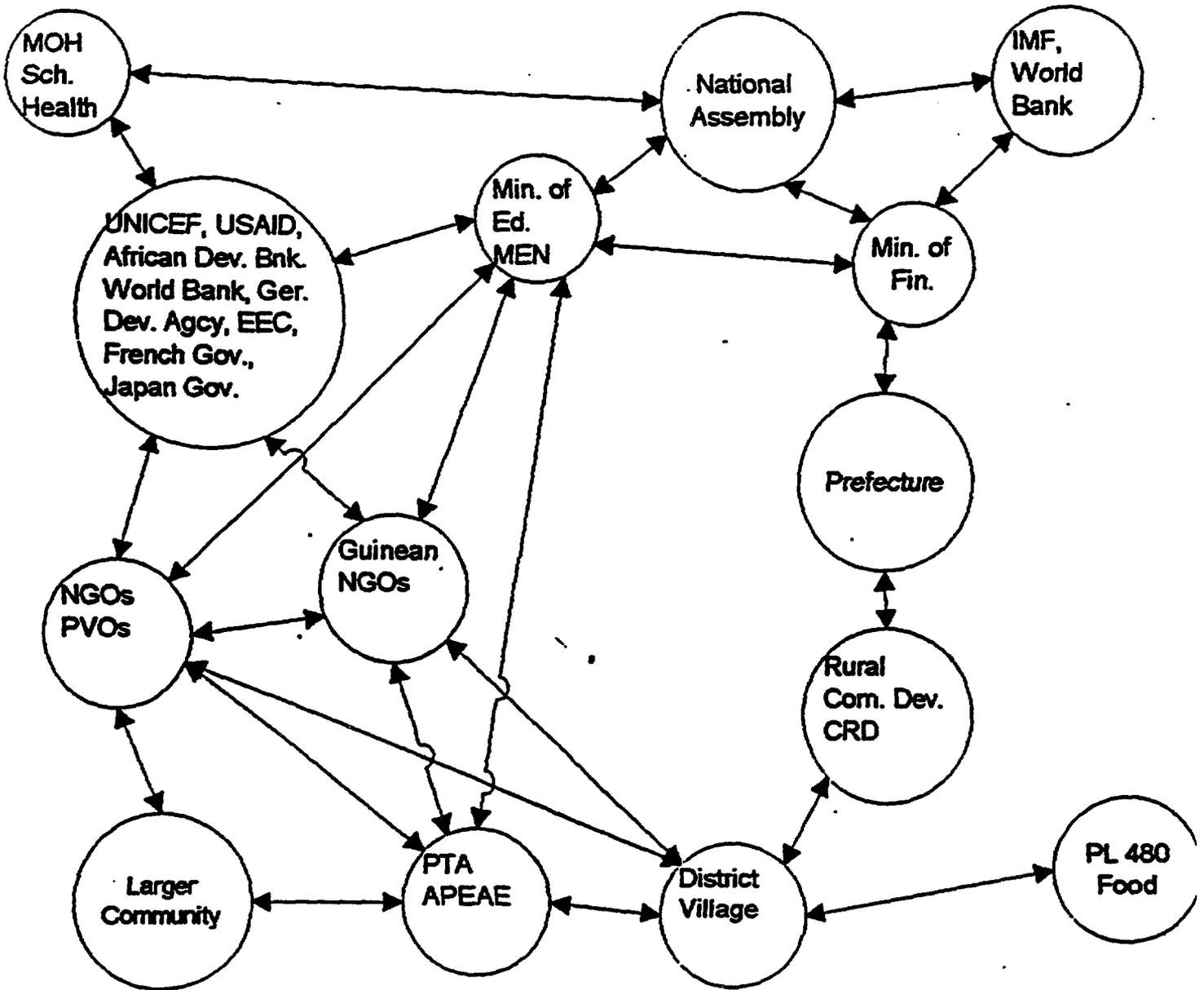
SO 2: Increased Use of Essential
FP/MCH and STI/AIDS-Prevention
Services and Practices



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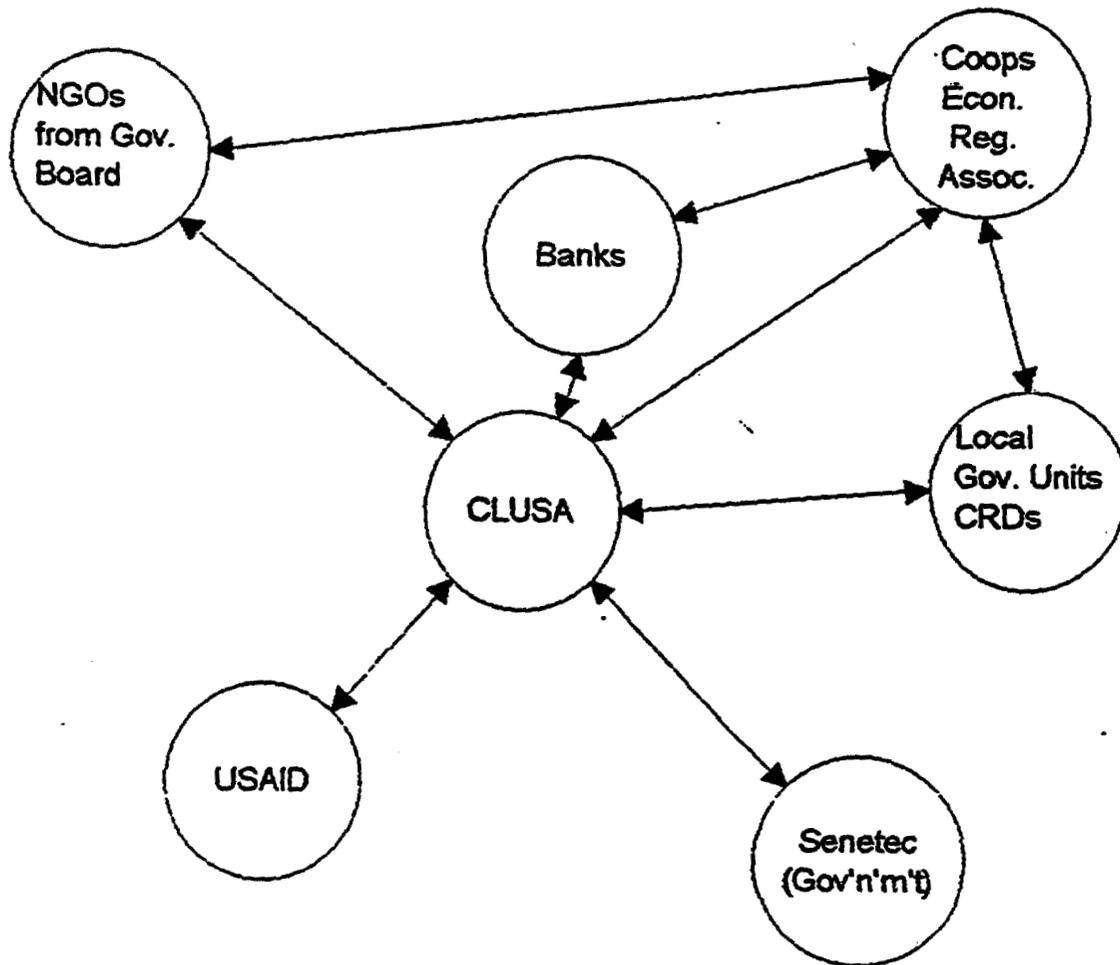
PARTNERSHIP WEB MAP

SO 3: Increased Enrollment in Primary Schools with Emphasis on Rural/Female Participation



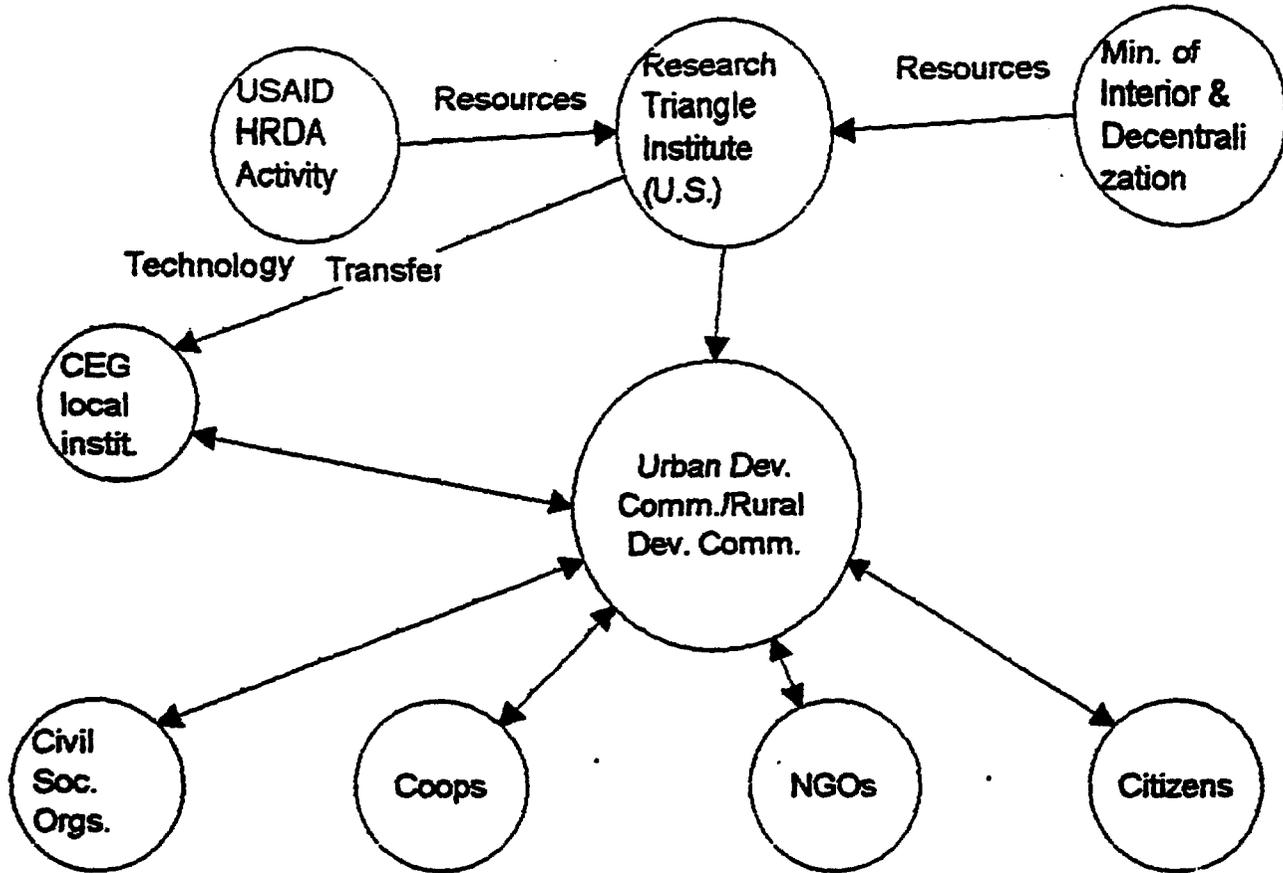
PARTNERSHIP WEB MAP

**SPO 1: Fostering Civil Society Development
and Good Governance - CLUSA**



PARTNERSHIP WEB MAP

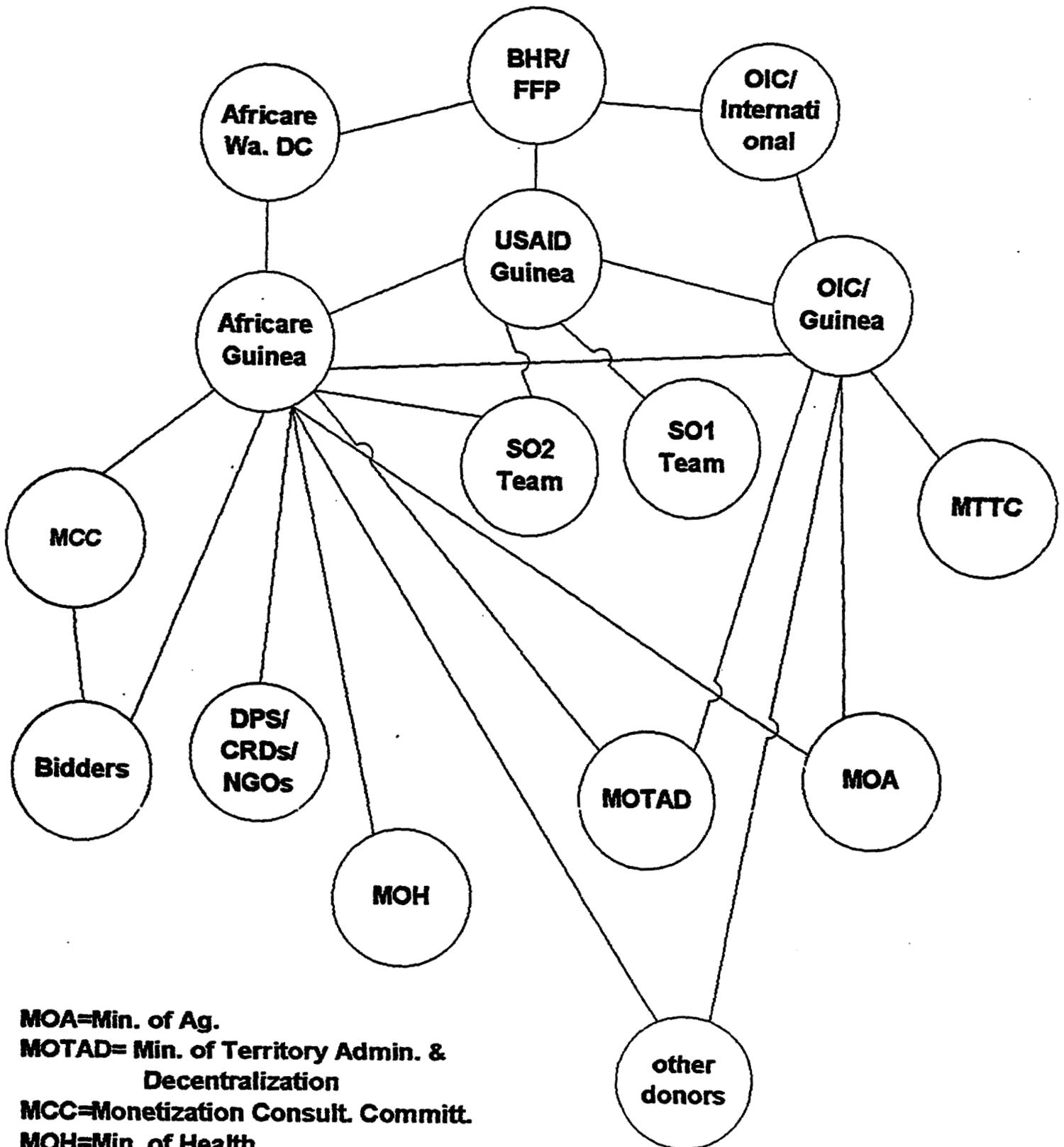
**SPO 1: Fostering Civil Society Development
and Good Governance - HRDA Training Program**



Results:

- More transparency**
- Communication improved**
- Confidence between local gov. units and constituencies improved**
- Financial resources increased**

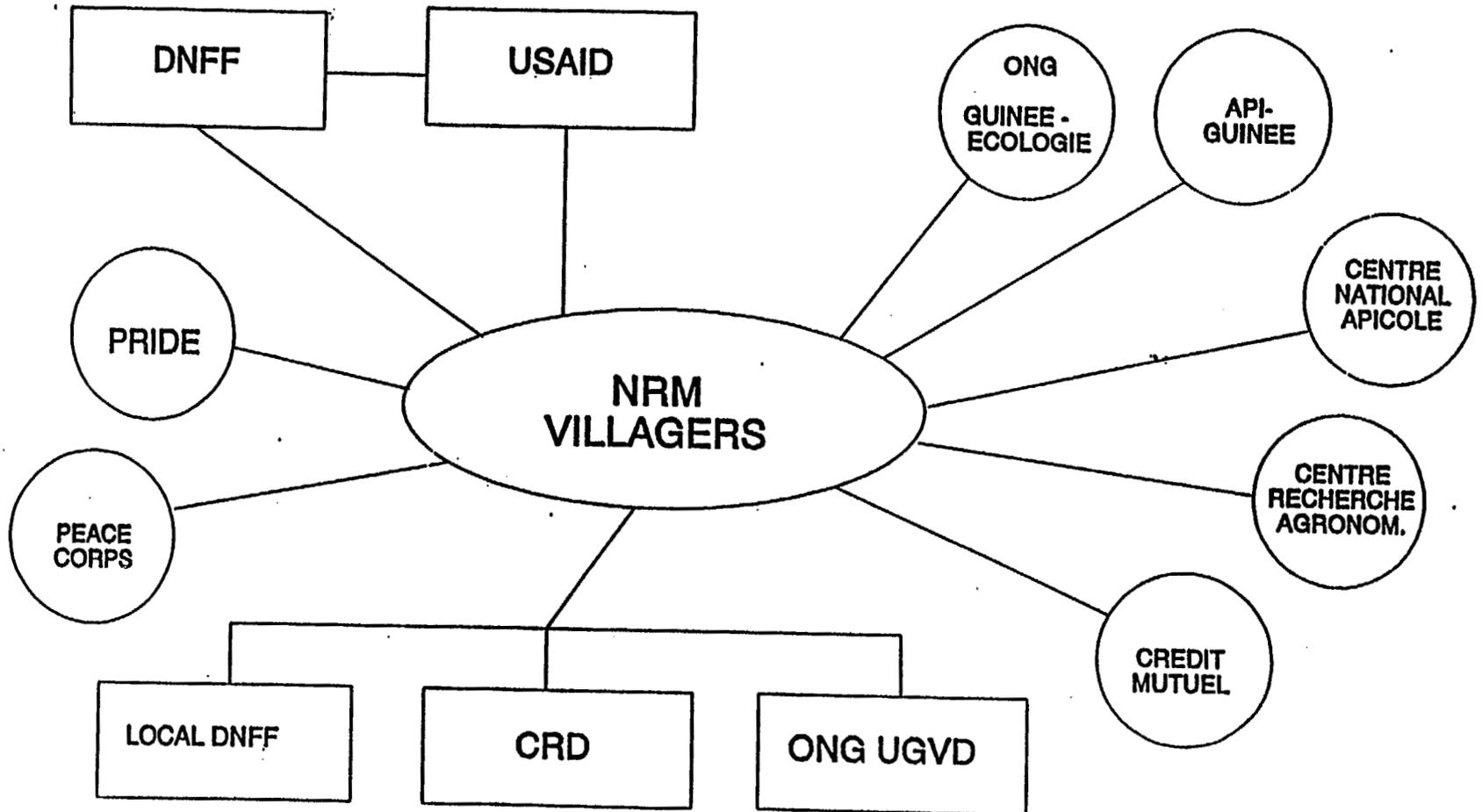
**Partnership Web Map
Food Aid Partnerships**



- MOA=Min. of Ag.**
- MOTAD= Min. of Territory Admin. & Decentralization**
- MCC=Monetization Consult. Committ.**
- MOH=Min. of Health**
- DPS/CRDs/NGOs=Prefectoral Health Directorate, Rural Dev. Committ., local NGOs**
- Bidders=Commodity Auction Bid Winners**
- MTTC=Mamou/Tolo Training Center**

PARTNERSHIP WEB MAP

SPO 2: Protection of the Environment



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Chapter 3: LOCAL CAPACITY BUILDING

The outcome of capacity building is a set of organizations operating both individually and collectively to effectively promote sustainable development.

Acknowledgement is given to the following collaborators who made special contributions to the drafting of this Chapter:

Evan Bloom (PACT); Cornelia Janke and Beryl Levinger (Education Development Center); and Arlene Lear (Counterpart).

A. INTRODUCTION

This chapter discusses assessing and strengthening the capacity of individual organizations and inter-organizational partnerships. Capacity building of organizations and partnerships is a central activity of NPI, with a primary focus at the local level. Effective capacity building is critical to creating strong and vibrant civil society, business and local governance sectors and to achieving effective collaborative action among these three sectors. A capable organization is able to identify problems with respect to its mission, formulate effective policies to respond to these problems, design effective programs to reflect these policies, and manage their implementation in ways that optimize impact. Organizational capacity building depends on the availability of people with appropriate skills; work and incentive systems that enable individuals to make productive use of those skills; and sets of systems that combine these individual efforts for a joint impact. A partnership is strengthened by developing mechanisms that facilitate information and resource exchange among members so as to effectively and efficiently achieve joint objectives.

NPI is designed to heighten the ability of local institutions to contribute to sustainable economic, social and political development. Perhaps the most salient characteristics of NPI are that it is a *flexible framework* for addressing a *broad range of development issues* that occur in a *wide variety of contexts* and that occupy the attention of a *diverse set of actors*. It is, therefore, not surprising that the approach to local capacity building embraced by NPI reflects a high level of commitment to local adaptation and an emphasis on guiding principles rather than iron-clad rules.

This chapter starts by setting the stage for local capacity building under NPI with a discussion of definitions, parameters and key elements. It then provides a theoretical overview of capacity building that introduces the pertinent considerations for strengthening the capacity of an organization. The chapter goes on to discuss assessing organizational capacity and the main tools used to both evaluate capacity and to strengthen it. The chapter ends by illustrating some of the innovative approaches currently being used to strengthen the capacity of organizations and partnerships and discussing the major lessons learned by Missions about capacity building during the NPI Learning Phase.

B. DEFINITIONS, PARAMETERS AND KEY ELEMENTS

How Does Local Capacity Building Fit into the NPI Framework?

By looking at three *organizational parameters* that serve as the boundary markers of NPI's local capacity building activities, we can see how capacity building at the individual organization level fits into a broader development framework. The three parameters with which NPI is concerned are: *organizational sector*, *organizational context*, and *organizational level*. Let's define and discuss each of these parameters as they relate to capacity building.

Three sectors of NPI

What distinguishes NPI from other Agency-sponsored capacity building efforts is the emphasis placed upon the creation of linkages and partnerships among three sets of local institutions: civil society actors, competitive small businesses, and democratic local governance. NPI activities reflect the view that new synergies which significantly enhance the effectiveness of private and public development efforts can be created when these sectors act together. Here are key definitions related to NPI's *sectoral* parameters.

Civil Society Actors are broadly defined as private and voluntary organizations that contribute to development, either through delivery of services, advocacy, or direct economic activities. Both grassroots groups and grassroots *support* (or *apex organizations*) also fall into this category. In addition, civil society includes groups such as neighborhood organizations, PTAs, water user associations, consumer cooperatives or labor unions.

Business Actors are for-profit firms operating in competitive markets, organizations which represent them, and organizational arrangements in which they associate to pursue common interest. In this chapter, particular attention has been given to small firms (10-100 employees).

Democratic local governance encompasses local authorities including the various spheres of municipal activity (e.g. city, county, water district). It also includes special purpose authorities at various levels that may be formed periodically to bring program costs and benefits under the affected population's control. Finally, local governance includes units of the national bureaucracy which have a local developmental role.

Organizational Context

NPI capacity building efforts can occur in three different contexts: at the level of an *individual institution*; among institutions within the same sector (the *intra-sectoral* context); and, among partnering institutions that represent two or all three NPI sectors (the *inter-sectoral* context).

For each of these three contexts, *capacity building* is associated with a different set of priorities as shown in table 3.1 below. This table clearly illustrates the context-driven nature of capacity building efforts under NPI. It also sheds some light on the interrelated nature of the three contexts. Implicit in this framework, for example, is the view that intra- and inter-sectoral partnerships cannot be successfully promoted without also taking measures to ensure that individual organizations have the capacity required to function efficiently and effectively.

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Table 3.1: Organizational contexts and capacity building priorities for organizations

Organizational Context	Capacity Building Priorities
Individual institution	The ability of an <i>organization</i> to function as a stable, efficient and effective entity.
Intra-sectoral partnerships	The ability of civil society, small businesses, or local governance entities to partner with other organizations in the same sector.
Inter-sectoral partnerships	The ability of civil society, small businesses or governance entities to partner with other organizations in different sectors.

Within the intra-sectoral context, regional consortia and associations (e.g., a local Chamber of Commerce or other business association) are likely to be important vehicles for strengthening the entire sector's capacity to address priority concerns. Vehicles for inter-sectoral partnership are varied and may include informal alliances, formal umbrella organizations, and contractual relationships. These are discussed in detail in Chapter 5 on fostering strategic partnerships.

Three levels of NPI

NPI's primary focus is the promotion of partnerships at the local level, however, local problems often have their roots in national or international policies and priorities, and some development issues cannot be fully addressed if activity is confined to local efforts. Therefore, NPI, is also concerned with the degree to which *individual organizations* as well as *intra-* or *inter-*sectoral partnerships create appropriate linkages and partnerships at three different levels of action: *local/regional*, *national* and *transnational*.

The cube below (Figure 3.1) graphically depicts NPI's three parameters as well as the multiple possibilities for local capacity building efforts that correspond to the Initiative's approach to sustainable development.

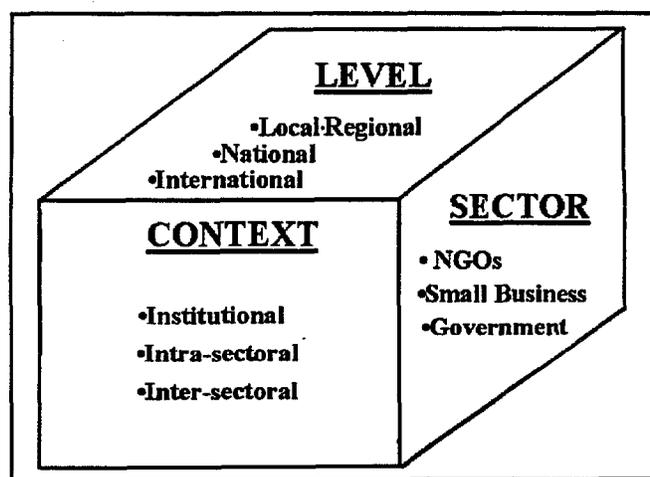


Figure 3.1: The multiple dimensions of local capacity building for NPI

C. STRENGTHENING ORGANIZATIONS AND PARTNERSHIPS FOR NPI

Organizational strengthening under NPI has three dimensions: (1) capacity building in terms of an individual organization's effectiveness; (2) enhancing the capacity of individual organizations to engage in and benefit from intra- and inter-sectoral partnerships, and (3) strengthening the capacity of a partnership of organizations to achieve their common objectives. This section starts by discussing strengthening of individual organizations (the first two dimensions) and then discusses strengthening partnerships (the third dimension).

Strengthening Individual Organizations

There are three different perspectives that can be brought to bear on capacity building for *individual* organizations:

- the individual organization is assessed from a *functional* perspective to determine its strengths and weaknesses,
- plans to *address organizational weaknesses* are developed from a *cross-functional perspective*; and,
- the capacity to form and benefit from intra- or inter-sectoral partnerships is bolstered by applying a *strategic perspective* to the issue of how the individual organization relates to the external environment in which it operates.

Functional Perspective

Organizations generally perform the basic functions shown in Table 3.2. These functions tend to operate independently and are often organized separately in distinct divisions within an organization. Capacity building for an organization from a *functional* perspective involves detecting and addressing its strengths and weaknesses in relation to these major functional areas.

Table 3.2: The functional perspective--areas and associated tasks

Functional Area	Associated Tasks and Activities
EXECUTIVE LEADERSHIP	Main functions are to integrate the organization's component parts into a cohesive whole; to plan strategic initiatives; and, to serve as an effective bridge between the organization's internal and external environments. This function generally includes the CEO as well as those who have overall responsibility for the management of other major organizational functions.
GOVERNANCE	Main functions are to create the organization's policies; determine strategic directions; set mission; guarantee the organization's fiscal integrity (fiduciary responsibility); assist in the generation of resources; provide oversight of and support to executive leadership; monitor policy implementation; ensure conformance to legal norms; and represent the organization to external constituencies. These functions are implemented by boards of trustees, directors, governors or other such bodies.

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Functional Area	Associated Tasks and Activities
PRODUCT OR SERVICE CREATION AND DELIVERY	Main function is to provide the goods or services that are <i>directly</i> related to the organization's mission. Implicit in this function are such tasks as needs assessments to determine what goods or services should be offered; monitoring and evaluation to determine the degree to which goods or services meet customer needs and organizational expectations; production of goods or implementation of services; and the development of delivery systems that facilitate timely interactions between the organization and its customers.
RESOURCE GENERATION AND MARKETING	Involves systematic efforts to generate resources for the organization. In NGOs, this function takes the form of fundraising, institutional marketing, cost-sharing or cost-recovery, and the generation of revenue through unrelated business activities (e.g., sales of crafts). In governmental operations, this involves the levying of taxes and fees. In business, this function is fulfilled through sales, fees and licensing arrangements. The management of income-producing assets is a revenue-generating activity for all three types of organizations.
MANAGEMENT OF HUMAN RESOURCES	Includes all aspects of personnel management: contract administration, benefits management, salary/wage negotiation, supervision, succession planning, as well as staff development activities that expand employees' (and, where appropriate, volunteers') skills, knowledge, and ability to assist the organization in achieving its mission.
MANAGEMENT OF EXTERNAL RELATIONS	Includes all activities designed to maintain or expand the organization's constituency base. Functions related to this subsystem might include public relations efforts, ongoing outreach to major clients or donors, and efforts to influence the policy or regulatory environment in which the organization conducts its affairs.
MANAGEMENT OF FINANCIAL RESOURCES	Includes all activities related to the organization's finances: monitoring expenses and revenues against projections; cash management; budgeting; procurement; accounting; management of banking relationships; management of accounts receivable/accounts payable; and treasury functions.
MANAGEMENT OF INFORMATIONAL RESOURCES	Includes all activities designed to expedite the timely flow of useful, transparent information throughout the organization. This function undergirds any efforts an institution might make to become a "learning organization." Examples of related tasks include: distribution of informational reports that help managers make adjustments to strategy; preparation of recommendations concerning appropriate hardware and software to meet the organization's informational requirements; continuing education program for staff; and development of indicators to assist the organization in tracking its progress.

Cross-Functional Perspective

Organizations combine their basic functions to allow the organization to perform distinct activities required to achieve its mission. These activities can not be performed by any one function and therefore require a cross-functional perspective. Strengthening an

organization from a cross-functional perspective entails the development and implementation of improvement plans that examine how each of the following organizational elements should be modified in order to optimize mission achievement:

- long-range plans and tactics;
- organizational culture;
- structure and systems;
- human/financial resources;
- leadership practices; and,
- capacity for organizational learning.

Key to the cross-functional approach is the view that organizations are composed of highly interdependent functions. Lasting change is achieved only when a function's strengths and weaknesses are addressed in ways that reflect how that function both influences and is influenced by the broader organization.

Strategic Perspective

Strengthening an organization from a *strategic perspective* involves increasing an organization's capacity to *position* itself in relation to the *external* environment in which it operates in order to optimize mission accomplishment. Such capacity building entails equipping organizations with the skills needed to assess and, where necessary, modify their mission, to create strategic plans, to identify benchmark measures, and to make investments to accomplish repositioning. Because partners are a component of an organization's external environment, it is particularly at this stage in the capacity development process that attention can be focused on strengthening an organization's ability to engage in *intra-* or *inter-sectoral partnership*.

Table 3.3 summarizes the chief elements of capacity building associated with each of the three perspectives.

Table 3.3: Differing perspectives on organizational capacity

Perspective	Critical Elements (Variables)	Focus within NPI Capacity Building Framework
Functional	Executive leadership; governance; capacity for product or service creation and delivery; resource generation and marketing; management of human resources; management of external relations; management of financial resources; management of informational resources.	Assessing an organization in terms of its <i>individual</i> effectiveness.

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Cross-Functional	Long-range operating plans and tactics; tasks and technology; culture; structure and systems; human/financial resources; leadership practices; and capacity for organizational learning.	Addressing an organization's weaknesses as identified through functional assessment or customer feedback
Strategic	Mission; organizational repositioning vis-a-vis the external environment; strategic planning skills; identification of benchmark measures; and investment levels to accomplish this repositioning.	Strengthening an organization's capacity to participate in <i>intra-</i> and <i>inter-sectoral partnerships</i> .

What Factors Govern the Selection of a Functional, Cross-functional or Strategic Approach to Capacity Building?

If little is known about an organization's strengths and weaknesses, then a functional perspective should be used. If, on the other hand, a needs assessment has already been performed or there is ample client feedback to indicate where the organization's problems lie, then a cross-functional perspective may represent a useful starting point. The strategic perspective is most useful under any of the following circumstances: (1) when the organization is considering a change in mission; (2) when an organization wishes to engage in either inter- or intra-sectoral partnership; (3) when the environment is changing rapidly; or (4) when there is an absence of crisis and a commitment to long-term improvement.

The perspectives can be used in many different sequences. For example:

- an organization can be engaged in strategic planning when it realizes that it must revisit the "basics" by employing a functional perspective as part of a self-assessment.
- an organization can use a functional perspective as part of its efforts to identify internal strengths and weaknesses as part of its strategic planning.
- an organization can simultaneously work from cross-functional and strategic perspectives as it prepares itself for either an inter- or intra-sectoral partnership.

Strengthening Partnerships

The nature of partnerships is varied, ranging from informal meetings to share information up to highly structured legal entities. Correspondingly, the capacity required by a partnership to achieve its mission also varies greatly. Given this complexity, capacity building for partnerships is highly case-specific and this resource guide can only provide some broad guidelines for consideration.

Partnerships can be classified as incipient, functional or mature depending on the degree of formality and complexity of the relationship among partners. Often capacity building for an incipient partnership still focuses mainly on strengthening individual organizations' capacity to engage in a partnership. At the functional stage, capacity building focuses on the partnership's ability to effectively and efficiently carry out the basic functions required for the partnership to achieve its mission. Mature partnerships are operating much like an organization and capacity building focuses on strengthening the cross-functional and strategic

perspectives of the partnership. For each of these stages, specific required skills for the partnership can be identified as well as appropriate capacity building interventions to ensure that the partnership has the necessary capacity.

A more detailed discussion on strengthening partnerships is provided in Chapter 5 (Fostering Strategic Partnerships). Examples of the required skills and capacity building interventions appropriate for each stage are presented in Table 3.4.

Table 3.4 Required skills and strengthening interventions for partnerships

Partnership Stage	Required Skills	Capacity Building Interventions
Incipient Partnerships	<ul style="list-style-type: none"> - Openness to learning - Listening to others views - Building trust - Identifying common ground - Developing a shared understanding of the problem - Exploring alternatives - Creating a shared vision - Agreeing on general strategies 	<ul style="list-style-type: none"> - Providing information on partnering - Training in communication skills - Facilitating discussion of problems and perspectives - Training in interest-based negotiations - Mediated agreement on shared strategies - Technical support for problem analysis
Functional Partnerships	<ul style="list-style-type: none"> - Implementing shared strategy - Coordinating resource mobilization - Managing conflicts among partners - Holding partners accountable 	<ul style="list-style-type: none"> - Strengthening collective planning - Training in conflict management - Strengthening joint monitoring and evaluation mechanisms
Mature Partnerships	<ul style="list-style-type: none"> - Institutionalizing operations - Expanding activities - Assessing critical factors in success - Codifying initial solutions - Evaluating mission - Sustaining mobilization of resources - Transferring skills to new problems 	<ul style="list-style-type: none"> - Support to learning from experience - Disseminating lessons learned - Training for expansion - Strategic planning training - Facilitating identification of new resources and potential new partners

It is important to note that capacity building for partnerships is linked to capacity building for individual organizations. Partnerships and individual organizations exert mutual influence upon each other. Individual organizations bring to a partnership strengths and weaknesses that affect the ability of the partnership to achieve its objectives. More capable individual organizations make more effective partners and weak individual organizations can jeopardize a partnership. Conversely, an effective partnership can help to strengthen the capabilities of its individual members. Therefore, one needs to work on capacity building at

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the appropriate levels. For example, if a partnership is having difficulty implementing its strategies because individual partner organizations have poor financial management systems, then it may be necessary to provide training at this basic, individual level at the same time that one works to strengthen joint partnership activities.

Choices for Capacity Building

The capacity building model embraced by NPI offers a range of options to those who seek to strengthen individual organizations. These choices are summarized in Table 3.5.

Table 3.5: Choices for local capacity building

Considerations	Associated Options
Sector	Civil society, small business, and/or local governance
Context	Strengthening the individual institution directly, and/or through partnerships (intra- and/or inter-sectoral)
Level	Local/regional; national; and/or international
Perspective to Use as Starting Point	Assessment (functional perspective); improvement (cross-functional perspective); or repositioning vis-a-vis the external environment (strategic)
Elements to Receive Priority Attention Within a Given Perspective	<p>For functional perspective: executive leadership; governance; capacity for product or service creation and delivery; resource generation and marketing; management of human resources; management of external relations; management of financial resources; management of informational resources.</p> <p>For cross-functional perspective: long-range plans and tactics; tasks and technology; culture; structure and systems; human/financial resources; leadership practices; capacity for organizational learning</p> <p>For strategic perspective: mission and strategy; organizational repositioning vis-a-vis the external environment; planning skills; identification of benchmark measures; necessary investments to accomplish organizational repositioning.</p>
Mission-Assisted Arrangements to Support Capacity Building	Illustratively: training programs; individualized technical assistance; production/distribution of resource materials including news-letters, guides, manuals and self-assessment instruments; inter-institutional networking; staff exchanges; twinning arrangements.
Funding Mechanisms to Support Capacity Building	Illustratively: outright grants to individual organizations; matching or cost-sharing grants to individual organizations; umbrella grants to apex organizations (outright or on some matching basis which can be fixed or sliding) for sub-grants and/or provision of training and technical assistance to individual organizations.
Degree of Formality	Formal (e.g., training courses, structured technical assistance) or informal (e.g., provision of resource materials, networking opportunities for exchange of information).

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Other factors that should influence selection from among the options listed in Table Five include the following:

- *Needs*--Each perspective (functional, cross-functional, and strategic) has a set of elements that corresponds to it (as noted in Tables Four and Five). While priority should be given to areas of greatest needs, it is also important to remember that changes in any one element will have ramifications for all other elements. Therefore, priority attention should also be given to those areas most likely to be *significantly* affected by changes made in the areas of greatest need.
- *Experience in capacity building*--For organizations with significant experience in capacity building activities, priority should be given to relatively informal approaches to institutional strengthening. Conversely organizations that have had little experience or success in this area would probably be best served by more highly formalized initiatives.
- *Organizational interest*--Where the organization has expressed a great deal of interest in self-development work, both formal and informal approaches may be appropriate. In contrast, for organizations that are resistant to change, informal activities may serve as a low-risk entry point for cultivating additional interest (and capacity) for institutional development.

D. ASSESSING ORGANIZATIONAL CAPACITY

Following a functional approach

When little is known about an organization's strengths and weaknesses, capacity building should begin with an assessment of organizational capacity. This *functional* assessment of organizational effectiveness is a critical first step for understanding problem areas and establishing benchmark indicators for assessing progress.

A strong, effective, and ultimately sustainable organization has certain desired components. These components can be described in the form of guidelines (Table 3.2). These guidelines provide the indicators of organizational capacity and can serve as a set of standards against which any organization can be assessed.

Organizational capacity assessment tools are designed for a variety of purposes. They can be used, in whole or in part, to:

- Diagnose organizational maturity and specify changes needed to strengthen an organization;
- Establish a baseline measure of the existing structure and capability of an organization;
- Monitor and evaluate progress toward organizational development objectives;

- Educate staff about the components and attributes of an effective organization;
- Create a strong and shared commitment to change within the organization;
- Assess training needs of the staff of an organization and provide a framework for a training curriculum;
- Complement financial audits and program impact reports to provide a comprehensive evaluation of the viability or potential for growth of an organization;
- Obtain a rapid assessment or "snapshot" of an organization by administering selective questions;
- Guide improvements to systems and procedures.

How can a Mission Measure Organizational Capacity?

Organizational effectiveness has been the subject of intensive research at a wide variety of institutions including USAID. In 1989, the Aid to Resource Institutions for Enterprise Support (ARIES) project provided a conceptual framework for capacity assessment for small enterprise development. In 1994, AID/PVC developed an instrument to measure capacity in three functional areas: 1) technical capacity, 2) planning systems and 3) management systems.

An organizational capacity assessment tool developed by Pact in Ethiopia identifies seven areas of organizational effectiveness: governance, management practices, human resources, financial resources, service delivery, external relations and sustainability (Figure 3.2). The Pact tool breaks each of the functional categories into sub-components. Responses to a series of questions are then scored and an organizational capacity profile is generated either with a paper-based system or Pact's companion MERIT software. Samples of the Pact questionnaire, assessment results, and three levels of reports are included in Volume 2, Section B, Annex 4.

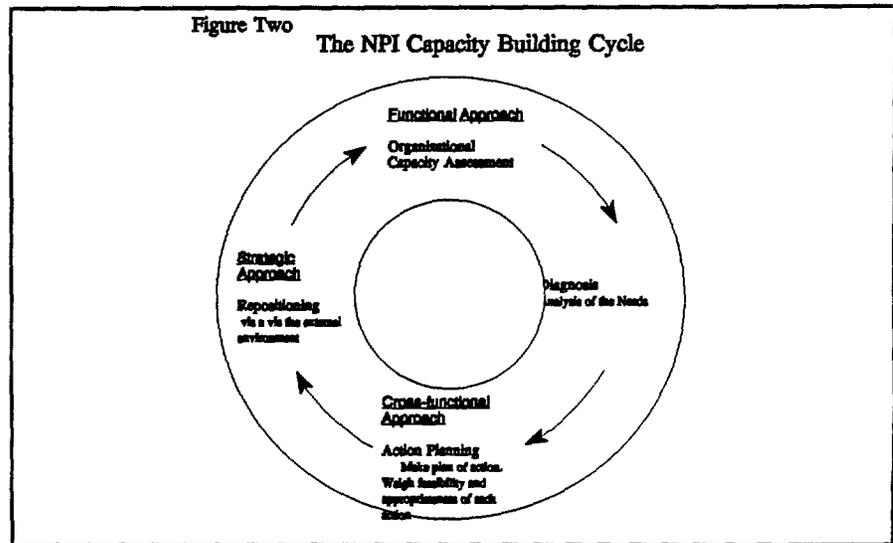
Capacity Building is a highly individualized process--

While certain aspects of organizational behavior are common to all organizations (like competent financial accounting), there is no one template for all types of institutions; and the elements of a healthy organization need to be worked out for each country, sometimes for each region, and perhaps for different types of organizations. Organizations vary according to the degree to which they promote experimentation, learning, flexibility, information sharing, and team work.

**grounded in local reality
and specific
organizational needs**

All organizations can and should, however, collaboratively identify a program to chart designed to establish/demonstrate where they are currently, where they want to be, how they will get there, and how they will know when they have achieved their goal.

Figure 3.3 illustrates four phases of NPI capacity building. Implied in this schematic is the notion that capable organizations make capable partners. It is therefore important to remember that jumping directly to the action planning or strategic repositioning phase for inter- and intra- sectoral partnership entities, without any kind of functional assessment of partner organizations, may have the effect of “short circuiting” the capacity building process.



Rooted in the belief that a sector should be more than the sum of its parts, NPI is concerned with responding to two questions: (1) How do you create strong and vital *sectors*? (2) How do you create *synergies and partnerships* across sectors?

**Certain core
competencies are
common to all capable
organizations--**

Nascent partnerships often demand attention at the level of the individual member organization. Building a strong sector and synergies across sectors requires a commitment to strengthening an individual organization’s component parts in order to address weaknesses and build on strengths. Table 3.6 summarizes the relationship between capacity building for individual organizations and building capacity for partnerships.

**regardless of sector or
organizational context**

As partnerships become more capable institutions, the focus of capacity assessment shifts from individual organizations to the partnership’s component parts. At this stage, partnerships should be considered “third entities” with their own history and potential.

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The process of assessing the effectiveness of an emerging partnership therefore follows virtually the same principles as assessing an individual organization.

Table 3.6: Building capacity for partnership: a staged approach

Context	Nascent Capacity	Emerging Capacity	Mature Capacity
Partnerships	At this stage, attention is given to the individual organization's participation in partnership.	Focus shifts to the functionality of the partnership's component parts.	Focus again shifts to the partnership's capacity to engage in strategic planning.

The achievement of lasting capacity development is generally linked to a change in organizational culture

Organizations take many different shapes and forms depending on their purpose, their founders and members and the political, legal, economic and cultural environment in which they are situated. Organizational culture both shapes and is shaped by the patterns of resource allocation, communication, tasks, and structures as well as attitudes toward cooperation and competition.

Capacity building is an ongoing, incremental, non-linear process

The model offered by the capacity assessment tools presented in this chapter is intended to suggest the form and components that an organization "could" take at various stages of its development. Capacity assessment tools categorize organizations into distinct stages of development according to their competence in each of the identified areas of organizational effectiveness. Although a "model organization" is presented, it is *not* intended in any way to be portrayed as the ideal or the only description or form of an organization. Rather, the stages of development are dynamic and non-linear. The stages are:

Nascent Capacities:

- This is the earliest stage of development. All the components measured by an assessment tool are in rudimentary form or non-existent.

Emerging Capacities:

- The organization is developing and refining some core capacities. Structures for governance, management practices, human resources, financial resources and service delivery are in place and functioning.

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Expanding Capacities:

- The organization has a track record of achievement; its work is recognized by its constituency, the governance and business sectors, and by inter-sectoral partnership organizations.

Mature Capacities:

- The organization is fully functioning and sustainable, with a diversified resource base and partnership relationships with national and international networks. Work is recognized by intra- and inter-sectoral partnership organizations.

Organizations can be at a nascent, emerging, expanding or mature stage with respect to each functional area listed in Table 3.2 at any given point in time. For example, an organization could be in the expanding stage with respect to governance, but still in the nascent state in terms of its resource base. Such differences within a single organization are to be expected, and this kind of detailed assessment helps it to identify what specifically is needed to improve performance.

The results of the organizational capacity assessment provide a means to conduct a comprehensive diagnosis of an organization (Figure 3.4). From this diagnosis, the training and technical assistance required for its organizational development can then be identified. Specific categories or sub-sections of the assessment tool can guide an assessment team or technical assistance provider to identify specific interventions through which the overall capacity of the organization can be strengthened.

E. CAPACITY BUILDING TOOLS

This section discusses tools for both assessing the capacity of an organization and for developing a training and/or technical assistance program to strengthen an organization. The five tools discussed in this section have been designed to assist USAID missions in carrying out what are likely to be the most frequently occurring tasks associated with organizational capacity building under NPI:

1. Selecting organizations or partnerships to receive capacity building assistance;
2. Assessing the current capacity of an organization
3. Determining an organizations readiness to enter a partnership (strategic planning)
4. Designing capacity building training opportunities; and
5. Designing technical assistance programs for capacity building.

Tool 1: Selecting Organizations for Organizational Strengthening Under NPI

The Selecting Organizations for Strengthening matrix (SOT) is designed to provide missions with procedures for assessing and selecting organizations for capacity building support in the context of NPI.

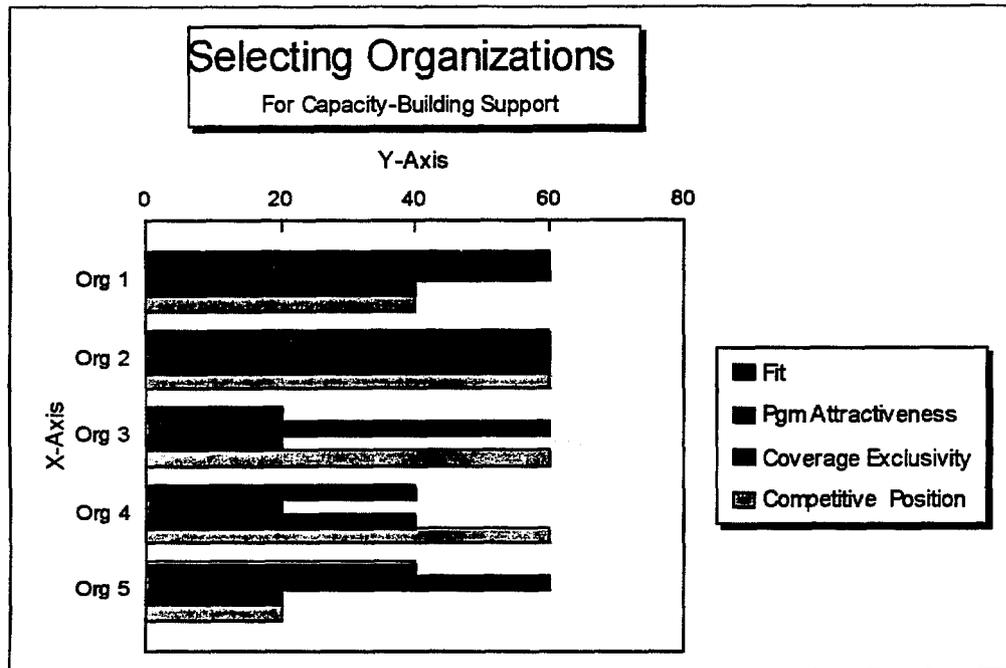


Figure 3.5

Organizations are evaluated by four criteria: fit, program attractiveness, coverage exclusivity, and competitive advantage.

The SOT uses a scale of 20=low, 40=moderate, and 60=high to score and compare prospective organizations as exemplified in the illustrative graph presented here.

INTERPRETATION:

Low scores in fit and/or program attractiveness: eliminate from further consideration (Organizations 3 and 4).

High scores in two remaining categories: facilitate opportunities for organization to share its expertise by promoting appropriate partnership opportunities (Organization 2).

Moderate scores in both remaining categories: give first tier priority to organization for future capacity building support (Organization 1).

Mix of moderate and low scores in both remaining categories: give second-tier priority to organization for future capacity building support.

Low scores in both remaining categories: give third-tier priority to organization for future capacity building support (Organization 5).

The four parameters for decisionmaking are:

A. **Fit**, or the degree to which an organization reflects the USAID mission's development priorities. Determinants of fit include:

- congruence between the organization's purpose and mission and the Mission's strategic objectives;
- demand for the organization's existing skills by the mission's primary customers; and
- degree of ease with which the mission can share resources and coordinate activities with the candidate organization.

B. **Program attractiveness**, or the degree to which an organization is attractive to the mission from a cost-effectiveness standpoint. In other words, we are interested in knowing whether capacity building support for this particular organization represents a sound investment of the mission's current and future resources. Determinants of program attractiveness include the following:

- the organization's appeal to constituencies that are capable of providing current and future support;
- stability of the organization's funding base;
- the degree to which the organization's work yields measurable, reportable program results; and
- the degree to which the mission would be able to discontinue its support with relative ease, if necessary (i.e. low exit barriers for the mission).

C. **Coverage exclusivity**, or the extent to which other organizations provide similar services as the organization being evaluated. If there are no comparable organizations, then the program is classified as "highly exclusive." If there are just a few similarly positioned organizations, then it is considered "moderately exclusive." If there are many other organizations offering similar services, then its coverage exclusivity is deemed "low."

D. **Competitive position**, or the degree to which the organization has a stronger capability and potential to deliver specific services of interest to the mission than other institutions. Competitive position is a reflection of the organization's effectiveness, quality, credibility, and market dominance. Determinants of a strong competitive position include:

- absolute quality of the organization's delivery system;
- quality of service and/or service delivery in relation to that of competitors;
- level of client support;
- market share of the target clientele served by the organization;
- ability to conduct needed research into the program and/or properly monitor program performance;

- ability to communicate to stakeholders; and
- cost-effectiveness of service delivery.

In general, missions should not consider providing capacity building assistance to organizations which score low on either **fit** or **program attractiveness**. Limited program attractiveness is a sign that sustainable change will be difficult. Limited fit suggests that the organization under consideration does not have a legitimate claim on the mission's resources at the present time. Organizations 3 and 4 in Figure 3.5 fit this profile and would be dropped from further consideration for capacity building support from the mission.

In contrast, organizations that score well on fit and program attractiveness, but only moderately on the other two categories, represent prime targets for assistance as they have valuable threshold competencies and the internal capacity to benefit from additional institutional strengthening investments. Organization 1 in Figure 3.5 fits this profile.

Organizations which score high on all four categories may also be considered for additional institutional-strengthening support although in general they are not a high priority group since they probably have the capacity to sustain their own internal development. Instead, such groups should be targeted as potential agents for sharing their capacities with other institutions under appropriate partnership arrangements. Organization 2 in Figure 3.5 fits this profile.

Finally, organizations that score high on fit and program attractiveness, but low in the other categories constitute a lower level institutional development target group for missions because of the large initial investment that must be made in such organizations. Organization 5 in the graph below fits this profile. Networking and other informal approaches may be used with such institutions until they become stronger targets for mission investments.

Tool 2: Capacity Assessment Tool

The development of an effective organizational capacity assessment tool will require broad participation by mission staff, local stakeholders and the organizations being assessed. Accordingly, the Capacity Assessment Tool (CAT) in Volume 2, Section B, Annex 5 has been developed to: 1) provide missions with procedures for assessing organizational capacity; and 2) provide a process through which relevant, context-specific indicators can be developed in a collaborative manner. A mission working with the CAT will identify appropriate indicators, develop an appropriate scoring nomenclature, and begin to develop a strategy for implementing a program of organizational capacity assessments.

The CAT includes seven organizational categories (e.g. Governance, Management Practices, etc.) which are further broken down into sub-components (e.g., Board, Organizational Structure). For each sub-component, criteria of organizational capacity or performance are developed *in collaboration* with staff from the organization that is being assessed. Missions can help facilitate this process.

One illustrative example of a performance criterion has been provided in Annex 5 for each sub-component. Additional space has been provided for criteria that will be developed

in the process of working with the CAT. When developing criteria, the following rules should be observed:

- **Present only one concept or attribute at a time.** Criteria that have multiple attributes present real problems during validation. For example, “strategies are realistic in the context of the NGO’s activities *and* can be translated into clear program objectives” should be presented as two separate criteria.
- **Follow polarity.** Every criterion should follow the same parallel structure so that a *yes* response is registered as uniformly desirable or uniformly undesirable. The same rule holds true when you are using scaled responses such as 1=not at all, 2=to a limited extent, 3=to a great extent, 4=most definitely.
- **Develop neutral criteria.** Avoid adjectives and adverbs such as excellent or always, which can make it impossible to rate organizational capacities as either very strong or very weak. Criteria should be written in a neutral way so that the scoring method you select is equally applicable to every item.
- **Develop organization-centered criteria.** The assessment tool will be validated through data sources made available by the organization being assessed. For example, validation of “the organization is seen as a full and credible partner by the government” would require consulting government sources. This is beyond the scope of the organizational capacity assessment. Separate sets of tools, however, can and should be developed to pursue these external perspectives.

A rating scale of 1 through 4 (1=not at all; 2=to a limited extent; 3=to a great extent; 4=most definitely;) is used in the tool provided below. Scoring should be assigned to sub-components. To calculate average scores by major category, sum all scores (elements) under each category and divide by the number of elements. Write the results in the category box provided next to the category heading.

Missions should consider the following points before finalizing their own capacity assessment tool:

1. **Purpose of Evaluation:** Identify the purpose(s) particular to the assessment as described on pages 10 and 11.
2. **Team Composition:** Select an assessment team to include people who know the organization and who will be in a position to carry out some of the recommendations that result from the assessment. Also select people who are external to the organization and can bring objectivity and an independent perspective to the situation. One member of the team should have some expertise in management and organizational development. It may be useful to include as many people on the team as the management deems necessary, either because of their knowledge of the organization or because of their need to be educated about its strengths and weaknesses. A representative mix of management functions or divisions of the organization should be

included, as well as representatives of the membership or constituency served by the organization.

3. **Identify Information Sources:** Identify internal and external information sources and schedule individual interviews, group meetings and data collection sessions to gather information. Determine who on the assessment team will interview the information sources and who will be responsible for collecting data. Meeting with small groups of constituents, members and staff representatives in focus groups (discussion groups) -- where a small group of respondents is guided by a facilitator into responding to questions at increasing levels of focus and depth -- is an efficient way to gather valuable information.
4. **Interviews:** Conduct interviews, meetings and data collection sessions according to a schedule that has been submitted to respondents in advance. Each interview session should begin with an explanation about the purposes of the assessment and the uses that will be made of the information. Specifically emphasize when the information source(s) will receive assessment results and their involvement in the utilization of the information.

Information should be gathered and recommendations presented in a way that emphasizes that the organization being assessed is not being judged against an absolute set of standards as the only form an organization can take. Rather, it is important to constantly remind respondents that the functions and factors being offered for comparative purposes are suggestions about *possible* ways of doing things that are derived from extensive experience in managing organizations in a multiplicity of environments.
5. **Developing Recommendations:** The assessment team should be prepared to develop recommendations on how the organization can best address the issues identified in the assessment and how to build upon the strengths highlighted.
6. **Transparency:** Recommendations should be discussed with organization management and front-line workers, not just those members of the organization who have participated in the assessment.

Tool 3: Strategic Planning Checklist

The strategic planning checklist can be used to assess the readiness of an organization to engage in strategic planning including partnering. Its primary utility is to plan for training and technical assistance that can help overcome the obstacles to partnering. Strategic planning is understood to be intimately related to NPI in that partnerships can alter in very fundamental ways the relationship any organization has with the external environment in which it operates (see discussion of strategic perspective on pages 6 and 7) . The ten main criteria for the checklist are provided below while the complete checklist form is provided in Volume 2, Section B, Annex 6.

1. There is a willingness to work toward developing the best fit between the organization and its external environment.
2. There is a high likelihood that consensus can be reached on specific issues.
3. There is an absence of crisis or pending cessation of activities.
4. There is deeply held commitment on the part of top leadership to engage in strategic planning.
5. There is a shared understanding about the nature of strategic planning among organizational stakeholders.
6. There is a competent group of people willing and able to serve on the strategic planning team.
7. There is ability within the organization to respond to problems with solutions that are politically, ethically, technically, and culturally acceptable.
8. There is agreement on the planning process/model to be used.
9. There is consensus regarding the organizational mandate given to the planning team.
10. There are adequate resources (including facilitators from either within or outside the organization) for the planning team to perform the required tasks.

Tool 4: Decision-Making Matrix for Training

The Decision-Making Matrix for Training (DMT) (Table 3.7) focuses on the tasks associated with the management of training and is intended to assist missions that wish to sponsor or support capacity building training activities. It contains a listing (in column one) of the major decisions that have to be made in connection with the design and implementation of training, suggests some viable options with respect to each of these decisions (column two) and offers guiding principles for selecting among options (column 3). A fourth column is included so that a mission planning team can identify which option(s) it has selected.

This tool is designed to help missions develop and manage scopes of work for capacity building contractors, and to enable missions to plan their own capacity building efforts. To use the tool effectively, it is not necessary to follow the decision-making sequence as presented. Users are encouraged to add issues and options to the list. Blank boxes are provided for recording mission decisions regarding training options.

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Table 3.7: Decision-Making Matrix for Training

Issues	Illustrative Options	Guiding Principles	Decisions
Who should be trained initially?	Begin by training the trainers; by training senior leadership; by training the supervisors of frontline staff; or, by strengthening frontline staff.	<ol style="list-style-type: none"> 1. A <i>cascade</i> strategy is generally a cost-effective approach to training. Begin with training of trainers. Then cascade down to senior leadership, supervisors and frontline workers. 2. Many organizational problems cannot be solved at a single organizational level. Therefore, include training activities in the overall design that mix levels, functions and organizational perspectives. 	
How should trainees be selected and grouped?	Restrict training to members of a single organization or include staff from multiple organizations; restrict training to members of a single organizational unit or include staff from multiple units; restrict training to one organizational level or include people with a mix of organizational responsibilities; select <i>individuals</i> as trainees or require that eligibility for training be restricted to <i>teams</i> that can work together to put training into practice	<ol style="list-style-type: none"> 1. In general, trainee groupings should correspond to the roles and functions within organizations that have a bearing on the problem that the training is attempting to address. Usually, this involves trainees from multiple units. 2. Where there are important points of similarity, a mix of organizations and/or levels within an organization offers productive cross-fertilization of ideas, promotes innovation, and enhances the training climate. 3. Highly competitive or hierarchical environments may not tolerate a mix of levels and/or organizations. In such instances, a preparatory stage may be required to achieve the optimal mix of participants. 4. When training involves the introduction of innovative practices or depends upon personal risk-taking in the application of new practices, the selection process should be geared to workplace <i>teams</i> rather than <i>individuals</i>. 	
Who should design and implement the training?	Internal facilitators; external international facilitators; external local facilitators; or, a mix of these types.	<ol style="list-style-type: none"> 1. Training is best designed and implemented by those closest to the organization who possess the requisite capacity building and training skills. In ascending order of preference, this means that priority is given to international facilitators; external local facilitators; internal facilitators. 2. Where international or external facilitators are used, their role should primarily focus on training of trainers (TOT) and short-term backstopping local trainers who are graduates of TOT programs. 	
Where should the training take place?	On-site; off-site at a similar organization; off-site at a conference center; off-site at a training or technical institution; at a residential or non-residential setting.	<ol style="list-style-type: none"> 1. Training designed to effect a major culture change is best conducted off-site in a residential setting. 2. Skills-based, short-duration training is often most appropriately conducted on-site. 	
What materials are needed to support the training?	Packaged, off-the-shelf courseware; open-ended, locally prepared exercises; case studies; a mix of types.	<ol style="list-style-type: none"> 1. Whatever their provenance, good training materials allow participants to solve authentic open-ended problems in group settings and address a range of organizational constraints including inadequate knowledge and organizational culture. 	

Issues	Illustrative Options	Guiding Principles	Decisions
What training methodology should be employed?	Open-ended discussion and exercises designed to inculcate new attitudes and values; hands-on, structured, skills-based training designed to impart specific knowledge essential to capacity building; a mix of types.	1. In general, fundamental changes in organizational capacity require shifts in the organizational culture. This is best accomplished by providing trainees with group-centered opportunities to explore new values and give voice to any resistance they may feel toward them.	
What should the training objectives be?	Mastery of specific functional skills; changes in organizational culture; team-building; enhanced capacity for organizational learning; introduction of TQM or some other customer-focused change; new capabilities to respond to changes in the external environment.	1. Selection of objectives must be realistic. In general, training can "pave the way" for fundamental organizational change, but is not, by itself, sufficient to accomplish such change. Overly ambitious objectives may turn people off when the expected results fail to materialize. 2. Training should be viewed as but one element of a capacity building strategy.	
What should the length, duration, and timing of training be?	Short (under a week) and intensive; moderate (5-10 days) and intensive; long (11 days and up) and intensive; short and extensive (e.g., 4 days over 4 months); moderate and extensive; long and extensive.	1. Intensive training is usually less difficult to plan and deliver, but may result in intolerable levels of disruption to the organization's functioning. 2. When training is extensive, it is more difficult to maintain momentum for change, but easier to discuss problems associated with the application of training content to an organizational setting.	
How should the training be evaluated?	Participant feedback; client feedback; observation of participants; observation of services to clients; assessments of the organization's functional capacities; comparative assessments (before and after training) of the organization's effectiveness in achieving its mission; or, a mix of several of these options.	1. The ultimate purpose of training is to achieve a fundamental change in an organization's achievement of mission. Impact evaluation must address this issue. 2. Formative evaluation is critical to improving an organization's training program and can be gathered from many different sources including participants, clients, and observers.	
What follow-up to training should there be?	Additional training; on-site technical assistance to support implementation of new ideas; "maintenance meetings" for trainees; newsletters; networking of former trainees; provision of opportunities for some trainees to serve as trainers in future training sessions.	1. The planning and implementation of follow-up is an essential component of any training design.	

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Issues	Illustrative Options	Guiding Principles	Decisions
How should training be financed?	Fully funded by the sponsor (e.g. the mission); through a cost-sharing arrangement between the organization and the sponsor; fully funded by the organization; modest trainee financial contribution to cover some aspect of the training program (e.g., materials, lodging, in-kind donation of time).	<ol style="list-style-type: none"> 1. Cost-sharing helps organizations to value the training they receive. 2. Trainees should be expected to contribute to the cost of training only when participation in training is at their option, and when direct benefit will accrue to them as a result of their having participated in the training (e.g., salary increments, promotions). 	
User defined			
User-defined			

Tool 5: Decision-Making Matrix for Technical Assistance

The Decision-Making Matrix for Technical Assistance (DMTA) (Table 3.8) focuses on tasks associated with the management of technical assistance and is intended to assist missions that wish to sponsor technical assistance in support of organizational capacity building. It contains a listing (in column one) of the major decisions that have to be made in connection with the design and implementation of a technical assistance program, suggests some viable options with respect to each of these decisions (column two) and offers guiding principles for selecting among options (column three).

A fourth column is included so that a mission planning team can identify which option(s) it has selected. This tool is designed to help missions develop and manage scopes of work for technical assistance contractors. To use the tool effectively, it is not necessary to follow the decision-making sequence as presented. Users are encouraged to add issues and options to the list. Blank boxes are provided for recording mission decisions on TA options.

Table 3.8: Decision-Making Matrix for Technical Assistance

Issues	Illustrative Options	Guiding Principles	Decisions
Who should receive technical assistance?	Trainers; senior leadership; supervisors of frontline staff; frontline staff; anyone with a targeted type of need or organizational responsibility; anyone falling below a targeted level of performance; anyone surpassing a targeted level of performance; evaluators; or a mix of the above.	1. Technical assistance should be viewed from multiple perspectives: as a reward for promising performance, as a tool for sustaining the change momentum, and as an approach for addressing unsatisfactory performance.	

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Issues	Illustrative Options	Guiding Principles	Decisions
How should technical assistance be delivered?	Provide technical assistance to individuals on a customized basis; provide technical assistance to small groups of individuals confronting similar problems on a customized basis; provide technical assistance to individuals using standardized tools and materials; provide technical assistance to small groups of individuals using standardized tools and materials.	<ol style="list-style-type: none"> 1. Technical assistance is more costly and of more variable quality if customized than if built around the use of standardized tools and materials. 2. Where problems are likely to be unique or unanticipated, customized technical assistance is essential. 3. If standardized tools and materials allow for good organizational diagnosis and open-ended discussion, they can be extremely valuable in enhancing organizational capacity. 	
Who should design and provide technical assistance?	Internal consultants; external international consultants; external local consultants; or, a mix of these types.	<ol style="list-style-type: none"> 1. Technical assistance is best designed and delivered by those closest to the organization who possess the requisite capacity building and diagnostic skills. In ascending order of preference, this means that priority is given to international facilitators; external local facilitators; internal facilitators. 2. Where international or external facilitators are used, their role should primarily focus on training in-house or locally available consultants and providing them with short-term backstopping. 3. In an environment characterized by high levels of threat, fearfulness and internal control, external consultants are preferable to internal consultants. 	
Where should the delivery of technical assistance take place?	On-site; off-site at a similar organization; off-site at a venue that ensures confidentiality and open communication.	<ol style="list-style-type: none"> 1. In general, technical assistance is best delivered on-site. 2. Off-site technical assistance may be most appropriate in environments characterized by high levels of threat, fearfulness and internal control. 	
What should the relationship be between technical assistance and training?	To reinforce the skills imparted through training; to reinforce cultural changes imparted through training; to troubleshoot implementational difficulties; to extend concepts introduced through training; to gather information and build skills prior to introduction of formal training; to screen participants for subsequent training; or, a mix of the above.	<ol style="list-style-type: none"> 1. Technical assistance should be viewed as a complement to training in any program of organizational development. 2. While there are many options for achieving this complementarity, it is essential that the relationship between training and technical assistance be made explicit and transparent. 	
What methodology should be employed for the provision of technical assistance?	Open-ended discussion designed to reinforce new attitudes and values; informal joint review of accomplishments and problems to date with emphasis on problem-solving; application of structured tools that can be used to assess progress, identify problems, and revise practices; a mix of types.	<ol style="list-style-type: none"> 1. Technical assistance should include support for both the application of new skills or practices as well as for the cultural changes that underlie capacity building efforts. Whatever methodology is used must address both skills and cultural constraints to change. 	

Issues	Illustrative Options	Guiding Principles	Decisions
What should the objective of technical assistance be?	Mastery of specific functional skills; changes in organizational culture; team-building; enhanced capacity for organizational learning; introduction of TQM or some other customer-focused change; new capabilities to respond to changes in the external environment.	<ol style="list-style-type: none"> 1. Selection of objectives must be realistic. In general, technical assistance can, in concert with training, "pave the way" for fundamental organizational change, but is not, by itself, sufficient to accomplish such change. Overly ambitious objectives may turn people off when the expected results fail to materialize. 2. Technical assistance objectives should be focused on specific, relatively narrow yet observable changes in organizational capacity. 	
What should the timing of technical assistance be?	According to a pre-arranged scheduled (e.g., quarterly); when milestones or benchmarks are accomplished; on demand as problems are encountered; a mix of types.	<ol style="list-style-type: none"> 1. The benefits derived from technical assistance are directly related to its timeliness and predictability. 2. Pre-arranged schedules augmented by "on demand" support are useful at the beginning of the technical assistance process. As organizations gain experience, scheduling by milestones or benchmark is more cost-effective. 	
How should technical assistance be evaluated?	Recipient feedback; organizational client feedback; observation of recipients; observation of services to clients; assessments of the organization's functional capacities; comparative assessments (before and after technical assistance) of the organization's effectiveness in achieving its mission; or, a mix of several of these options.	<ol style="list-style-type: none"> 1. The ultimate purpose of technical assistance is to achieve a fundamental change in an organization's achievement of mission. Impact evaluation must address this issue. 2. Formative evaluation is critical to improving a technical assistance program and can be gathered from many different sources including participants, clients, and observers. 	
How should technical assistance be funded?	Fully funded by the sponsor (e.g., the mission); through a cost-sharing arrangement between the organization and the sponsor; fully funded by the organization.	<ol style="list-style-type: none"> 1. Cost-sharing helps organizations to value the technical assistance they receive. 2. It is generally necessary to create a demand for technical assistance. One way to accomplish this is by gradually reducing the degree to which it is subsidized. 	
What should be the technical assistance exit strategy?	Provision of a fixed number of days of consulting that gets "drawn down"; achievement of agreed upon benchmarks or performance standards; "graduation" from technical assistance recipient to technical assistance provider; a mix of the above.	<ol style="list-style-type: none"> 1. At the outset of technical assistance provision, recipients should know how much and what kinds of support can be extended to them and under what circumstances such support will be forthcoming. 2. One outcome of technical assistance should be that an organization has a plan in place for meeting its future technical assistance needs. 	
What follow-up to technical assistance should there be?	None; infrequent follow-up assessment and "maintenance" visits; newsletters; networking former technical assistance recipients; provision of opportunities for former technical assistance recipients to serve as future technical assistance providers.	<ol style="list-style-type: none"> 1. Organizational development is a never-ending process. Over time, the balance between internal and external consulting services should shift to reflect changing organizational capacities and needs. 	

Issues	Illustrative Options	Guiding Principles	Decisions
User-defined			
User-defined			
User-defined			

F. INNOVATIVE APPROACHES TO LOCAL CAPACITY BUILDING IN USAID

USAID Missions are using a variety of innovative approaches to enhance the capacity of civil society, democratic local governance, and business actors. Missions are also beginning to implement activities to build the capacity of partnerships among local organizations, both within and across sectors. This section presents several of these innovative approach to capacity building and provides specific examples of how they are being used. The section is divided into four parts discussing capacity building for civil society, local governance, businesses and partnerships. Examples of innovative approaches are presented under each part. Furthermore, an innovative capacity building practice called Total Quality Management (TQM) is presented in Volume 2, Section B, Annex 7.

CAPACITY BUILDING FOR LOCAL NGOs (or other civil society organizations)

Umbrella Models

Most commonly, an "umbrella" is a funding mechanism designed to deliver relatively small amounts of USAID funds to each of a number of organizations through one financial award to a lead organization. Umbrella models have been used in different forms by a number of different Missions, and while some of the experience has been mixed, when used properly these mechanisms can provide a very effective means to strengthen the capacity of local NGOs. The lead organization may be a PVO or local NGO, an association of PVOs or NGOs, or a contractor. A cooperative agreement or contract is received from USAID for subsequent smaller subgrants to NGOs or PVOs to implement activities, with the lead organization responsible for administrative and technical assistance to subgrantees. These contacts can be mission or centrally funded.

Capacity building of sub-grantees is an increasingly important part of umbrella activities, which may include TA, training in fundraising, membership development, networking, management, strategic planning, and donor systems and procedures. The lead organization, acting as a mentor, plays an important role in institutional strengthening of NGO subgrantees.

USAID/Bolivia's PROCOSI activity, initiated in 1988, is an excellent example of an innovative umbrella approach. PROCOSI (Child Survival Coordination Program) is a Bolivian umbrella organization consisting of a network of 24 Bolivian and international

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NGOs involved in child survival and maternal health activities. Its members support programs that benefit over 400,000 people, mostly in isolated rural areas. USAID support to PROCOSI emphasizes two major objectives: 1) to strengthen the technical, management, and service delivery capacity of the network's NGOs to develop high impact activities in child survival, maternal health and community development; and 2) to establish PROCOSI as a financially sustainable organization able to sustain institutional strengthening services for its members. Institutional, management and administrative improvements facilitated by PROCOSI in its member NGOs have increased their capacity to design, implement, manage and evaluate more sustainable projects. This increased capacity has resulted in significant decreases in infant mortality in Bolivia over the last five years.

NGO Service Centers

Counterpart Foundation Inc. has developed a NGO service center model that is having good results in the Newly Independent States (NIS) of the former Soviet Union -- Russia, WESTNIS (Ukraine, Moldova, Belarus) and the Central Asian Republics (Kazakstan, Kyrgyzstan, Uzbekistan, Tajikistan). These centers provide a wide range of services such as a clearinghouse for information, grant making, training of NGO staff, training of trainers, facilitation of networking, leveraging volunteer support, and leveraging donor funding. NGO Service Centers generally have a regional hub with satellite offices. Through these centers Counterpart becomes a partner with USAID in providing support to the NGO sector. To avoid duplication and to encourage local capacity building, Counterpart works closely with local NGOs who themselves seek to be NGO support organizations. In such cases, Counterpart partners with the local NGOs and shares complementary resources such as trainers, educational materials, databases, and computer stations for E-mail and Internet access. Prior to the development of a service center, Counterpart mobilizes U.S. and international volunteer support through the Volunteer Executive Service Team (VEST) Initiative in order to assess sector-specific technical assistance and training needs of local NGOs, identify potential partners for joint projects, and assess the enabling environment to ensure a needs-based program.

USPVO - Local NGO Mentoring

Many missions provide support to a USPVO to jointly implement an activity with a local NGO and in the process strengthen the capacity of the local NGO. Many U.S. contractors and universities also work with local NGOs and provide an additional mechanism for building the capacity of NGOs. This section will focus on US PVO-local NGO partnerships, one of the most common NGO capacity building models used by missions. Capacity building of local NGOs by USPVOs can be supported through a variety of funding vehicles that are discussed in detail in the NPI Core Report (page 1-25). The most common funding mechanisms include centrally-funded matching grants (which generally require a 50-50 match by the US PVO), mission-funded direct grants, performance block grants, general support grants, cooperative agreements, and contracts. Three illustrative cases are discussed below.

Project Global Village: Honduras

In 1982 Mercy Corps International launched an initiative, known as Proyecto Aldea Global (PAG), or Project Global Village. PAG was legally registered as an independent, Honduran, community development organization in 1984. PAG's purpose is to help impoverished people in isolated communities attain a higher level of self-reliance through participatory processes. Mercy Corps employed four basic capacity-building practices to strengthen PAG. First, Mercy Corps established strong institutional linkages with PAG, to the point that PAG's executive director is Mercy Corps' Regional Director for Central America. This linkage allows for increased and more cost-effective interaction with other development professionals and enhanced program strategies and strategic planning vehicles. Second, Mercy Corps made a long-term commitment to PAG, ensuring a consistent flow of capital that has allowed PAG to leverage additional local and international grants.

Third, Mercy Corps has strengthened PAG's leadership through extensionist training courses, technical assistance workshops, cross-training opportunities and funding for national staff salaries. This support has allowed PAG to improve its planning, monitoring and evaluation functions and to expand its activities. Finally, Mercy Corps linked PAG to Western markets and audiences, allowing PAG access to emerging technology, sector research and development, and U.S. and European-based donors and consultants. PAG was then able to develop a greater presence among U.S. donors and funding sources. As a result of this strengthening, PAG projects have directly affected more than 16,000 individuals in more than 130 communities with soil and water conservation, community health, literacy, community infrastructure and microenterprise interventions. The organization employs approximately 90 local staff, is governed by a local Board of Directors and operates with an annual budget of more than \$600,000.

Rxiin Tnament/Project Concern: Guatemala

Project Concern International (PCI) has been providing community based health services to the Tzutujil Mayan area in and around Santiago Atitlan since 1974. The program staff were nearly all indigenous, including senior personnel such as physicians and nurses. Instability and violence in the area increased during the late 1970s, and in 1980 the town of Santiago was occupied by the military. Many health providers were targeted as "subversives" and killed by the military during this period. PCI maintained a program in this area throughout this turbulent period that was supported largely by USAID with centrally funded Child Survival grants or by the Mission in Guatemala.

In 1991 the military withdrew from Santiago and PCI entered a new period of program development in the area. In 1993 the end of USAID support was in sight and PCI decided to organize its community health program in the Santiago area into a local NGO called Rxiin Tnament. This required drastic redirection of funding and decision-making. Costs were severely curtailed for any activity that was not community based and more field staff were recruited and trained. A board of local senior staff was formed and decision-making transferred to this board from the PCI office in the capital city. Decision-making was handled through a horizontal team approach. The program has attracted private funds which--combined with locally generated service fees--made the program financially self-sufficient for 1995 and 1996. The programs long presence in the area and use of indigenous staff has allowed Rxiin Tnament to expand its activities into rural communities and to

broaden its functions to include the sensitive issue of family planning. Rxinn Tnament is currently the only indigenous program successfully delivering family planning services within its own community in Guatemala and has increased the use of family planning methods by 400%.

Farmers Development Union: Nigeria

The Farmers Development Union (FADU) is an indigenous Community Development Association (CDA) that TechnoServe's program in Nigeria (TNS-NI) has been working to strengthen since the program's inception. TNS-NI's capacity building activities with FADU have focused on two areas: 1) the development and strengthening of service delivery capacity for enterprise development and 2) strengthening of institutional management capacity. An institutional diagnosis of technical and managerial capacity was first conducted to determine capacity building needs and to develop a package of technical assistance that both FADU and TNS-NI agreed to. With strengthening by TNS-NI, FADU has grown from less than 1,500 members and a staff of 4 to more than 280,000 members and more than 70 employees, making it the largest NGO in Nigeria. The loan portfolio has increased dramatically--from N162,920 in 1991 to over N46,000,000 in 1996--while savings in the same period rose from less than N3,000 to over N10,000,000. Contractual and working relationships have been established with international donors such as IFAD, the World Bank, and the European Union. FADU's collaboration with the government Agricultural Development Program represents the first collaboration between a grassroots organization and the government.

The GEM Approach

The Global Excellence in Management (GEM) Initiative is a cooperative agreement between USAID's Office of Private and Voluntary Cooperation (PVC) and the Weatherhead School of Management at Case Western Reserve University. One of the purposes of the GEM Initiative is to provide innovative resources to PVOs and NGOs to enhance their institutional capacity to deliver effective development assistance. GEM offers a range of training programs and services to support institutional strengthening, partnership development and cross-sectoral alliances. Each of these programs can be customized, making them especially supportive to mission needs.

GEM's activities are focused in three areas. The first is strengthening the organizational capacity of specific NGOs. Through a unique approach to management education called appreciative inquiry, organizational teams within a NGO come together to share best practices, engage in strategic thinking and consider future partnerships and alliances. The second area of focus of the GEM Initiative is helping umbrella organizations access the latest thinking and practices regarding capacity building. The final area of focus of GEM is building innovative partnership practices between PVOs and NGOs and among any other entities that are or intend to be involved in a collaborative effort.

CAPACITY BUILDING FOR LOCAL GOVERNANCE

As missions increasingly reach out to work with local governance institutions, they are finding that in many cases these entities lack the capacity to effectively and efficiently implement service delivery activities or to engaging in partnering with other local

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organizations. It is clear that local governance institutions often need to be strengthened before they can significantly engage in development activities. Cases of local governance capacity building from one LEM and one NPI Partner Mission are discussed below.

Local Government Initiative: USAID/Bulgaria

The Local Government Initiative (LGI) can be viewed as a quintessential programmatic expression of NPI theory and practice. Consciously designed to be cross-sectoral, the LGI is dedicated to strengthening the administrative, managerial, and financial capacity of municipal governments, and to fostering greater citizen participation in the decision-making process in 10 pilot cities. At the same time, USAID/Bulgaria has vigorously supported municipal privatization by introducing an efficient, transparent and replicable action model in 22 localities and is exploring opportunities to promote privatization of traditional municipal services such as trash collection. Bringing together the local business community, civic organizations and government officials is the paramount goal of the LGI.

Lessons learned and best practices emerging from this program to strengthen democratic local governance will be disseminated to other municipalities by USAID-backed associations of elected local officials and to the central government through targeted assistance to the Ministry of Regional Development. Mayors' associations, originally regional in scope, have the potential to become effective lobbying organizations pressing the national government to devolve authority (particularly taxing/revenue generation authority) to municipalities commensurate with their expanded responsibilities in the provision of services and benefits once handled by the central government.

Regional Family Planning Coordinating Committee: USAID/Madagascar

The family planning activities of USAID/Madagascar are focused on the region of Fianarantsoa. Within this region there are numerous health related facilities involved in family planning. These facilities are found in the public, NGO, and private for-profit sectors. To coordinate family planning activities in the region, USAID assisted the Regional Medical Officer to form a Regional Family Planning Coordinating Committee made up of regional authorities, representatives of NGOs, district-level medical staff, private physicians, and representatives of education, agriculture and environmental groups. The Vice President of the region, agreed to lead the Committee. USAID is providing support to a USPVO Management Sciences for Health (MSH) to assist in this activity.

A major constraint to successful planning and implementation of family planning programs in the region is the very weak management capacity of local government organizations, especially in financial management. The organizations themselves recognized this weakness and requested training and assistance in these areas. USAID, working with the Regional Medical Office, hired a local accounting firm (a first for the Mission) to develop and install a good accounting system in the regional MOH offices, train MOH staff in its use, and supervise their first year of use of the system. This training has resulted in both a regional capacity to administer USAID funds, and a greatly improved understanding of financial management principles.

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LOCAL CAPACITY BUILDING FOR BUSINESS

Increasingly missions are recognizing the fact that partnerships benefit from the involvement of local businesses and that local businesses can benefit from organizing into associations to provide credit and/or improve the enabling environment for the for-profit sector. Missions are, therefore, actively engaged in strengthening the capacity of local businesses and their associations. Three cases are presented below, including two cases from NPI Partner Missions.

K-REP: USAID/Kenya

The Kenya Mission has for many years placed significant emphasis in building the capacity of local institutions as a vehicle to achieving and sustaining development. The Kenya Rural Enterprise Program (K-REP) is an example of the Mission's success. K-REP is a local NGO that specializes in microenterprise finance. It was established in 1984, with funding from USAID to strengthen microenterprise credit programs and institutions and increase employment and income opportunities through loans, training, and technical assistance that facilitate microenterprise development.

The Mission has undertaken the following activities to build the capacity of K-REP over the past ten years: 1) staff training at all levels; 2) research and development of loan products and new ways of promoting small business growth; 3) development of management information and loan tracking systems; 4) design of monitoring and evaluation systems; 5) funds for on-lending to microenterprises; 6) purchase of equipment such as computers, office furniture, vehicles, etc.; and 7) in collaboration with other donors, establishment of a microenterprise information center.

K-REP has reached a point of spinning off its credit program into a commercial bank. The Mission is planning to provide technical assistance to make the transition a success. The following activities will be undertaken: 1) review and upgrade the management information system and install network connections in all area offices; 2) train senior management staff through attachments in other banks, management seminars, and exchange visits to other micro-finance banks; 3) train other staff - namely, credit/savings officers, tellers, accountants, marketing officers and supervisors; 4) establish a capacity building unit and develop training and TA material on micro-finance; and 5) conduct studies, develop new micro-finance products, and design delivery and implementation process.

Z-MAP: USAID/Zambia

As the NPI team held discussions with the Zambian community, it became clear that there is considerable support for further increasing the role of Zambians in the provision of technical services to small enterprises. The Mission decided to adopt the Kenya Management Assistance Program (K-MAP) model developed by USAID/Kenya, also a LEM. K-MAP is a Kenyan domestically focused "International Executive Service Corps" (IESC), based on the use of volunteered time for advisory services by Kenyans with known business expertise. The advantages of this type of program are that costs are low and that entrepreneurs familiar with the local culture and business environment are acting as advisors.

Z-MAP will make use of executives and technicians in Zambian businesses to provide technical assistance to primary small and medium sized enterprises (SMEs). Z-MAP can be initiated through the existing program of the International Executive Service Corps (IESC) in Zambia, with only a minor adjustment involving recruitment of executive volunteers currently employed in the Zambian business community. The activity will follow the established fee system of IESC in-country. It will serve as a pilot activity to determine the feasibility of establishing an indigenous IESC, and to encourage the participating corporations to make contributions in support of such an indigenous organization. Z-MAP is scheduled to start in FY 1997.

The West African Enterprise Network

The West African Enterprise Network (WAEN) is another innovative approach to strengthening capacity in the business sector. WAEN is a regional association of business men and women. It has a mission to improve the business climate in West Africa and to promote cross-border trade and investment in the region. Since its inception in 1993, WAEN has quickly grown from 35 members in 7 countries to 300 members from 12 countries. WAEN is legally registered in Ghana as an international NGO and has its headquarters in Accra. The Network is organized into national sub-networks in member countries.

WAEN is designed to be self-sustaining, both operationally and financially. It has maintained, however, close ties to a number of donor agencies, regional institutions and foreign private sector organizations, including USAID, the Organization for Economic Cooperation /Club du Sahel, French Ministry of Cooperation, Caisse Francaise de Developpement Group, World Bank, Canadian International Development Agency , European Union, British Overseas Development Authority, Ecowas, West Africa Committee (UK) , CIAN (France) and Corporate Council on Africa (USA). USAID provided seed money to help launch the network and has provided some technical assistance to help the network shape its direction and vision and to develop key organizational aspects.

As part of its work program, the WAEN has organized three major regional events. The first, a regional conference held in Accra, Ghana in November 1993, addressed four obstacles to private sector development in West Africa: insufficient dialogue with government, poor competitiveness, low levels of national entrepreneurship and inadequate means for financial restructuring of indigenous firms. The second, a follow-on regional conference also held in Accra, in November 1995, addressed obstacles to regional trade and established a private sector action plan for removing constraints to monetary transfers, border crossings and regional transport. The third, the first WAEN General Assembly, was held in November 1996 in Abidjan, Cote d'Ivoire and was attended by 360 people.

CAPACITY BUILDING FOR PARTNERSHIPS

Most capacity building activities of missions still focus on strengthening the capacity of individual organizations. Missions, however, are increasingly working to strengthen the capacity of partnerships to perform their synergistic function, within and across sectors. Certain centrally funded programs are also placing increased emphasis on developing the capacity for partnerships. For example, BHR's Office for Private and Voluntary Cooperation (PVC) now requires partnering between U.S. PVOs and local NGOs in all of its competitive grants programs and is working to develop improved partnership models.

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Technical Advisory Committee/Madagascar

A good example of strengthening partnerships is provided by the APPROPOP activity of the Madagascar Mission. Under this activity local organizations involved in family planning can apply for small grants from USAID. These grants are reviewed and approved by the Technical Advisory Committee for Family Planning. This national-level committee consists of officials from the Ministry of Health and private family planning organizations. The Committee was established by APPROPOP and initially lacked the capacity to provide a rigorous review of grant proposals. The Mission strengthened the Committee by giving it real authority over granting decisions and providing guidance by example for proposal review. The capacity of the Committee has developed to the point that the Committee now provides a serious operational and financial review of proposals and prioritizes proposals for USAID funding. The capacity demonstrated by the Committee has attracted further financial support from other donors for small grant programs reviewed by this Committee.

G. LESSONS FROM THE LEADING EDGE AND PARTNER MISSIONS

At the end of the NPI Learning Phase, the eight Leading Edge Missions (LEMs) and seven Partner Missions participating in NPI wrote reports about their NPI experiences. In these reports the Missions discuss the lessons they learned from implementing partnering activities. The Guinea, Madagascar, and Philippines missions noted that in many cases local organizations (even fairly mature ones) lacked the capability to manage a project (either individually or in partnerships) in a manner acceptable to USAID. While the need for capacity building and the benefits to be derived from partnerships were noted by many Missions, they also noted that capacity building of partnerships takes greater time and resources than they thought it would. The Kenya Mission suggested developing only a few partnerships and nurturing them for several years.

Missions frequently engage a third party to assist the local organizations to form a partnership. The Sri Lanka Mission noted that it is important that this facilitator (often a USPVO or contractor) is known and respected by the partnership's members. Some Mission (e.g., Kenya and Madagascar) are using mature local organizations as facilitators to provide capacity building training, and the Guinea Mission had good results from using Peace Corps Volunteers to train local community organizations that lacked basic management skills. The Zambia Mission is using large businesses to help subsidize training for small- and micro-enterprises.

Several Missions had lessons related to capacity building training. The Sri Lanka Mission noted the large demand for capacity building training, especially in rural communities. The Guinea Mission noted that capacity building training is often more difficult than originally thought. A simple refresher course for midwives did not prove adequate to expand their organizations' capacity to deliver family planning assistance. The Sri Lanka Mission reported better success with training when the training is conducted away from the distractions of the trainee's home base, while the Bulgaria Mission found that inter-sectoral linkages were improved by having joint training programs for people from organizations in different sectors.

The Kenya Mission reported several lessons related to an organization's or partnership's staff. Partnerships are facilitated by having a dynamic and respected leader

who is familiar with the issues of and personalities involved in the partnership. They also found that an important constraint to strengthening local organizations (especially small NGOs and other civil society organizations) and partnerships was the tendency for employees to seek better paying positions after they return from training. This is an issue that organizations must address as they strive to increase their capacity.

A number of Missions noted that as the capacity of the new partnerships formed increases, partnerships developed for one specific issue tend to expand their mission to address other local problems. The Kenya Mission reported that the interaction of partnership members was greatly modified by the partnership and caused these organizations to modify their activities so as to be more efficient and effective. The Guinea Mission found that working in a partnership tends to strengthen the capacity of the local member organizations. The Kenya and Madagascar Missions noted that often a partnership starts attracting other funding opportunities once it develops a positive track record.

These lessons learned are examples of the rich experience that USAID Missions have with partnering both within a sector and across sectors. The extensive experience with partnerships of the LEM and Partner Missions is provided in detail in the Mission NPI Reports in Volume 2.

H. CONCLUSIONS: FRAMING PRINCIPLES FOR LOCAL NPI CAPACITY BUILDING

Within the context of a *single organization*, NPI is primarily concerned with building capacity for three purposes: for an organization's *individual* effectiveness, for an organization's ability to participate in *intra-sectoral partnership* and for an organization's ability to participate in *inter-sectoral partnership*. The ten *guiding principles* set forth below have been framed with an eye toward influencing how missions work with *individual* organizations--regardless of their sector--to become increasingly capable in all three spheres of action.

1. *Certain core competencies are common to all capable organizations regardless of their sector or organizational context.*

Core competencies include effective executive leadership; proficiency in the organization's basic mission-related activity; well-defined systems for accountability; adequate and timely revenue generation; effective management of human resources; customer or constituency responsiveness; effective financial management; and timely mobilization of information.

Missions need to carefully consider functional competencies prior to the action planning or strategic planning stages. Where organizational strengths and weaknesses are relatively unknown, organizational assessment tools are essential for setting benchmarks from which to measure progress. Given their flexibility, functional assessments can be used to diagnose each of the three sectors of NPI as well as the sub-components of partnership organizations.

The Ethiopia mission has supported the process of organizational capacity assessment within the context of the NGO Sector Enhancement Initiative. This program, in

partnership with Pact and the International Institute for Rural Reconstruction, is utilizing organizational capacity assessment as both a diagnostic instrument and as a means of monitoring and evaluating progress.

2. *Capacity building is an ongoing, incremental, non-linear process.*

There is no end-point to capacity building; rather, the goal must be to provide organizations with the tools and skills they need to promote their own ongoing development.

Missions must recognize that organizations do not always move in a forward, progressive direction, but often regress in some areas of organizational effectiveness. Learning organizations will always respond to changes in a non-linear way. Similarly, missions should acknowledge that it is not always desirable for an organization to have "mature" competencies across all capacity areas as this may suggest the inefficient use of available resources. Rather, organizations need to be agile and adapt to a rapidly changing task environment.

3. *Key functional components behave in a highly interdependent fashion.*

These components include the organization's structures for leadership; governance; production/distribution of goods or services; marketing and resource generation; human resource management; financial resource management; informational resource management; and, management of external relations.

The lesson for missions is that narrowly focused programs are usually ineffective. The functional, cross-functional and strategic perspectives should all be considered as viable alternative approaches to building capacity for individual organizations, and for intra- and inter-sectoral partnering.

4. *Because change to a single organizational component can be felt across all organizational components, capacity building is best achieved through planned, deliberative and cross-cutting efforts.*

Holistic approaches to organizational capacity building are essential for lasting change; improvement efforts cannot be confined to isolated pockets of operation. Mission plans must address organizational weaknesses from a cross-functional perspective, and capacity building activities must also engage cross-disciplinary teams.

5. *All capacity building efforts should be closely connected to outcomes and impact.*

Monitoring and evaluation must be geared to reflect the diverse outcomes and impacts related to a mission's strategic objectives. An "ability to partner" is, in itself, a development impact which should be monitored.

Demonstrating impact requires gathering baseline information on organizational capacity. This can be achieved by popularizing the use of organizational capacity assessment tools. Missions have an opportunity to greatly influence monitoring and evaluation practices in the field by encouraging organizational capacity benchmarking.

This can be done through training, TA and financial support for emerging M&E best practices.

6. *Capacity building must be a highly individualized process, grounded in local reality and specific organizational needs.*

Organizations vary according to the degree to which they promote experimentation, learning, flexibility, information-sharing, teamwork, openness, customer-centered behaviors, and innovation. Capacity building efforts should reflect different organizational characteristics.

Missions need to take into account external influences on organizational development including economic, political and social factors. Organizational capacity building depends first and foremost on the availability of people with appropriate skills, on work and incentive systems, and on appropriate management systems that bring together efforts to make a joint impact.

7. *The achievement of any lasting capacity building development is generally linked to a change in organizational culture.*

Culture both shapes and is shaped by each component part's patterns of resource allocation, communication, tasks, and structure as well as attitudes toward cooperation and competition.

Missions need to work with leadership to modify organizational culture. Organization leaders or even frontline workers can "champion" change from within if they are given access to the proper resources (information, staff development, twinning). Intra- and inter-sectoral partnerships can also enrich and inspire positive changes in organizational culture within individual partnership members.

8. *Effective partnerships and individual organizations exert mutual influence upon each other.*

Strong organizations can fortify partnerships, and strong partnerships can fortify individual organizations. Individual organizations bring to a partnership strengths and weaknesses that will have an impact across the component parts of a partnership. Similarly, dynamic partnerships can strengthen an individual partner's ability to optimize impact. Missions, therefore, need a deliberate process of determining whether to work with individual organizations, intra- or inter-sectoral partnerships, or a combination of all three.

9. *More capable individual organizations make more capable partners, and less capable organizations can be strengthened through strategic partnering.*

NPI capacity building strategies should embrace efforts to strengthen *individual* organizations and, as appropriate, *intra-* or *inter-sectoral* partnerships. Missions need to constantly focus on organizational contexts and the related capacity building priorities associated with individual institutions, and intra- and inter-sectoral linkages and partnerships.

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10. *The outcome of capacity building is a set of organizations operating collectively and individually that effectively promote sustainable development.*

The strengthening of individual organizations under NPI has two dimensions: activities to enhance an organization's effectiveness, and activities to expand its capacity to engage in and benefit from intra- and inter-sectoral partnerships.

Missions should seek to determine the optimal balance between these two dimensions and plan their programs of assistance accordingly. In some instances it will be appropriate to work with individual organizations prior to embarking on a course of support for the development of partnerships. In other cases, extant partnerships may be the optimal vehicle for strengthening individual organizations.

Chapter 4: STRENGTHENING THE ENABLING ENVIRONMENT

Enabling environments are the rules of the game... the social, political, economic, and cultural conditions necessary to provide opportunities for growth and development. A supportive enabling environment permits societal actors within the economic, social, and political communities to create new "institutional arrangements" to maximize their interests or satisfy their needs.

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A. DEFINITION AND PARAMETERS

Enabling environments are the rules of the game. They are the social, political, economic, and cultural conditions (sometimes called institutions) necessary to provide opportunities for growth and development. Within this context, facilitative enabling environments permit economic, social, and political actors to create new institutional arrangements to maximize their interests or satisfy their needs. In his 1990 work, Institutions, Institutional Change and Economic Performance, Douglass C. North asserts that "institutions provide the framework within which human beings interact. They establish the cooperative and competitive relationships which constitute a society and more specifically an economic order...Institutions are a set of rules, compliance procedures, and moral and ethical behavioral norms designed to constrain the behavior of individuals." In this chapter, the Enabling Environment Working Group (EEWG) will delineate the major characteristics of enabling environments as they relate to NPI.

NPI's goal is to stimulate more fruitful relationships among institutions of democratic local governance, business and civil society by helping to reinforce partnerships between and among these sectors at the local level. This initiative recognizes the critical economic and political role of "civic values" and the rich variety of voluntary organizations that constitute civil society. Similarly, NPI maintains that business and civil society can/will find that their ability to carry out certain public functions are enhanced by greater openness to working with [local] governments. NPI further hypothesizes that without appropriate enabling environments--the rules of the game--partnerships and new "institutional arrangements" that facilitate development will not be sustainable. As USAID/Guinea notes in their final report, "the time and resources invested in creating an improved enabling environment, including what could be called the social enabling environment, can have an enormous payoff."

New institutional arrangements are constrained by enabling environments which allow or disallow change. In the Working Group's investigation of enabling environments necessary for fostering partnerships, the following have been identified as critical condition precedents for fostering "fruitful relationships" among the three NPI sectors: decentralization, democratic norms, free flow of information, positive macro-policy environments, and minimum levels of social accord.

The above listed enabling environments are not synonymous with incentives. Incentives are actions that seek to directly induce change. This distinction incorporates a generalized social change model whose basic assumptions are: a) change occurs as a function of the presence or absence of sufficient provocation or inducement for people to modify the status quo, and b) the presence or absence of sufficient stimulus for change is influenced by factors both internal and external to the particular change situation. In this context, the confluence of incentives for change that alter enabling environments and thereby facilitate greater collaboration among the three sectors fall into four broad categories: systemic or episodic collapse/failure; new information or technology; external interventions such as global/regional trends; or opportunity based self interest or new habits. Incentives encourage change in the enabling environment (or, as institutional analysts would say, they lower transaction costs) and therefore play a critical role in implementing strategies that

improve enabling environments. An example of how incentives encourage change in the enabling environment is depicted below in an example given by the USAID/Madagascar -- one of NPI's Partner Missions:

Madagascar: The Bekobay Plain: An Example of the Synergistic Impact of the Commercial Agriculture Production (CAP) Project

Bekobay is a rural center located at 100 km from Mahajanga in an agricultural area that produces approximately 4,000 tons of rice per year. Given the important agricultural potential of the Bekobay plain, CAP decided to rehabilitate a major feeder road in order to transport commodities from this area and to establish a shorter physical link between Bekobay and the Mahajamba valley, one of the richest regions in the Mahajanga province. While building the road, the CAP team helped to set up 14 user associations and created a union of those associations, with the participation and financial contributions of local authorities, collectors and agribusinesses. For the first time in that area, the private sector, local government, and small farmers were working together, sharing the same goals, trusting each other and putting resources towards common objectives. The export potential provided the incentive for partnership. The partnership produced the road, which, in turn, should stimulate new incentives for local action.

At the core of this inquiry concerning the "Enabling Environment," the NPI Strategic Framework notes that the character of the political processes present in a country, region, municipality or village is critical. Some degree of government acquiescence, if not support, for participatory political processes needs to be present for an environment in which civil society, business, and institutions of democratic local governance can address development challenges collaboratively. The NPI strategy must take into account the level of constraints in the enabling environment. NPI may be frustrated on many fronts and forced to focus its strategies primarily on enabling environment constraints. The interests of elite government officials must reach a stage of compromise with the national interest sufficient to embrace some level of reform.

Conversely, as North points out, "Although formal rules may change overnight as the result of political or judicial decisions, informal constraints embodied in customs, traditions, and codes of conduct are much more impervious to deliberate policies. These cultural constraints not only connect the past with the present and future, but provide us with a key to explaining the path of historical change." We need not look much farther than the social pecking order of vendors at a village market for proof of the durability of informal constraints. USAID/Guinea writes of social impediments:

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Guinea: Social Impediments to an Enabling Environment

The ambitious economic, political and social reforms introduced by Guinea's current government have created an environment where the average citizen can aspire to a better life. Actual and practical changes, however, continue to be impeded by traditions that discourage individual initiative and a privileged class with vested interests that continues to resist change. But perhaps the greatest obstacle to Guinea's continued democratization and economic liberalization is the fact that most Guineans are ignorant of their legal rights and public officials' responsibilities, or are reluctant to risk the displeasure of the ruling elite by protesting when these rights are violated. The continued marginalization of Guinean women has also constrained development in the agricultural, health and education sectors, although an increasing level of women's participation in development activities and the creation of new partnerships with various women's groups has already begun to effect change.

Therefore understanding and addressing the constraints or conditions--both formal and informal--for institutional change is the starting point for NPI.

1. Partnerships & New Institutional Arrangements

A report from the 1995 conference titled *Strengthening Civil Society's Contribution to Development: The Role of Official Development Assistance*, sponsored by the Synergos Institute, found that "emerging from the changing concepts of public and private responsibility is recognition that one of the fundamentals of development is appropriate policies for establishing and sustaining a tripartite institutional framework, encompassing the state, free markets, and civil society." In a second report published by The Prince of Wales Business Leaders Forum (PWBLF), the following statement about partnerships is made: "It is a widely held view that a cross-sector partnership approach is one of the best ways of ensuring sustainable development." In discussing "genuine partnerships," certain principles and questions are seen to be essential. These include:

- **Equity.** Can partnerships based on principles of natural justice and fairness exist between sectors which are traditionally opposed to one another?
- **Mutual benefit.** How can all partners gain something valuable and distinct from the relationship, motivated by long-term practical need rather than short-term altruism?
- **Transparency of operations.** Have the partners declared their interests and are they truly committed to working openly?
- **Trust and consistency.** Can the sectors trust each other to stick to their principles in their day-to-day activities?

- **Speaking the same language.** What do the different sectors understand by terms such as profit, development, governance, democracy, etc.?
- **Measuring Success.** How do the sectors involved evaluate partnerships to ensure they are really effective and worthwhile?
- **Consultation.** Do partners have an equal voice and input or has the agenda been set by the dominant partner with only a token gesture towards genuine consultation?
- **Information-sharing.** Are all partners committed to sharing information creatively and unselfishly? Throughout the partnership-building process, continuous and comprehensive communications between all parties are essential.
- **Identity.** How do partners cross their sector boundaries without losing their own individuality and their professional and organizational priorities?

PWBLF documents also discuss the worldwide changes which affect the allocation of responsibilities among the sectors, noting that these shifts have "led to confusion as to whose 'job' it is to do what." For instance, with reference to "the three broad types of institutions in public life (democratic local governance, business, and civil society)," PWBLF notes "it is wrong to assume de facto that the NGO sector 'speaks for the people.' What is true, however, is that NGOs can and do provide a vital bridge between government, business and communities." It is further pointed out that because these sectors "have developed in very separate and segregated ways... cooperation does not come easily nor as a natural part of each sector's daily pattern of work. Learning to appreciate each other's strengths and understand and speak each other's language is not easy for any sector. It is even less easy if there remains an active suspicion of one sector towards another whether based on negative experiences or on ignorance.

There is undoubtedly still a great anxiety about the behavior of the corporate sector from NGOs just as there is concern about the capacities of the NGO sector from the business sector. Governments are all too often seen by both NGOs and businesses as impersonal bureaucracies with little understanding of the values of either." PWBLF then suggests: "It can be a major function of cross-sector work that the process of partnership-building actually seeks to reinforce those separate roles and responsibilities so that each sector can be more effective on its own terms as well as 'in partnership.' It is essential to clarify the separateness of each sector and identify the particular strengths each sector brings to any partnership. By doing this it is possible to see the benefits that accrue to each sector from direct interaction. Then there is the basis for creating a genuine partnership and, through that, valuable social, environmental and business projects which are truly sustainable."

As will be seen in the case studies and lessons learned included in subsequent sections of this document, the great majority of inter-sectoral partnerships addressed in the NPI activities sponsored by USAID's Leading Edge Missions (LEMs) more often than not involved two of the three sectors discussed above. Commonly, the aim of the LEMs was to create or strengthen partnerships between government (either central or local) and one of the

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other two NPI actors--business or civil society--as shown in the following description from USAID/Bulgaria:

Bulgaria: Inter-Sectoral Partnerships and Privatization

Economic revitalization is widely considered to be a precondition for sustained support for the reform process. The Mission has devoted considerable attention to forging links between the fledgling private sector, the most promising engine of economic growth, and local governments which find themselves playing an ever greater role in the development process. With the help of Firm Level Assistance Group (FLAG) and the Peace Corps, three of the target municipalities under the Local Government Initiative (LGI) program--Stara Zagora, Varna and Zlatograd--have set up business development centers. These public-private partnerships have proven to be 'win-win' collaborations in mobilizing local resources to stimulate economic growth and development.

This effort comes on the heels of significant progress in privatizing municipally-owned businesses which also served to create strong ties between local governments and the emerging small business sector. Part of the reason why municipal privatization proved so successful, and relations between the local authorities and the small business community so fruitful, was the decision by USAID to use local consultants who were familiar with the territory and who enjoyed the trust of city officials. In addition to boosting the capacity and know-how of these Bulgarian consulting firms, the productive collaboration between these businesses and municipal administrations paves the way for future expanded cooperation, for example, in forming a business advisory council or in privatizing some city services.

The Mission also notes that as a result of lobbying by the USAID-supported mayors' association, the original law was revised such that 100% of the revenues generated from the sale of municipal assets would remain with the municipality. Interestingly, a follow-up survey found that the bulk of these monies went to upgrade infrastructure, the deterioration of which had been a brake on local development.

Only rarely, are all three sectors targeted in a single partnership initiative, nor are civil society and business generally partnered. LEM reports also discuss partnerships between the particular USAID Mission and the local community (both public and private entities), between local and international organizations, and between USAID and other donors.

2. Characteristics of a National Enabling Environment

Democracy has enlarged the realm of government decisionmaking and action to include far greater societal participation. In fact, the notion of "democratic governance" implies that society (i.e. its citizens, for/non-profits, and NGO's) has organized itself in such a way as to cede to the state certain governance functions while retaining certain domains for itself ... including the right to redefine the relationship on a periodic basis. It is this phenomenon of society's participation in constructing a governance system of its choice which has generated the political legitimacy needed by governments to initiate and sustain political, economic and social reforms.

As an integral part of this process, NPI promotes democratic local governance, not as a substitute for national government but as a key complement of a national development strategy. This means bringing democratic principles into the conduct of sub-national governance activities. It also means creating a capacity for local initiative by municipal governments, business and nongovernmental actors. For such local capacity to flourish in both the public and private sector, a supportive national environment is required. Needless to say, enabling environments at the regional and local levels are also critically important. In short, unleashing the full development potential of the entire community and channeling it in productive directions depends heavily on a positive or *enabling* environment at all levels.

At the national level, an enabling environment is characterized by the existence of policy, regulatory, and resource conditions in which local governments, and private and community action can flourish. It rests on the guarantee of basic human rights, an effective and democratic form of government, the rule of law, and sustained growth supported by sound economic policies.

Clearly, national government policy and procedures are critical to the establishment of an environment that truly supports and enables collaborative effort among and between all concerned. Based on the literature reviewed and the reports filed by LEMs and Partner Missions, when seeking to open the official policy or regulatory process, the preferred approach is generally the creation of a process of policy dialogue. This allows for a comparatively non-threatening exchange of views among democratic governance, business and nongovernmental actors as to the rationale, status and impact of certain laws and regulations. This exchange of views may also be accompanied or followed by an open discussion of how the rules of the game might be changed to better ensure the accomplishment of national development objectives. In essence, the ability of key actors to engage in a free flow of information and opinions is often the first step in fostering and creating an enabling environment for inter-sectoral partnerships both at the national and local level. Indeed, vigorous public-private policy dialogue is essential for enabling productive sectors as well as inter-sectoral partnerships. Examples given from USAID/Ecuador on the following page address this issue.

To foster such an environment, governments, civil society organizations (CSOs) and other types of private organizations need to work together to define the particular character of the legal, regulatory and fiscal environment in a given country. Collaboration on identifying constraints and defining opportunities to eliminate them is itself a process that can synergize and strengthen the relationship between governments and private organizations.

Participation in the process of legal and regulatory reform has other multiplier effects: it can build the analytical capacities of the individual organizations involved and provides practical experience for future dialogue. Therefore, a vigorous, public and sophisticated approach to policy dialogue is critical. Such dialogue includes participation by all sectors of society.

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Ecuador:

■ **Creating an Enabling Environment for NGO Empowerment**

1. Fundacion Ecuador (FE), Ecuador's premier "think tank" led by private sector leaders, is collaborating with grassroots based NGOs, chambers (commerce, production, industry, small industry, etc.) and creating linkages and partnerships with governmental agencies to foster an enabling environment by undertaking policy dialogue with the highest levels of the GOE in both the social and economic sectors to reform the legal, regulatory and business environment in Ecuador.
2. CEPAR, another local USAID NGO partner has been instrumental in forging links with government (national, provincial and canton level), the private sector, other NGOs and universities to undertake policy dialogue and reform in the health sector. Both CEPAR and FE have partnered with the Pan American Health Organization to establish provincial health reform committees and initiatives in Azuay and Loja Provinces. They have also established municipal reform efforts in Cotacachi and two more cantons this year with the objective of coordinating the planning and efficient use of local health resources.

■ **Creating an Enabling Environment for Small Business Partnership**

Through its policy dialogue initiatives, FE continues to work with the GOE to improve the enabling environment by establishing laws, policies and institutions that support the creation and growth of micro and small businesses (e.g., with NGOs such as Fundacion Alternativa, ASOMICRO and with the chambers of small industries). With additional financial support from other international donors (the IDB and CAF), it is working to reform the banking and financial sector by improving the prudential supervision capability at the Superintendency of Banks and the Superintendency of Companies.

■ **Creating an Enabling Environment for Strengthening the Institutions of Democratic Local Governance**

A major focus of FE's program is decentralization and municipal development. FE is organizing activities that will upgrade the capacity of indigenous NGOs, municipal associations, business groups and citizen groups to reform the legal and regulatory environment and engage those groups in national advocacy. FE possesses an excellent capacity to create linkages between those associations and groups and the donor community, particularly the IDB, the World Bank and CAF.

The following example from Guinea is a fine case in point: From independence in 1958 to the death of President Sékou Touré in 1984, the Government of Guinea (GOG) followed a harsh, statist policy. By 1984, this policy had all but destroyed the country's economy and civil society had been effectively stifled. The agricultural sector, which had been prosperous under French colonial rule, was based almost entirely on subsistence agriculture, and what was left of the private sector operated clandestinely.

Lansana Conté, who seized power shortly after Sékou Touré's death in 1984, initiated a comprehensive reform effort based on economic and political decentralization. In 1985, the GOG mandated a program of economic and financial reform. Following the reestablishment of civil rights and freedom of expression, a new constitution was adopted in December 1990, authorizing the creation of political parties. Municipal elections were held in 1990, Guinea's first multi-party presidential election since independence was held in December 1993, and multi-party legislative and communal elections took place in June 1995. For the first time in Guinea's history, a multi-party General Assembly was seated in October 1995.

More recently, the Government of Guinea has focused on increasing the power and autonomy of local communities. This is consistent with the GOG's stated policy of encouraging cooperatives and other grassroots organizations to develop their capacities as business enterprises and to become active participants in the private sector. To date, 303 rural development communities (CRDs) and 33 urban municipalities have been created nationwide. These institutions facilitate grassroots participation in local governance, support sustainable development activities and help generate revenue to improve local public services. They are elected by the local population, have some authority for tax-collection, and are responsible for maintaining local health centers, primary schools, and roads. In addition, at least five hundred local NGO's have been created in Guinea to try to meet local community needs, although most need a great deal of assistance themselves before they can make a real contribution in the difficult task of developing a participatory civil society.

In early 1996, the international and indigenous NGO community in Guinea created the NGO Forum for Sustainable Development, consisting of 80 members. Its objectives include: exchanging information and experience among member NGOs; improving NGO capacity to mobilize and manage resources; helping to create partnerships between local and international NGOs; and promoting a clearer picture of the role of an NGO in Guinea. The Forum is showing strong potential in promoting sustainable linkages and partnerships between participating NGOs, civil society, the government and the donor community.

Agricultural and commercial activity have also expanded since 1984. In 1985, the government embarked on an IMF-IBRD assisted program of economic reform that involved eliminating restrictions on agriculture and foreign trade, liquidating 100 parastatals, and reducing the number of bureaucratic obstacles to potential investors. Although the program derailed in 1991, Guinea met prerequisite conditions to get the reform program back on track by October 1992. The increasingly positive environment for private sector initiatives led the Cooperative League of the U.S.A. (CLUSA) to conduct an assessment in 1994 that found rural businesses were beginning to form in Guinea, and the emerging commercial banking community was interested in expanding their loan portfolio to well-trained and well-organized rural businesses.

As the above mentioned example from Guinea demonstrates, creating a dynamic participatory approach to policy dialogue is of paramount importance in the creation of a national enabling environment, and government's policies and practices in affording citizens opportunities for participation are key. Active participation on the part of civil society and the business sector is needed for sustainable progress to be forged and maintained. This participatory approach to national development strengthens the sustainability of development

efforts by giving much greater voice to all the groups concerned with national life and encouraging their economic and social participation.

3. Characteristics of a Local Enabling Environment

Unless a national government is extremely weak or simply apathetic, localities and civil society organizations do not govern themselves or operate in a political vacuum. Rather, localities operate under the political, fiscal, and economic framework set by the national government. Therefore, in order for local governance to be truly democratic and sustainable, the national government must reflect a democratic orientation and must devolve real political and economic power to localities. Without a minimal level of basic human rights, individual security, free participation and association, security of property rights for men and women, tools for effective governing, and open public debate, local empowerment is an illusion. Civil society will also be most effective in the context of national democratic institutions that assure political competition, rule of law, and transparent and accountable administration. For the business sector, sound economic policies and the reorientation of the state's economic role create opportunity and price signals that induce efficient choices at the local level.

Successful local empowerment also requires a thorough reorientation of the central bureaucracy to make itself more transparent and accountable to citizens. Bureaucracy needs to shift from a control orientation to a more collaborative partnership with other parts of society, not only providing space for local initiative, but acting as the guarantor and arbiter of disputes as well.

It should be kept in mind that, even in favorable policy environments, local organizations do not automatically respond to development opportunities. Ethnic conflicts, historic mistrust of the public (or private) sector, and severe class divisions can create conditions in which trust, broad-based participation and cooperation are difficult. Notwithstanding the necessity of each country working out the details of its own enabling environment given its unique set of circumstances, past experiences have shown there are a number of critical factors and processes which promote or hinder democratic local governance, the empowerment of civil society and the development of business. The basic characteristics of an enabling environment vis-à-vis these three sectors include the following:

B. REQUIREMENTS OF AN ENABLING ENVIRONMENT FOR THE THREE NPI SECTORS

1. Institutions of Democratic Local Governance

Under existing human societal structures, creating an enabling environment for democratic local governance is primarily the responsibility of the central government, which must enact legislation and formulate implementing regulations, while establishing and maintaining national institutions of political competition, rule of law, public accountability, transparency, open public debate, and the protection of minority rights, all of which are characteristic of a democracy. In a word, to function successfully, democratic local governance depends upon two discrete levels or contexts. First, the central government must

create laws and policies that empower local communities to conduct their own public affairs. Second, local actors--government officials, nongovernmental leaders, and entrepreneurs--must create the institutions and acquire the skills and material resources that will allow them to practice self-governance. In some cases, however, authority that has been delegated by the central government is underutilized at the local level, while in other cases local officials move to accelerate the process of establishing democratic local governance by lobbying the center for increased authority.

Above all, the empowerment of local authorities requires a level of fiscal independence, combined with administrative/regulatory authority and the political will to carry out functions. It is important that the legal framework within which local authorities operate permit flexibility and innovation in the establishment of local governance structures such as municipal associations and new institutional arrangements. At the same time, local authorities require supporting services and performance standards from higher authorities, as shown in the following case:

The Philippines: Creating An Enabling Local Government Code (LGC)

The Local Government Academy (LGA) creates opportunities for local government entities to "share experiences, document local success stories," and cooperatively develops training material and teaching modules out of successful cases.

One of the most impressive programs initiated by the LGA is that of the Galing Pook National Awards. This program, activated in 1993, encourages positive competition among local governments and their citizenry to become more innovative and dynamic in carrying out the mandate of the LGC. Each year, various municipalities are nominated for this prestigious award and evaluated by a diverse team of experts in such areas as improved revenue collection, enhanced promotion of people empowerment, increased effectiveness in the provision of basic services, and transferability to other communities. With major support from the Ford Foundation, municipalities can receive national recognition and awards of up to 100,000 pesos (\$25,000) to facilitate the implementation of community priorities.

The LGC has "institutionalized broad participation" by devolving responsibilities from the national government to the local level. The mandate of the Code calls for the creation of Local Development Councils wherein at least one-fourth of the members must be from NGOs, CSOs and the private sector.

Where power and authority have been concentrated at the national level, NPI supports democratic decentralization. Such devolution entails the transfer of a sufficient portion of the major governmental processes and functions to the local level, as well as the attendant democratic processes e.g. transparency, representation, rule of law, etc. Central authorities can play a highly productive role in this process by providing such empowerment tools as positive incentives, e.g. technical support, information on structural options, and so forth. It should be noted, however, that unless this decentralization is comprehensive (i.e. includes political, administrative and financial devolution) and civil society is permitted to organize without cumbersome and inhibiting regulations, this devolution may simply reinforce pre-

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existing authoritarian tendencies at the local level. Thus, the political aspect of the enabling environment cannot be ignored. Regional governments, which serve as links between national and local governments, must also be reformed in the process of devolving political power.

The enabling environment should also allow for free election of local government officials and facilitate the participation of local civil society in decision making processes. Delinking national from local elections and pluralistic representation on municipal councils is one of the main vehicles for increasing the responsiveness of local officials to their constituencies.

2. Civil Society

James Creighton is an author and well known figure in the field of "public involvement" in the United States. In a 1996 exchange with colleagues on the GP-NET, he wrote: "the cost of a decision is not just the cost of arriving at a decision, but extends through to implementation. In the U.S, many top-down decisions are made very quickly by agencies, only to have those decisions never implemented, or implemented only over stiff political and legal opposition. Based on our experience, participation can give agencies a "mandate" that allows them to make decisions that count; that is, the decisions have such significant support and legitimacy that they readily overcome remaining resistance and question. As a result, the cost of getting to implementation is dramatically reduced." Mr. Creighton continues... "If participation makes so much sense, why isn't everybody doing it?" He cites five reasons: power and control, belief in expertise, lack of clarity, skills, and time.

While he provides ample evidence for each of the five, it is his answer concerning expertise that has particular significance for NPI. He writes, " I believe that nothing about technical expertise qualifies you to make choices about fundamental goals of a society. To use an example: If there is pollution in a river, a technical expert would be the best possible person to tell you what kind of pollution there is and how much. Other experts would be the best possible to tell you about the health risks involved with the different levels of pollution. Still others might be the best to describe the ways of cleaning up the river or the cost associated with the clean-up. But the minute you talk about how much 'should' be cleaned up, you find yourself having to make choices between various things society thinks are good. To clean up the river to a certain standard you may need to shut down an upstream factory, putting thousands out of work. Or you may need to take money for river clean-up that would be used for education, or low-cost housing, or public health. Experts can inform that decision, but they offer little to help decide which is good or more important. While participation can provide important information to aid implementation, it is my opinion that the crucial role of participation is to help with the hard choices. The 'expert' can inform that choice and show ways to implement the choice. But these fundamental value choices lie beyond the realm of technical experts---even though technical experts rarely admit this or want to acknowledge it."

The LEM experience in Indonesia illustrates Mr. Creighton's point: Indonesia's continued success in core areas of sustainable development is inextricably related to greater

democratization and improved governance. Democratization is an essential part of Indonesia's sustainable development because it facilitates the protection of human rights, informed participation and public sector accountability. Civil society and communities' understanding of local conditions and their ability to organize and mobilize local residents are vital to sustainable development. Without these, the capacity of Indonesian society to improve its quality of life and pursue equitable economic and social growth (within an enabling policy framework), while safeguarding the cultural and natural environment, will be greatly impaired. Democracy initiatives taking place now come at a critical time in Indonesia's history, given that the country will soon be going through a major political transition. Such activities have the potential to influence the shape of Indonesia's future political system.

The basic characteristics of an enabling environment vis-à-vis civil society empowerment include the following:

- a. **Favorable Economic Conditions.** This is one of the most important approaches which government can pursue to encourage and empower civil society. That is, by making economic activity profitable and stimulating private philanthropy, government encourages the formation, strengthening and long-term sustainability of local CSOs.
- b. **Freedom of Association.** An essential condition for the emergence and development of effective NGOs and a dynamic civil society is a legal framework that guarantees free association and assembly. The right to free association, including the formation of NGOs and intermediate associations, is one of the pillars on which society's entire legal and regulatory structure rests and is a key freedom guaranteed by extant international law.
- c. **Adoption and Enforcement of Appropriate Laws and Regulations.** Though laws affecting associational life may be favorable for NGO growth and development, such laws and administrative rules may not be enforced in an even-handed manner at the national or local level. Lax enforcement and oversight or differentiated application can render constitutional rights hollow. Very bureaucratic, centralized governance traditions may also inhibit the vitality and influence of the NGO sector. NGOs require a specialized and flexible regulatory structure to thrive. This may include special tax codes, registration and incorporation laws, liability rules, codes of conduct and management. Opportunities for NGOs to form partnerships with groups outside the country should also be facilitated. Generally, NGOs are required to register with the central government in order to be officially recognized and accorded certain rights. In some countries, certain types of local or community-based associations must seek legal recognition from municipal officials. In either case, it is important that the process of acquiring legal recognition not be onerous, cumbersome, or expensive lest it impede NGO development. Some test of 'reasonableness' should be devised taking into account such factors as the number of steps required, length of process, cost, and degree of bureaucratic cooperation. In the Philippines, public policy encourages NGO development through simple registration procedures, the absence of project approval procedures, and legal recognition of the importance of NGOs in public deliberations. **It is important to note that having good laws for**

NGOs is a necessary but not sufficient condition for the existence of a vibrant NGO sector. Of equal importance is that the laws be understood and fairly enforced.

- d. **Supportive Tax Codes.** The tax status of NGOs can be critically important for their ability to grow and to take on new roles and responsibilities. Charitable behavior and voluntary activities are encouraged when NGOs have tax exempt status and when citizens are permitted to deduct contributions to NGOs from their own taxes. Because philanthropic traditions and voluntary participation vary from society to society, it is not clear that favorable tax laws alone will stimulate behavioral change. Still, clear and equitable tax laws are needed before authentic empowerment of local NGOs can occur. For those NGOs involved in direct productive activities, such as agricultural production and marketing, it is also important that the tax code provide positive economic incentives. Moreover, it is important that local NGOs have the same, or more favorable, tax status as that of international NGOs.
- e. **Freedom of Press and Expression.** NGOs and other civil society organizations are much more likely to prosper in a setting where there is a free flow of information and broad parameters for public discourse. An unfettered and independent media is the linchpin and key indicator of informational freedom. This is particularly true for human rights and advocacy groups.

3. Business:

A successful business sector requires a strong macro-policy environment that stimulates growth, political stability, and a competitive market structure. Transparent and efficient rule of law and civil law are also essential for the enforcement of contracts. Moreover, this sector is significantly affected by the nature of the financial intermediation, labor regulations, sectoral as well as inter-sectoral policies, land use and zoning regulations, transaction costs in dealing with government, and licensing and permit arrangements that either inhibit or promote entry and competition within a given sector.

As stated by the Center for International Private Enterprise (CIPE) of the U.S. Chamber of Commerce, a positive "enabling environment comes from policies in three basic areas: private property rights, the legal system, and infrastructure." Supporting arguments include the following:

- With regard to **private property**, CIPE points out that "governments can encourage private sector growth by providing for full, secure private property rights," noting that in "economies previously dominated by the state, such rights are particularly important for instilling confidence among potential investors." However, CIPE further notes that "for investment and private sector growth to flourish, governments cannot take property from individuals and corporations arbitrarily or without providing just compensation." Moreover, the protection of intellectual property is also viewed as a "high priority, particularly for investment in dynamic, technologically driven industries, such as computers and telecommunications and pharmaceutical."

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- In terms of the **legal system**, CIPE points out that reforms "should emphasize the creation of a marketplace that functions smoothly and efficiently for both producers and consumers. The underlying principles of such a legal system include fairness, transparency, impartiality and enforceability." It is further noted that, "The legal system of the state-dominated economies reflects the excessive control and regulation that stifles growth and investment."
- On the question of **infrastructure**, CIPE asserts: "To encourage investment, reforming economies must feature adequate infrastructure and the support services necessary for the private sector to flourish." A host country's physical resources, such as roads, ports, airports, telecommunications networks and facilities, and the availability and cost of energy, are seen to "have a great impact upon the cost and efficiency of production and transportation, (therefore) countries must strive to keep these resources as modern and in as good condition as possible to maximize their attractiveness as a site for foreign investment." Equally important is the issue of human resources and its supporting infrastructure (i.e., education and health care services). In addition, accounting standards to ensure that financial information is accurate and meaningful, and healthy financial markets - developed sufficiently to allow for private firms to access capital - and support services, such as law, insurance, accounting and consulting firms, must be allowed to operate in response to market demand.

The constraints facing the private sector in Kenya have been described as follows:

Kenya: Challenges, Constraints and Opportunities for Kenya's Private Sector

The private sector in Kenya, despite a number of very serious legal and regulatory constraints, has proven to be dynamic and important in terms of poverty alleviation through employment creation and income redistribution. Small businesses in Kenya face a number of difficulties found throughout the developing world, with the most important of these being: an non-conducive legal framework; poor provision of infrastructure; market constraints; poor access to credit; and poor access to technology. The government, donors, and of course the business community itself, recognize these constraints and have attempted to reform the legal and regulatory framework. In March 1994, the government published a Sessional Paper that spelled out a strategy for facilitating growth and development of the micro and small business sector. While the proposed reforms were laudatory, a recent ODA study has identified several flaws in the policy design that have limited the strategy's implementation. USAID/Kenya's effort is focused on providing a national forum, through a contract with the International Center for Economic Growth (ICEG), where private sector and NGO voices can be most effectively heard. There is optimism that Kenya's entrepreneurial spirit and capacity will keep the policy reform process moving forward.

In addition to the constraints posed by policy and regulatory barriers, the private sector in most developing countries suffers from the absence of effective supporting institutions. In many cases, small entrepreneurs have no effective sources of information on market opportunities at home or abroad, on improved production and business management

techniques, and other basic information. Some of these functions can be carried out cheaply and cost-effectively by government offices operating under appropriate performance incentives, while others are more appropriately left to for-profit service providers or to associations of small entrepreneurs.

For example, in working with USAID/Tirana to develop strategic directions for its small enterprise development program, Management Systems International (MSI) found not only that the legal environment for small business needed much improvement, but interested citizens needed information and organization to successfully improve that environment. As noted in MSI's report on this activity: "Laws that have been passed have not always been implemented fully, meaning that both the private sector and the judicial/enforcement agencies have a limited understanding of the law and how it affects doing business in Albania." It was also found that, because they lived under a dictatorial regime up until the early 1990's, "citizens typically are not aware of the positive role they can play in the formation and implementation of laws - both national and local - that serve the country's economic goals... By the same token, government frequently sees its role as the 'provider of policy,' and doesn't have the tradition of open dialogue with constituent interest groups." Given these circumstances, a policy dialogue approach to legal and regulatory reform was suggested. Specifically, the approaches and activities recommended for engendering an enabling environment for small and medium business in Albania included:

- Provision of new information. Critical to dialogue is technical data on legal and regulatory issues that serve as the basis for building a policy reform agenda. New information can reveal the costs of the status quo, elaborate policy alternatives, and provide the building blocks for an advocacy and lobbying campaign.
- Mobilizing key stakeholders. Capacity building with business associations enables them to develop an advocacy agenda and lobby government effectively, both to initiate reforms and to keep them moving.
- Establishing fora for stakeholder interaction. Workshops, roundtables, and other types of participatory fora offer venues that bring actors together who do not typically interact, and facilitate the airing of views, negotiation skills, and consensus formation. Such sessions expand the possibilities for mutual understanding, dialogue, and negotiation that can open the door to reforms or move their implementation forward.
- Encouraging government officials to make positive commitments. The policy dialogue process, which includes the participation of key government actors, serves to encourage officials to publicly commit to desirable policies and their implementation. This helps to generate ownership for reforms, and to build a basis for accountability.
- Monitoring progress in a transparent way. Policy agenda development and tracking mechanisms provide stakeholders with information on the extent to which policymakers and implementors have fulfilled their commitments. Monitoring and progress assessment serves to maintain momentum for reform and contributes to democratic accountability.

C. PRACTICAL STEPS FOR STRENGTHENING THE ENABLING ENVIRONMENT (Also See LEM and Partner Mission Case Studies in Section E)

While the three sectors retain their own unique enabling environment requirements, it is through understanding the individual components of the sectors that the enabling environments for inter-sectoral partnerships emerge. However, unlike the three NPI sectors, inter-sectoral partnerships constitute a dynamic relationship rather than an institution or entity and therefore their "enabling environments" are rooted in the conditions of the institutions or entities from which they manifest. Nonetheless without the following conditions present in two or more of the sectors at the local level, partnerships are less likely to obtain:

- 1) **Decentralization:** Legal and constitutional structures that permit local initiative in fiscal, administrative, regulatory, and policy matters;
- 2) **Democratic norms** that provide accountability and transparency in the collection, allocation, and dispersal of funds and support citizen participation in public affairs;
- 3) **Free flow of information** to support public dialogue, and informed choice - as citizens and consumers and the freedom to associate and advocate;
- 4) **Positive macro-policy environment** that assures competitive markets, discourages rent seeking, and assures broad-based growth; and
- 5) **At a minimum, a threshold level of social accord.**

More specifically:

1. Democratic Local Governance

At a minimum, the legal powers that local government units should be entitled to exercise include the capacity to:

- a. **make and modify binding rules within their specified geographic domains, subject to constitutional limitations and democratic principles;**
- b. **monitor compliance with those rules and apply them equitably to all persons within the territory;**
- c. **resolve disputes occasioned by fair application of the jurisdiction's rules; and**
- d. **mobilize monetary, human and in-kind resources to finance the jurisdiction's activities.**

Based largely on USAID's past experience, the following have been shown to be important factors when diagnosing the enabling environment for sound local governance:

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- The **political commitment** of the national government is the most critical variable in the establishment of an enabling environment for democratic local governance.
- National government must set and enforce **standards of accountability and transparency** with respect to the powers and resources it delegates to local governments.
- **Creating the demand for change at the local level** is as important as creating the supply of expertise at the national level. Program planners should work to improve the policy setting by collaborating with development partners: *including* advocacy NGOs, citizens' and business groups, associations of local government officials and others who share a common goal for democratic local governance. For instance, in Bourgas, Bulgaria, NGOs are working closely with the municipal administration to bring increased transparency to the decisionmaking process and to develop mechanisms such as town meetings to encourage the active involvement of citizens, whether through community groups or as concerned individuals.
- **Technical assistance and, in some cases, material support** for the development of constitutions and legislation at the national level and corresponding charters at the local level are often needed to strengthen the institutions of democratic local governance. Among the key issues that must be addressed in these documents are taxing authority, responsibility for resource allocations and processes for selecting leaders.

Zambia writes of the constraints facing democratic local governance in their country:

Zambia: Constraints and Challenges Facing Democratic Local Governance

Over the past five years a severe attack has been made on the resource base of local government. Revenue options have been closed and resources have been diverted toward central government or autonomous agency uses. Only a few elements of the assigned role of government remain within the resource capabilities of local councils. A key function of local government, as it relates to the USAID portfolio in Zambia, is the responsibility for control of noxious environmental contributors (rats, mosquitoes, rubbish, and drainage) to the very high incidence of chronic and epidemiologic disease.

Knowledgeable authorities point to the discrepancy in rhetoric coming from central government over issues of devolution of power to local government as a means to combat chronic and serious issues of social welfare, and the record of action. Local government issues are driven by central government initiatives. There are almost no independent institutions in Zambia which take up the cause of local government reform. Civic society is only weakly represented in this area by Rate Payers Associations, churches and ward committees held over from the previous political regime. Professional and social organizations have become nearly moribund as a result of long term dependency on government support, followed by the withdrawal of that support.

2. Bottom-Up or Top-Down?

In creating or strengthening the enabling environment for democratic governance at the local level, USAID's approach has varied according to the particular political conditions of the targeted country. Two general approaches, "top-down" and "bottom-up," illustrate opposite extremes. Actual USAID country experience should fall somewhere in between, with attention given to both ends of the spectrum in a blended approach which includes elements of both incorporated into an overall strategy.

A top-down approach is appropriate for countries that have experienced a democratic transition at the level of the national government, but that have limited or no experience of democracy at the local level. In such countries, USAID can coordinate with other international donors in initiating a policy dialogue with the national government designed to foster a discussion of the merits of and avenues for deepening democracy by spreading its practice to localities.

In contrast, a bottom-up approach applies to countries that have not yet experienced a democratic transition at the national level. By pursuing such an approach, donors attempt to create the demand for democratic local governance. Generally, this entails the following steps: identification of reformist government officials and nongovernmental actors at the local level; design and implementation by these reformers of modest pilot projects in institutions of democratic local governance; and the forging of nationwide political alliances (such as associations of mayors, business actors and/or civil society organizations interested in decentralization) to bring reformist pressure to bear on the national government.

Once the national government has become truly committed to supporting a policy of democratic local governance, USAID's focus can shift to assisting the national government in creating the laws and policies necessary for the devolution of political power to the local level. Specific efforts might support revision of the national constitution, the passage of new legislation, the formulation of new policy, or the establishment of new forms of taxation. The underlying purpose of all these measures is two-fold: 1) to institutionalize the transfer of political power to the local level, and 2) to ensure that the transferred power is exercised in a democratic way.

The following examples from USAID/Kenya and USAID/Bulgaria speak to this bottom-up approach:

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Kenya: A Bottom-Up Approach in Democratic Local Governance

Given the generally negative enabling environment, the Mission's strategy for working with a poor local government partner is to identify the reformists forces among local authorities that would promote participation, accountability and transparency in local governance. The strategy also envisages encouraging an alliance of civil society organizations, associations of local councilors, and opposition parties to bring pressures to bear on the national government to review the Local Government Act and other amendments that give excessive powers to central government to control local authorities.

Thus, ultimately, democratic local governance is being shaped by the emergence of a multi-party system and pluralism in Kenya. The parties have expressed concern in particular about the overwhelming powers of the Ministry of Local Government; usurpation of powers by senior KANU officials and the general lack of accountability of local authorities by the local public. For example, more recently opposition led District councilors have called on the KANU government to repeal and propose an amendment to the Local Government Act in order to empower local authorities, whose powers have been taken away by central authorities. There is a structural disparity between the powers of civil servants vis-a-vis that of elected local councilors.

The pressure built by civil society for the repeal of the Local Government Act and to empower local authorities appears to be gaining some concessions from the government. On October 21, 1996, the Minister of Local Government called for the devolution of power to local authorities to enable them plan and implement their own development agenda as part of the national democratization process. Whether, this call will be followed by a legislation devolving powers to the local levels is not yet clear.

The national enabling environment for local governance in Kenya is highly paradoxical. On the one hand, the Local Government Act of 1977 and several amendments to the Kenyan constitution have been used to centralize and personalize political power, leading to autocratic political machinery at the local level, controlled essentially by civil servants. These laws have for several years circumscribed the empowerment of local communities to conduct their own public affairs. On the other hand, in the last five years, following political pluralism, local nongovernmental actors, small reformist politicians in the ruling party, and local opposition politicians have gradually acquired the confidence that would allow them to push for autonomy of local authorities. As public opinion and political consciousness are increasingly gaining momentum in Kenya, demands for accountability and transparency are increasingly being placed on local authorities, as well as other local governance institutions. Thus, the approach to local governance in Kenya can be described as "bottom-up", in a country that is undergoing democratic transition at the national level.

Bulgaria: Constraints on Government and NGO Partnership

In Bulgaria's political sphere, although democratic institutions and practices are slowly taking root, the government does not view NGOs and citizens' groups as welcome partners in conquering development challenges. The Parliament and, even more so, the judiciary (in this case, the Constitutional Court) have taken some modest steps in the direction of greater independence, but neither branch exercises significant authority in the governing process. National radio and television remain under state control and are as yet unchallenged by emerging private stations which generally forego political and public affairs programming. The print media, while increasingly lively and offering a broad range of opinion, lacks the professionalism characteristic of the leading Western publications. The absence of a supportive legal and regulatory environment has impeded but not derailed the evolution of civil society, including NGOs.

3. Civil Society

Given these characteristics, and in accordance with the situation that exists in a particular locality, one of more of the following approaches may be needed, either at the national or local level, to improve the enabling environment for an effective and efficient civil society:

- Support a positive economic environment
- Support and encourage legal and regulatory reform
- Promote governance-civil society collaboration
- Improve the "representativeness" of NGOs
- Expand and improve NGO operational capacity
- Expand and improve NGO advocacy capacity
- Emphasize reciprocal responsibilities on the part of nongovernmental actors, including accountability, transparency, and participation
- Encourage outside support for indigenous organizations

In a paper titled: *Working with NGOs: A Practical Guide*¹, the World Bank identifies support for an enabling environment as a key issue in working with NGOs, asserting that the "policy environment within which NGOs function is a key factor in determining the strength and effectiveness of the sector." In terms of the Bank's relationship with this sector, the

¹ "Working with NGOs: A Practical Guide to Operational Collaboration between The World Bank and Non-governmental Organizations." World Bank Operations Policy Department, Washington, D.C., March 1995 (pp. 59)

paper states: "It has been argued that one of the most effective ways for the Bank to support NGOs is by using its influence with governments to promote an enabling environment." It is noted that, in fact, the Bank "frequently plays a role in bringing governments and NGOs together to discuss issues of common concern, and encourages governments to provide a more enabling environment for civil society." It is further explained that the Bank can "promote state-NGO relations by creating incentives for government staff to work with NGOs and by sponsoring fora for dialogue and information sharing." Examples given involve Bank sponsorship of joint government-NGO training activities and workshops organized to bring government and NGO personnel together to discuss ongoing strategies and implementation plans.

Another World Bank document, titled *The State, Popular Participation, and the Voluntary Sector*², elaborates further on approaches to fostering an enabling environment in order to strengthen the NGO sector. The question of how governments can construct a conducive environment is said to "depend significantly on the initial relationship between the two sectors." Three types of relationships are then examined, with sample countries provided for each:

- a) NGOs are in a dependent-client position vis-a-vis the government, where NGOs implement state-prepared programs or receive funding through the state - there is dependency in terms of money, ideas and resources. (Tanzania during the 1980s and China)
- b) Adversarial relationship in which there are no common starting points and no wish from either side to search out areas of agreement. (Zaire, Kenya and Pinochet's Chile)
- c) The most constructive relationship, which emerges in certain liberal democracies, is a collaborationist one in the sense of a genuine partnership to tackle mutually agreed upon problems, coupled with energetic but constructive debate on areas of disagreement. (India and Brazil)

4. Business

In discussing when to target the enabling environment, the policy on private sector development adopted by the Canadian International Development Agency (CIDA) identifies two circumstances: a) where private sector development in a country is weak, and b) when the enabling environment is present and opportunity exists for generating demonstrable and significant long-term benefits through mutual cooperation.

In summary, specific factors that help to shape a positive enabling environment for the business sector include the following:

² Clark, John, "The State, Popular Participation, and the Voluntary Sector." World Development, Vol. 23, No. 4, 593-601, 1995 (pp 597-598).

- **A sound macro-economic and policy environment.** Key policies for a favorable business environment include:
 - a. Improved legal, regulatory and judicial systems, conducive to the conduct of modern business and with appropriate recognition of the importance of property rights. Licensing requirements can preclude new entry into sectors deemed "overcrowded." Subjecting business decisions to bureaucratic approval in these and many other areas presents significant opportunities for official corruption and gives established firms the chance to collude with officials to keep new competitors out;
 - b. Responsible and stable fiscal and monetary policy, with minimal inflation and market-based interest rates;
 - c. Anti-monopoly market entry and market exit policies which are not unduly restricted by regulations and which allow small businesses the right to compete with large firms;
 - d. Liberalized trade policy, with low and relatively uniform tariffs and minimal administrative barriers governing import license requirements and the official allocation of foreign exchange made scarce by an overvalued exchange rate which makes it difficult for manufacturers to obtain the imported inputs they need;
 - e. Market-driven exchange rates, basically set by free market forces and enabling the repatriation of foreign earnings;
 - f. Market-driven prices of inputs, land, labor, and capital being relatively free to adjust to changing market pressures of supply and demand; and
 - g. Favorable land laws and urban/peri-urban zoning rules. Small businesses have difficulty obtaining secure and appropriate working space, and in using their property as security for loans.

- **Business Association Development.** In the longer term, entrepreneurs can usually learn more from each other than from trainers or consultants. Business-to-business learning can also lead to identifying expanding market opportunities.

- **Information.** Experience has demonstrated that information on improved management practices and production techniques, as well exposure to other basic planning approaches, is often a missing ingredient for business improvement, especially at the local level.

The West African case which follows exemplifies how the above mentioned factors shape a positive enabling environment for the private sector.

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5. Inter-Sectoral Partnering

Creating an Enabling Environment for the Private Sector: The West African Enterprise Network (WAEN)

WAEN was created in 1993 by a small group of activist business persons interested in promoting economic growth in West Africa. WAEN has grown today to include over 300 business men and women in 12 countries of the West African subregion, both anglophone and francophone. Recently registered as an international NGO, headquartered in Accra, Ghana, WAEN has a dual objective: to improve the business climate in the member countries of the Network, and to promote cross-border trade and investment in West Africa. To achieve this, WAEN seeks an active dialogue with government on the legal and regulatory environment affecting business, and facilitates information flows among its members regarding potential markets, supplies, prices and distribution.

WAEN Activities: In addition to the ongoing advocacy initiatives undertaken by the national Enterprise Networks to improve the business climate in their individual countries, WAEN carried out two major initiatives on the regional level in 1995, intended to support its objective of increasing regional trade and investment: (1) creation of the WAEN Regional Information Center, located in Accra, Ghana, utilizing an e-mail communications system to provide members with monthly price information on agricultural and industrial products in the subregion, and centralizing information on legal and regulatory regimes in member countries; and (2) organization of a major regional conference bringing together public and private sector officials in the subregion to examine key constraints to regional trade.

The outcome of the work sessions was the creation of an **Enterprise Network Platform for Change** which the Network will use to develop a permanent dialogue with national governments and regional institutions to achieve substantive change in the regional economic environment. The 1996 Network action plan calls for increased advocacy initiatives to improve the policy environment, the creation of a West African Enterprise Fund to provide capital for Network joint ventures, and the organization in November 1996 of an Enterprise Network Trade and Investment Forum, designed to bring together Network entrepreneurs with bankable investment prospects and potential offshore investors.

D. LESSONS LEARNED AS REPORTED BY LEADING EDGE AND PARTNER MISSIONS

- 1) **While lack of political will on the part of the national government led the Mission to develop a bottom-up strategy for fostering an enabling environment conducive to free-market democratic reform, government is a critical partner.** For example, progress in the area of democratic local governance has been buttressed by steps to enlist the backing of the national government for devolving more authority to mayors and municipal administrations. This is the chief rationale for the Mission's intensive efforts to promote a national association of mayors, which is envisioned as a powerful lobbying force on behalf of decentralization. **(Bulgaria, Kenya)**

- 2) **When civil society is weak and lacks a track record, NGOs must educate the public about their usefulness and work to create an enabling policy environment.** At the same time, NGOs should seek out opportunities to form partnerships with local governments, for example, in the area of social service delivery, which would serve to enhance the credibility of these organizations as effective development partners. (Bulgaria)
- 3) **Donor coordination for activities within or across sectors improves the enabling environment for partnerships.** The degree of donor coordination depends on several factors and can vary widely from country to country and sector to sector. The challenges of doing so cannot be underestimated, but getting agreement between the major donors on an NPI-type approach would ensure conceptual clarity and programmatic synergy. (Bulgaria, Kenya)
- 4) **Local populations and grass-roots organizations play an important role in modifying governance policies.** This is true if they have an opportunity to participate in the process of policy formulation. (Guinea)
- 5) **Key enabling factors for partnering include:** 1) patience and expert community organizations skills; 2) the support of at least one and preferably several local individuals who are perceived as having authority; 3) acceptance by host governments that the partnership can wield real authority; 4) the ability to provide training to the partners/partnership; and 5) local NGOs with the requisite professionalism and language skills who can make an invaluable contribution by bringing together expatriate teams, government officials and the local community to clarify issues and provide functional solutions. For example, *Union Guinée des Volontaires de Développement* (UGVD), a Guinean NGO, did an outstanding job of providing participatory management training to resource user groups. *Guinée-Ecologie* was similarly successful in helping develop an environmental education program in collaboration with the Peace Corps, school teachers and project staff. (Guinea, Madagascar)
- 6) **The time and resources invested in creating an improved enabling environment, including what could be called the social enabling environment, can have an enormous payoff.** For example, CLUSA's activities are having unforeseen results, as the GOG's Rural Development Communities (CRDs) seek to establish a new partnership with the NGO. The success of NRM in helping community and forestry officials co-manage the Nialama forest has also started to produce unforeseen results in terms of increased revenues for local villagers. After PSI was able to obtain the support of local community leaders for its information, education and communication (IEC) campaign by enlisting the support of national political and religious leaders, other health-related results became easier to achieve since the taboo on publicly discussing contraceptives had been broken. (Guinea)
- 7) **USAID can most quickly improve the enabling environment for civil society organizations, local governance, and business by making itself accessible.** This

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can be done by streamlining its grant and contract management. (Indonesia, Philippines)

- 8) **A partnership's right to the resources required to carry out its function need to be clarified and formalized.** For example, experience with the COBRA Project has shown that since coordination is so difficult among different partners, the roles, rules, and procedures for the various partners in a community conservation activity should be clearly defined at the outset. (Kenya)
- 9) The transfer of power from central authorities to local communities remains a major constraint to increasing the effectiveness of partnerships and to the whole participatory approach. (Madagascar)
- 10) Sustainable development is demand driven. If we can identify partners and customers who want what we offer and are willing to assume responsibilities, we will get results. Demand-driven programs resolve the apparent conflict between two Agency principles: management for results and partnerships. (Philippines, Sri Lanka)
- 11) The information network for this type of activity does not exist in most countries. USAID should provide an internet/webpage for information sharing on partnering. (Panama)
- 12) It is difficult to implement NPI in situations where the government is hostile to the civil society sector. (Zambia)

E. LEADING EDGE AND PARTNER MISSION CASE STUDIES AND ACTIVITIES

Bulgaria: Association Building--The Critical Link Between Strengthening Local Capacity and Fostering a Favorable Enabling Environment

While USAID/Bulgaria has launched a number of activities to bolster directly the institutional capacity of newly privatized small and medium enterprises, NGOs, and municipal governments, the Mission has also devoted considerable energy and resources to helping these civil society actors to form associations. These associations serve to aggregate sectoral interests, while also possessing the potential to "lobby" national decisionmakers on legislation and regulations essential to the creation of an enabling environment conducive to the development of a robust civil society. As such, they are a crucial link between the State and civil society and a principal vehicle for engendering change in national policy. This is especially true of associations of professionals, whether lawyers, judges, entrepreneurs, or physicians who enjoy high stature in society and, as in the case of judges and lawyers, may already be participating within the political system.

The standout performer in USAID/Bulgaria's association building effort has been the regional associations of mayors, several of whom, not coincidentally, represent LGI pilot cities. Through LGI, the Mission is enhancing the administrative-managerial capabilities of the associations, improving the prospects for financial sustainability and effective outreach. In addition to functioning as transmission belts for practical knowledge on municipal reform--a prerequisite for replication of successful pilot projects and hence nationwide impact--these associations of democratically-elected officials are working to persuade national authorities that the transition to free-market democracy hinges on empowering municipal governments. The mayors have already registered some impressive successes, including the aforementioned GOB decision that all revenues from municipal privatization would remain with the local administration. These public servants are gradually turning a *de facto* devolution of responsibility into a *de jure* mandate to govern and improve the lives of Bulgarian citizens.

Guinea: A Partnership for Managing Natural Resources

Development Problem: Population pressure and unsustainable exploitation of natural resources have caused serious environment degradation in the watersheds of the Fouta Djallon Highlands of Guinea, where the three major rivers in West Africa have their sources. This degradation is threatening the well-being of the Guineans and the people in other countries whose livelihood depend on these rivers.

Why the NPI approach: USAID/Guinea staff used an NPI approach because they saw the importance of shared ownership of these NRM activities. An effort to promote sustainable natural resource management by the Government without the active participation of the local population is likely to fail due to corruption, lack of accountability and lack of attention to local community needs. By contrast, a dynamic partnership between the government, grassroots organizations and the local population to plan and implement

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Guinea: A Partnership for Managing Natural Resources (cont'd)

NRM activities ensures a favorable environment for sustainable improvement and conservation of natural resource base.

Ongoing and Planned Actions: USAID provides assistance to help achieve sustainable management of the natural resources in three of the twelve areas targeted by a multi-donor Natural Resource Management (NRM) Activity. NRM has three reinforcing objectives: (1) strengthened local capacity for sustainable natural resource management; (2) sustainable increase in production and income; and (3) enabling conditions for sustainable impact. It addresses them through: (1) partnerships between the American technical assistance providers, the Guinean government services, national NGOs and village-level organizations; (2) the empowerment of local populations in managing their natural resources; (3) the transfer of sustainable agricultural and NRM technologies and practices; (4) the development of viable village enterprises; and (5) environmental education.

Mission efforts to help establish the enabling environment, for sustainable natural resources management have concentrated on the application of the Land Code to ensure land security for resource users, and the implementation of the Forest Code to permit the co-management of forest resources by the public forest services and the local populations. USAID, through a partnership with the University of Wisconsin Land Tenure Center (LTC), has assisted the GOG to ensure that the application of the Land Code takes the traditional land use system into account, but also provides legal status to land owners. Four regional workshops were organized, one in each of the four geographic regions of Guinea, to discuss the applicability, advantages and deficiencies of the Land Code. The regional forums ensure that the particular socioeconomic context of each region, as perceived by both private and public sectors, is respected.

To halt the increasing degradation of the Nialama classified forest caused by illegal clandestine timber exploitation, the NRM Activity has helped established a partnership between the Forest Service, local authorities, a national NGO, and villagers to develop a co-management plan for this forest. This plan calls for the government and the resource users to share the responsibility and the benefits of protecting the forest. A general assembly of 114 male and female representatives from 15 villages elected an inter-village committee of 16 members to represent the villagers in the co-management of the forest.

Environmental education is another activity which contributes to the enabling conditions for sustainable impact. The project staff has collaborated with a national NGO, local teachers and Peace Corps volunteers to develop and initiate an environmental education program that will involve over 1,200 villagers and school children by the end of 1998. While enabling environment issues were being addressed, NRM activity participants worked with the public forest service and a national NGO to build local capacity to manage natural resources in a sustainable manner through participatory training for resource users groups. Training in sustainable agricultural practices, natural resource management practices and village enterprise development skills has also been given to villagers to help them increase both production and income.

Guinea: Improving Equity and Quality in Primary Education

Development Problem: Guinea's highly illiterate human resource base is a major constraint to economic growth and development. A 71% illiterate population means poor management in the public and private sectors, limited ability to take advantage of agricultural export opportunities, reduced capacity to understand and use family health services, and slower adoption of democratic principles. The fact that girls and rural children are disproportionately affected exacerbates this situation.

Why the NPI approach: Increasing enrollment, improving equity and improving the quality of education requires a strong partnership between parents, community leaders, government officials and NGOs. Such partnerships are the most effective means of increasing awareness about the importance of education, transforming traditional views about the role of girls in society and enhancing a community's ability to manage education resources.

Ongoing and planned actions: Over the past decade, the Government of Guinea has made great strides in improving its education policies. Prodded and assisted by conditional USAID Non-Project Assistance, the Government of Guinea significantly increased budget allocations to primary education. As a result, Guinean children now have greater access to a higher quality education at the primary level. A successful social marketing campaign conducted by the National Education Ministry's Equity Committee, which manages efforts to increase girls' and rural children's enrollment, has led to an increased demand for girls' schooling and for schooling in rural areas. In many cases, demand now exceeds the capacity of local schools. The norm is 100 students per class.

The second phase of our education activity will focus on developing the capacity of local parents' associations to participate in school management and take greater responsibility for school financing. These activities will involve close collaboration with the National Ministry of Education (MEN), and with regional and prefectural authorities to expand the definition of community participation to include increasing enrollment levels and improving education quality. These activities will also broaden the scope of NGO involvement in primary school education beyond solely furnishing material inputs, and are anticipated to reinforce the programmatic vision and administrative capacities of education-oriented NGOs.

Finally, with support from the Global Center's Girls and Women's Education Activity, we will work with the private sector to develop constituencies to support the education of girls and rural children. In addition, we will also offer assistance to the National Ministry of Education in developing forums for public-private sector dialogue on education policy reform. Support from the GWE Activity will also promote Mission equity objectives by: (1) facilitating a process to mobilize the country's decisionmakers--religious, business, media, unions, academia to develop, implement and sustain effective policies and programs for increasing girls' participation; (2) strengthening the institutional capacity of the Equity Committee, local NGOs and APEAEs throughout the country, and (3) increasing classroom participation of girls through the development of curriculum materials and tools through a training program for teachers and communities.

Guinea: Improving Equity and Quality in Primary Education (cont'd)

USAID/Guinea will also work with several different NGOs and PVO partners to implement our education activities. Save the Children Fund will initiate a community mobilization pilot project in one of Guinea's four regions to strengthen primary school parent's associations, known as APEAEs, in 1997. Twenty dynamic APEAEs will be created and supported in meeting community needs such as improving education access, quality, and retention rates. SCF will also support the establishment of an education NGO consortium with at least 25 Guinean NGO members to discuss their potential role in improving education at the national level. Field visits to successful NGO programs in education will be arranged, strategic planning workshops conducted, and professional norms and standards for NGOs working in education will be articulated through collaborative efforts with partners such as the National Ministry of Education.

World Education will also be developing partnerships with national NGOs who will in turn work with the APEAEs. These partner NGOs will become intermediary organizations and provide training for APEAEs in community and organization development, adult literacy, management and education research programs. If the program is successful, it will be expanded to two regions in addition to the initial pilot region. The training system will work within the APEAE network, with service NGOs intervening on a contractual basis only. World Education will also work with Prefecture-level representative bodies elected by the APEAEs and their delegated Regional Federations. These Federations could potentially elect members of a National Council of APEAEs to communicate directly with the central government. This national council could encourage stakeholders to increase their participation in the dynamic education reform going on in Guinea by providing training opportunities in bookkeeping, fundraising, establishing links with the private sector and providing a forum for sharing best practices.

Haiti: Reshaping the Enabling Environment Through Advocacy

Development Problem: An accommodating business climate is absolutely vital to creating jobs and income opportunities at this point in Haiti's transition to democracy. In addition to macroeconomic reforms, an improved business climate requires important industry-specific reforms which require close coordination with private sector leaders.

Relevance of NPI Approach: Rather than channeling technical assistance for economic policy reforms exclusively and directly to the government, forming partnerships between the GOH and representatives of the business community (and engaging both directly in an open policy debate) should not only result in more appropriate policy recommendations, but also assure broader support for the reforms enacted.

Description of Actions Undertaken: For the past 18 months, the Mission has been working with a group of business leaders and Cabinet officials on specific policy reforms and current national issues, through support to an organization known as the Presidential Commission for Economic Growth and Modernization. This collaboration has assisted and influenced President Preval's policies. For example, a set of 16 policy papers provided to the President after his election became the basis for legislation, including laws enacted on privatization, port tariffs, and other economic reforms. A total of seven draft laws have been prepared, including a new investment code which is being presented to the Cabinet, and will shortly be submitted to Parliament.

Haiti: Expanding Microenterprise Through New Partnerships

Development Problem

Several macroeconomic policy reforms in lending were undertaken in FY 1995, including the elimination of the interest ceiling, a decree allowing chattel mortgages, and others. Haitian banks, however, remain extremely risk averse. Loans continue to be narrowly funneled to the family groups that dominate the economy, constitute major shareholders and who often sit on the banks' board of directors. Loan eligibility is determined by the amount and type of collateral that can be pledged, with a preference for urban property and foreign exchange deposits to guarantee loan repayment. Those without such collateral are simply denied access to commercial bank financing.

The reticence of commercial banks to provide financing to non-traditional clients has contributed to the slowness of recovery of the Haitian economy and the persistence of 50-60 percent unemployment.

Relevance of NPI Approach

Under the Program for the Recovery of the Economy in Transition (PRET), USAID and DAI are seeking partners in both the formal and informal financial sectors, who are willing to engage in a broader lending strategy (including small businesses and microenterprises) than the current traditional approach. Such a strategy would not only expand the client base of participating banks, but would also provide a valuable boost to economic activity, investment and employment.

Description of Planned Actions

USAID's microenterprise program has traditionally been channeled through Non-Bank Intermediaries (NBIs), i.e. development foundations. USAID's assistance to eligible NBIs will continue, but some refinements will be made. A Small and Microenterprise Fund financed by USAID will deposit funds into a commercial bank account which will be pledged as collateral for the commercial bank's loan to the NBI, and provide lending capital to the NBI through a grant mechanism. Through these new mechanisms, USAID and four partners launched in December a Village Bank Program, which will target some 2,000 entrepreneurs grouped in 96 village banks in the first year of operation.

In addition, USAID is on the verge of entering a new partnership brokered with the Bankers' Association and Haiti's main commercial banks. By offering loan guaranty certificates, USAID will cover the perceived extra risk factor inherent in lending to small, unknown businesses without collateral.

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Haiti: Promoting Mango Exports Through Partnership

Development Problem

Under the traditional agricultural input system, Haitian exporters were able to purchase imported agricultural inputs by using a combination of personal savings, cash advances from distributors and retailers, and loans from commercial banks. This financing system worked fairly well until the 1991 coup d'etat, which led to the U.S. trade embargo, resulting in substantial losses at all levels of the distribution channel of the mango industry. This situation sent loans into arrears and eliminated any possibility of mobilizing new funds to gather and ship future crops.

Relevance of NPI Approach

Under the Program for the Recovery of the Economy in Transition (PRET), USAID/Haiti and SOFIHDES entered into a partnership to create the Agribusiness Guarantee Fund (AGF). The Fund provides the commercial banks with the additional security needed to lend the mango exporters the funds required to recapitalize the system and save their operations.

Description of Actions Undertaken

Partnering with the players already in the system (exporters and local commercial banks), SOFIHDES issues guaranty certificates to the exporters and/or to the financial institution of their choice, hence increasing the exporters' borrowing capacity at their banks. As one of the conditions to receiving such certificates, the mango exporter needs to assure that the new credit flows down to the small farmers, making this program a win-win situation.

On another front, USAID is assisting mango exporters to become more effective through organization. Until 1987, Haiti used to export more mangos to the U.S. than any other country except Mexico. It still has ten working hot water (pre-export) treatment plants, but no growers' or exporters' association. Since they cannot regain market share or deal effectively with USDA without such an organization, USAID is helping to form an association and use it to explore export expansion opportunities. After some birth pangs, the membership is beginning to form.

Kenya: Creating a More Favorable Enabling Environment for Kenya's Private Sector

Kenya's small business environment carries with it special challenges for the country. The small and microenterprise sector is the primary vehicle for creating jobs in a country with over 25% unemployment and forms the basis for a national strategy that addresses the country's growing poverty problem. A frontal assault on unemployment and poverty is not only important for propelling Kenya's economic growth to a level where it can begin the transformation to become a Newly Industrialized Country later in the 21st century, but is also critical for avoiding conflict, confrontation and potentially explosive uprisings that have become all too common in Sub-Saharan Africa.

USAID and other donors have been working with specific credit, training, management and other interventions in the small and micro-enterprise sector for over a decade. Only recently, however, have the evolving donor-NGO-private sector partnerships become strong

Kenya's Private Sector (cont'd)

enough to have a significant policy-level role in the small and microenterprise sector. The newest, and perhaps most critical partner--government--now views its role in a more strategic manner within an enhanced enabling environment. As a result, donors are complementing each other by implementing key interventions in areas of their comparative advantage--the British ODA with the Government's Deregulation Unit to craft small business-friendly legislation; the World Bank at the macro-level; the European Union with establishing a public policy institute for analyzing and recommending policy interventions to government, the United Nations in a coordinating and gap-filling role; and USAID in providing a national forum where private sector and NGO voices can be most effectively heard.

As a first step, USAID/Kenya has contracted with a "neutral" policy organization located in Kenya--the Africa office of the multi-donor financed International Center for Economic Growth (ICEG)--to carry out a series of policy fora. The initiative will: 1) bring together an inter-ministerial group of top policy makers that takes ownership of small business policy reforms, 2) commissions research on specific enabling policy topics, 3) host semi-annual fora that bring together key stakeholders around specific topics for which the research has been undertaken, and 4) put together recommendations for the government's consideration. Much of the basis for the recommendations will spring from research which is being done by local institutions that focus on small enterprises. The capacity of these entities is widely recognized and has been enhanced by more than a decade of donor assistance in the area.

Although just initiated during the NPI Learning Phase, the synergy generated among various small enterprise policy initiatives and increased collaboration with donor, NGO, public and private sector partners is great and appears to be facilitating policy reform in the sector. Already, regulations at the local level, viewed earlier as an intractable morass of rent-seeking corruption, are being seen as a major area for change. In seminars held in major market cities, business regulations are viewed by the local officials and business owners alike as ripe for change to make it easier for small kiosks and businesses to operate.

Perhaps the most successful action in getting the policy component off to a good start was the comprehensive design that incorporated what has worked well in other countries into a more Kenya-specific context. This design process took the normal analysis (i.e., what has been done, what seemed to work, where were the gaps, what seemed to be the promising method for intervention, etc.) one step further by bringing together donors and potential policy partners for one day to discuss and brainstorm pertinent issues.

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Madagascar: Madagascar's Commercial Agriculture Production (Cap) Project

For almost 20 years, agricultural production throughout Madagascar fell dramatically as the Government sought to eliminate intermediaries in the agricultural production chain and replace them with State-run organizations. CAP is catalyzing a reversal of this process by addressing the major constraints to agricultural growth in the high potential zones of Mahajanga and Fianarantsoa. In the last year, CAP has reduced shortages of technical and managerial know-how in over 100 agribusiness clients, provided importers with \$.5 million in foreign exchange with a six-month deferred payment plan through an Input Supply Fund (ISF), rehabilitated 158 kilometers of farm-to-market roads, and helped establish 25 road-user associations. CAP has reinforced public-private partnerships and brought new activity to once abandoned regions.

Working with agribusinesses, grower associations, road-user associations, local and national authorities, a series of international and local specialists, and USAID and other donors partners, CAP has begun to alleviate many constraints to agricultural sector growth resulting in the revitalization of many areas.

CAP's progress has been largely due to a customer focus and teamwork approach. By carefully listening to its clients, CAP has been able to engage them more effectively in the development process and make the assistance more responsible to their needs. By working creatively with European, Japanese, and international partners, CAP has leveraged its efforts, and by collaborating with the SAVEM, and KEPEM environmental efforts, it has begun to link efforts to increase economic growth and protect the environment.

Philippines: Women in Grassroots Democracy

Capiz Women, Inc. (CWI) is a women's movement of community leaders organized in 1990 in the province of Capiz, Panay Island, Philippines. Today, CWI is a movement of 11,000 women from all walks of life -- from teachers, fish vendors to laundry women who are now in the mainstream of development as advocates of grassroots democracy.

Organized, enabled and empowered by the Gerry Roxas Foundation (GRF) through USAID's democracy program, the CWI is a strong partner of local governments units and NGOs in Capiz. CWI has mobilized multisectoral alliances and coalitions in developing and sustaining advocacy and action programs in environment, health and nutrition, microenterprise credit and local governance.

As members of local development councils, they are the community's voice, "eyes and ears" as "watchdogs" of local government construction projects. Part of their local advocacy is enjoining the men and women in their families and communities to pay their taxes to the local government. They are now assisting an indigenous community in Capiz to reclaim their ancestral rights over their domain. Taking off from GRF's innovative "Moneyshop" micro-lending program, CWI has begun the transition from being borrowers to owners and managers of the Moneyshop, and has been serving the credit needs of their women entrepreneurs. They are now linked with the business sector for enterprise support and marketing assistance. A number of the leaders have also ran for local elections as village chiefs and won.

After only six years in development work, the Capiz women have proven that participation of women as partners and stakeholders is a key factor to success in sustaining democracy and local development.

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The Philippines: Creating an Enabling Environment for NGO Collaboration

Beginning in 1993, funding to or through NGOs reached 50 percent of total Mission commitments. That same year, the Mission began to dramatically simplify grant management procedures and involve NGO partners in designing what eventually became the Mission's program of coalitions for the disadvantaged.

The simplification of grant management procedures took place prior to the Agency's re-engineering exercise. It began with several internal and external consultations with grantees, USAID staff, and RIG/A, leading to agreement on several reforms, including:

- Increased flexibility and simplification in grant management;
- A single, user friendly Financial Management Guide replaced multiple, perplexing grant management guides;
- Quarterly financial and progress reports were consolidated into two semestral reports;
- A reorienting of grants toward managing for results;
- For some Strategic Objective teams, a two-step, competitive selection process was introduced to replace ad hoc proposal submissions.

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Sri Lanka: Enhancing the Enabling Environment For Exports

Development problem: Cheap labor alone will not keep the country's products in the front line. Small and medium local exporters need to place more effort in improving the quality of Sri Lankan products to compete effectively in the international market. The ISO 9000 certification of a product ensures a systematic design, development and execution of an accepted international standard and enhances a products' ability to penetrate markets.

Why this approach? USAID assistance through the TIPS project is assisting local businesses by providing the services of an International Executive Service Corps (IESC) volunteer, an expert on Quality Systems Management, to lead Sri Lankan exporters in obtaining ISO 9000 certificate specification for their products.

Activities: The IESC volunteer is presently engaged in a cooperative effort with the National Development Bank, their technology fund and the Sri Lanka Standards Institute to work out a comprehensive long-range program for Sri Lankan companies to obtain ISO 9000 certification for their products. The IESC volunteer will also provide direct "Expert" training for 20-25 pre-selected Sri Lankan consultants to be able to advise the Sri Lankan private sector on ISO 9000 standards.

Value Added/Utility of NPI Approach: The GSL declared 1996 as The Year of Productivity to encourage international competitiveness. In keeping with this productivity campaign many players have participated in promoting international competitiveness. The partnership approach has provided a means to both small and medium exporters to improve the quality of their products to expand their reach and access to international markets. TIPS laid the foundation by promoting the concept of "Quality" which is an essential ingredient for international competitiveness. The Sri Lanka Standards Institution will operate the certification procedure. Also TIPS, with the concurrence of USAID and the Sri Lanka Ministry of Industrial Development and the National Development Bank, will introduce cost sharing grants to private sector companies undertaking quality-related business initiatives.

Sri Lanka: Creating an Enabling Environment for Business Development

The Mission has instituted a policy agenda to provide analysis and leverage to resolve policy constraints. The Mahaweli Enterprise Development Project (MED), the Microenterprise Support Activity (MESA) and Policy Reform Support Activity under the Mission's umbrella Sustainable Economic Growth Program (SEGP) are establishing a competitive banking structure and specialized intermediary financial institutions for small businesses and NGOs.

Under the Promotion of Private Infrastructure Project (PPI), USAID contributed to the GSL's landmark decision to form public-private partnerships in improving the country's infrastructure. The project strengthened the institutional capacities of the Bureau of Infrastructure Investment and the line agencies and helped create an institutional structure to establish regulations and procedures for soliciting, receiving and negotiating private sector infrastructure projects.

Activities under the Policy Support Unit of the PSPS project supported over 20 local business chambers and associations. This encouraged and assisted dialogue between the private sector and the government, improved their capability to advocate their interests, and opened up the government's decisionmaking process on key issues affecting Sri Lanka's private sector. As a result there is now a more transparent and productive partnership between Sri Lanka's private and public sectors.

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Sri Lanka: Public-Private Partnership to Manage Coastal Resources

Development problem: Rekawa is a seaside rural community located in the Hambantota District of Southern Sri Lanka. Since most of those in the community are engaged in sea/lagoon fishing and agriculture, local people are almost totally dependent on the area's natural resource base. As a result of poor management of the fisheries and land, the productivity of the Rekawa lagoon had begun to decline markedly--endangering both the natural capacity of the ecosystem and the livelihood of hundreds of families in the area.

Why this approach? Because the tradition of natural resource management in Sri Lanka is generally one of centralized planning and decentralized implementation, the demands of communities have often been overlooked and they have been denied the opportunity to provide ideas, share knowledge and make decisions about actions which affect their lives. In order to ensure the sustainable management and stewardship of Rekawa's coastal resources, USAID is assisting the central government, represented by the Divisional Secretary, to lead a participatory process designed to facilitate collaborative decision making and build the capacity of both local community groups and local government.

Activities: Under the NAREPP Coastal Resources Management Project (CRMP)--managed by the University of Rhode Island--steps have been taken to seek collaborative resource management with those who have a stake in the resources of the area. Through a Special Area Management (SAM) process started in 1993, numerous nongovernmental groups, community members, and local/central government authorities have been engaged in a participatory process to identify environmental management problems in Rekawa, engage in joint planning and management sessions, and formulate a "SAM Plan" which is adaptable enough to meet the changing needs of the community.

This collaborative process is supported by a Rekawa SAM Coordinating Committee (RSAMCC) comprised of representatives from local government authorities, various central government agencies (e.g. the Coast Conservation Department), local nongovernmental and community-based organizations, private sector groups (e.g. Enterprise Development Center) and international NGOs (e.g., PLAN International). The RSAMCC--which meets monthly--acts as an information clearinghouse on SAM Plan development and implementation and serves as a coordinating body for interagency planning. Although it does not directly involve community members in implementation, it provides a regular public forum for stakeholders to voice their ideas, raise issues of concern, debate areas of disagreement, and cooperatively develop solutions to shared problems. Many partnerships between government and community groups have been and are being formed through this active body.

The Rekawa Community Coordinating Committee (CCC) was also established to more effectively capture and articulate the interests of various community members. The CCC represents several federations/ societies, including organizations of women, youth, voluntary organizations, farmers, and sea and lagoon fishermen. After each monthly CCC meeting, local members' issues are vetted at the RSAMCC forum by the CCC representatives. As a result of this mechanism, those in the community are now more confident that their voices are heard and opinions taken into account by the authorities.

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Sri Lanka: Public-Private Partnership to Manage Coastal Resources (cont'd.)

The use of educated youth as catalysts is an innovative aspect of the CRMP. Nine youth from the community have been recruited, given intensive training as Volunteer Community Organizers, and appointed throughout the area. The catalysts have worked closely with local officials and the community to increase awareness about natural resources and environment conservation, assist in self-employment and income generating activities, and facilitate the formation of federations.

In the absence of one single overarching NGO in Rekawa representing the community, the Rekawa Lagoon Fishermen's Cooperative Society (RLFCS) has acted as a catalyst to bring the wide range of CBOs together under a single registered NGO. This new Rekawa Development Foundation will be responsible for representing the community in natural resources management and other decisionmaking processes that affect the overall community. To demonstrate its support for the Foundation, the local *Pradeshiya Sabha* has donated a building which will serve as the NGO's project office. The site will also serve as a new, expanded Sales Center for the RLFCS, which is currently selling items such as chicken and fishing nets.

The RLFCS--the first lagoon fishery society ever registered in Sri Lanka--has been very active in promoting a more favorable local enabling environment for its members. One of the first tasks undertaken by the Society was to develop a set of guidelines to regulate fishing gear and methods in the lagoon. The fishermen--who identified the need for the guidelines--were assisted by CRMP and the Department of Fisheries and Aquatic Resources Development. While the guidelines were initially enforced using social pressure by those in the community, they have now been submitted for legal recognition and ratification by the government. The Society's ultimate objective of taking over management of the lagoon's resources will be greatly facilitated by the adoption of these guidelines.

On a more macro level, an improved enabling environment for coastal zone management (CZM) is also being fostered through the preparation of a plan by CRMP and the Coast Conservation Department. The CZM Plan--translated into both Tamil and Sinhala--was recently submitted to the government for public comments. In order to facilitate effective implementation of the CZM plan, capacity building training is being provided under the CRMP project to local and provincial government officials, as well as NGO personnel.

F. CONCLUSIONS

This examination of the characteristics of environments that enable NPI-related activities leads to a number of conclusions that may be useful for USAID operating units and others involved in the design and implementation of development activities. These conclusions include the following:

- Enabling environments are the rules of the game. Central to those necessary for fostering partnerships are: political will with adequate legal and constitutional structures; fiscal independence/accountability/transparency; sufficient information/communication; a positive macro-policy environment; and a minimal level of social accord.

- The existence of national political, economic and social policies that facilitate productive activities by civil society, business and sub-national governments is a necessary but insufficient condition for effectively enabling new partnerships at the local level or between the three sectors.
- Whether it is wiser to target efforts to improve the enabling environment primarily at the national or at the local level is largely a function of the particular situation or stage of democratic development existing in the country in question. Circumstances permitting, the most desirable approach is to incorporate both "bottom-up" and "top-down" elements in an overall strategy.
- Strategies designed to improve the enabling environment at the national level generally call for the initiation or strengthening of a process of open policy dialogue in which CSOs, business, local governments and interested citizens participate.
- While enabling environments for civil society, local governance and the business sector include some of the same factors (i.e., the existence of appropriate policy and regulatory frameworks), they also require conditions that are specific to each sector. These might include, for example, freedom of association for CSOs, devolution of governmental authority to the local level, and an efficient banking system that facilitates credit for business transactions.
- Though healthy enabling environments may exist for each of the three sectors targeted by NPI (i.e., civil society, business and institutions of democratic local governance), effective inter-sectoral partnerships require other enabling factors, especially other types of institutional arrangements, which must be tailored to the needs of the particular partnership. The possibilities for creating various types of new institutional arrangements are endless. However, these possibilities are constrained by enabling environments which allow or disallow change.

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Chapter 5: FOSTERING STRATEGIC PARTNERING

Inter-sectoral partnerships became a key part of NPI because of new insights about how to undertake sustainable development. Without collaborative action, the sectors often work at cross-purposes; with collaborative action they can take advantage of creative synergies and achieve outcomes that are impossible for any one of them alone.

Acknowledgement is given to the following collaborators who made special contributions to the drafting of this Chapter:

L. David Brown and Steven Waddell (Institute for Development Research).

A. INTRODUCTION

This chapter focuses on *fostering partnerships for development* - a concept which lies at the very heart of NPI. NPI involves broad based and collaborative efforts by diverse groups working together to respond to development challenges. A central premise of NPI is that active participation and collaboration by a broad range of actors in the different sectors of society is key to achieving development which is effective and sustainable. Therefore, NPI advocates partnerships and linkages among a wide range of actors within and between sectors. The three key sectors identified by NPI are "institutions of democratic local governance," "business" and "civil society". Civil society actors encompass an extremely broad range of civil society organizations including PVOs and NGOs, cooperatives, community based organizations, universities, think tanks and business associations.

NPI's primary focus is strengthening partnerships and linkages among institutions of democratic local governance, business and civil society actors at the local level, and empowering these actors to take charge of their own development process. But it also recognizes the importance of strategic partnerships at the national and international levels - and between organizations at the different levels - to provide effective support for local development. Therefore, a wide range of partnership arrangements come into play in NPI, including for example, "North-South" partnerships between U.S. PVOs and local NGOs, "South-South" partnerships among NGOs and businesses in neighboring developing countries, "donor partnerships" between multilateral and bilateral development agencies, and "intra-sectoral partnerships" which include the formation of national level associations and coalitions within the business and NGO communities.

"Inter-sectoral partnerships" (ISPs) assume special importance in NPI. These partnerships bring together organizations in two or more of the three sectors to pursue joint initiatives or common objectives. These types of partnerships are critical to achieving the overall objective of NPI, which is "More effective response by civil society, business and institutions of democratic local governance in collaboratively addressing development problems." One of the key insights of NPI is that for development to be effective the three sectors must be brought together. Without collaborative action the sectors often work at cross purposes; with collaborative action they can take advantage of synergies and achieve outcomes that are impossible for any of them acting alone.

This Chapter devotes particular attention to ISPs, which are central to NPI and critical to long-term sustainable development. It includes a "practical guide" for USAID Missions and other actors who are interested in fostering the development of inter-sectoral partnerships. The Chapter begins with a definition of partnerships, a discussion of the reasons why organizations partner, and a description of different types of partnering arrangements between organizations. This includes an extensive description of inter-sectoral partnerships and their benefits. The following section is a detailed discussion of practical steps for fostering ISPs. This is the "practical guide" which provides a framework to assist USAID Missions and

other actors who are interested in promoting ISPs. It outlines five key stages in the development of ISPs and highlights key factors and issues that need to be addressed at each stage. The stages range from establishing the preconditions necessary for cooperation at the outset to institutionalizing and expanding successful ISPs at the end.

The next section of the Chapter discusses fostering transnational partnerships, including "North-South" partnerships, "South-South" partnerships, and "issue-centered" partnerships. This is followed by a section on "Donor Roles in Fostering Partnerships," including facilitating, funding, training and skill building. The final major sections are devoted to a discussion of the "lessons learned" by the Leading Edge Missions and Partner Missions, and a suggested list of promising practices for Missions and other actors to consider in their efforts to foster partnerships.

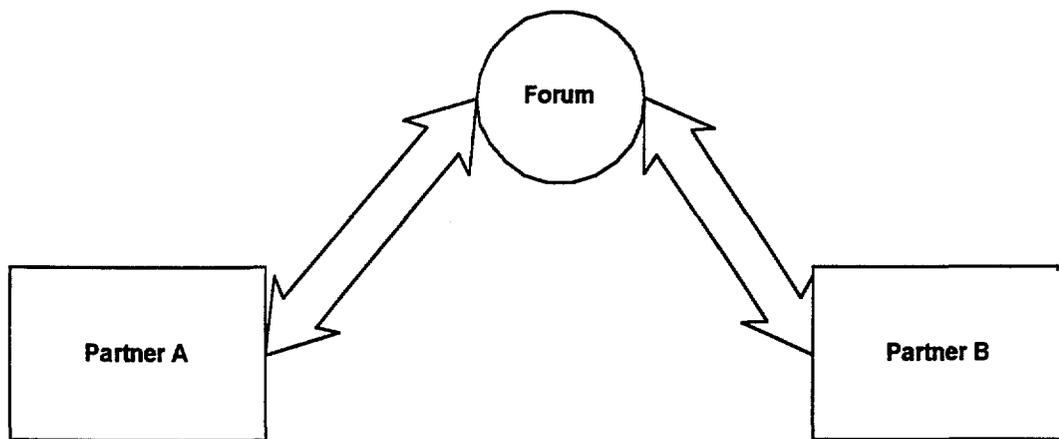
B. DEFINITIONS AND KEY CONCEPTS

1. Inter-Organizational Partnerships

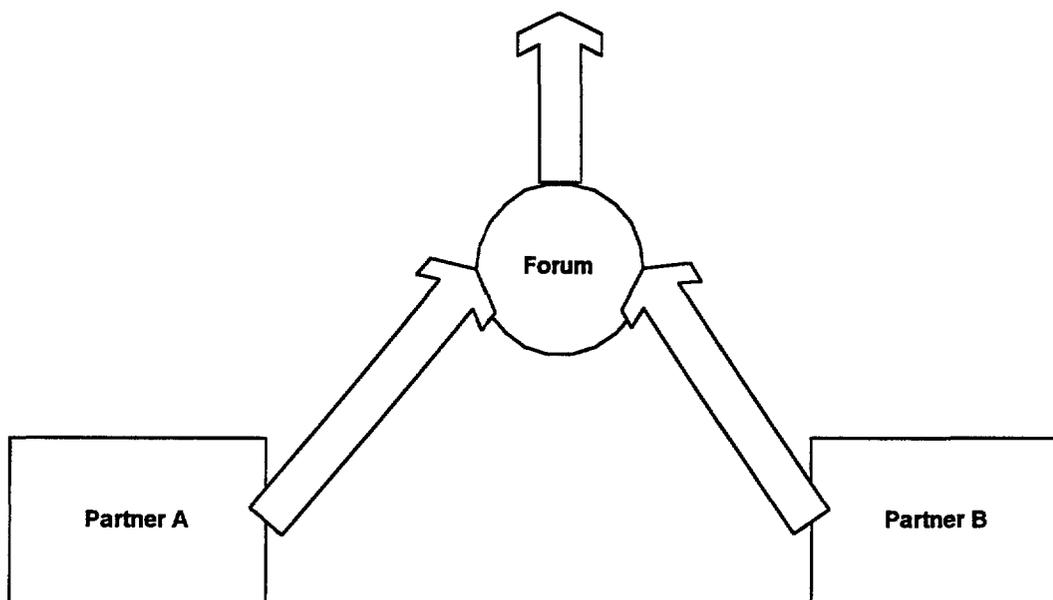
"Partnerships" is a term that can be applied to a wide variety of inter-organizational forums to share and exchange resources and information and to produce outcomes that one partner working alone could not achieve. In their broadest sense they include everything from informal forums, such as lunches or informal contacts, to formal systems, such as a formal consultation processes or new legal entities. Rather than think of partnerships as an outcome, it is useful to think of them as a process: as an action called *partnering*. This conveys the key active aspect of partnerships; they are not static, but are always changing as goals, abilities and relationships change.

Over the last thirty years inter-organizational partnering has become much more common¹. During the sixties and seventies, there was growth in business alliances, first domestically and then internationally. In the 1980s private/public partnerships became very popular. And over the last few years we have seen the emergence of inter-sectoral partnerships - ones involving governance, business and civil society organizations.

¹See Barbara Gray, Collaborating: Finding Common Ground for Multiparty Problems, San Francisco, Jossey Bass, 1989, and David Chrislip and C.E. Larsen, Collaborative Leadership: How Citizens and Civic Leaders Can Make a Difference. San Francisco: Jossey-Bass, 1994.



Partner Structure A: Exchange Focus



Partner Structure B: New Venture Focus

Figure V.1: Common Partnership Patterns

Partnering has become much more common. We understand how to partner better now that we have substantially more experience in this area. Experience means risks are lower, the organizing "technologies" are more clearly defined, the skills are more broadly available, and the strategies are better understood. Another factor is globalization. As people working in international development well know, there is a mismatch of resources and needs around the world. The increased amount of connectedness globally makes this increasingly apparent; it also makes

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increasingly apparent the value of building links to indigenous organizations as partners rather than trying to directly undertake activity in other countries. Another factor in the growth of partnering is improving communications technology and transportation links. With the increased opportunity to interact, a partnering strategy becomes increasingly viable and productive.

Partnering happens for several reasons. One reason is that the parties simply want to increase the scale of their activity. Another is that they want to take advantage of the strengths of a partner. A third reason is that they want to exchange technologies or information in order to learn from one another. A fourth reason is that they want to develop undefined opportunities, based on the understanding that dynamic interaction creates new ideas and solutions to problems. A fifth reason is that they may want to capitalize on the political advantage or power that can derive from coalition building. Sometimes these reasons are strengthened by a crisis or problem that demands immediate attention; at other times there is a more relaxed exploration of opportunities. These sorts of reasons lead partnerships to undertake the following kinds of activities:

- knowledge transfers
- improving service delivery
- reforming public policy
- community development
- providing education

Informal and formal partnering have a variety of qualities. Perhaps most important is that they involve a sharing of visions and power to build something new and different from the visions of the partners individually. Partnering involves "exchange of purpose" in a forum where people meet as peers, where they have the right to say "No," and where they are accountable to one another. This requires openness, honesty and commitment. Of course these requirements are not immediately present. Rather, they grow as partnering progresses, trust is built and people explore their opportunities in an increasingly open way that allows development of opportunities and creative synergies. Commitment allows investigation into differences and misunderstandings, and means supporting one another through difficulties.²

Building partnerships emphasizes very different skills from those required in the more familiar hierarchical organizations - skills such as intense listening, perceptive questioning, building trust, integrating multiple perspectives to inform actions, negotiating power and resource differences, discovering common ground, and creating shared visions.

² Block, P. 1993. Stewardship: Choosing Service over Self-Interest. San Francisco, CA: Berrett-Koehler.

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Cooperation between organizations can take many forms and involve few or many partners. Figure V.1 portrays two common patterns of cooperation between two partners, though similar organizational arrangements might involve many more than two. Some partnerships involve the exchange of information and resources to strengthen the partners' activities as independent organizations. This is represented as Structure A. An example might be participation in an information exchange, such as a conference or a workshop, that enables both parties to learn information of value to their respective activities. In this type of partnership structure, exchanges are usually in terms of skills, knowledge, financial capital and general information. The forum is very often informal, although as partnering progresses the forum can take on more formal characteristics.

A second type of partnering involves the creation of a new organization to undertake a specific activity - a new venture that may require activities that are very different from the core activities of either partner. In this case the new entity itself may produce new services, products or infrastructure. These types of partnering tend to take a more formal structure with a separate legal entity. They are often preceded by extensive contacts among the partners in less formal relationships. Of course there are many variations and combination of these forms.³ The vision and organizational structure of an alliance are often shaped by two key factors: (1) the degree of difference (diversity) among the partners; and (2) the nature of the tasks the alliance seeks to accomplish. Table V.1 suggests the extremes that such patterns may take.

The *degree of difference* among partners will affect how many resources and how much effort will be required to build a partnership between them. If the partners are very similar, it may require relatively few resources to build understanding and manage their differences. Partners from the same sector (e.g. business), with similar cultures, equal power, and little history of conflict often negotiate cooperative arrangements more easily than partners that are from different sectors (e.g. business and governance), have different cultures, varying degrees of power, or histories of conflict. An industry roundtable of businesses with common concerns about government regulation is easier to organize than a discussion of the same issues among business, unions, consumer organizations, and government regulators.

Similarly, the nature of the task to be jointly undertaken influences the kind of organization required by the partnership. When tasks are very general and require little coordination, such as information sharing, the coordination of the various partners can be loosely organized. When the tasks are specific, complex, and require close coordination among interdependent actors, then more tightly organized partnerships may be required. Sharing information and perspectives

³The following discussion is based on L. David Brown, *Bridging Organizations and Sustainable Development*, Human Relations. 1991, 44:8, 807-831.

among partners may require less elaborate organizational structure than carrying out a cooperative manufacturing project or putting on a joint educational program.

Table V.1 indicates the consequences of integrating the two dimensions for understanding cooperation between organizations. When both partners' diversity and task specificity are low, loosely organized networks or associations may be an effective organizational form for linking the partners, such as a trade association or a loosely organized roundtable. When the partners are similar but the task is specific and complex, alliances or joint ventures that allow tight coordination are important, such as the joint ventures spun off by many businesses. When the task is vague or simple but the partners are diverse, the partners need to build agreement on general goals that can be accomplished by loosely organized social movements or geographically-based networks that can carry out simple tasks. When both diversity and task demands are high, partners need to invest resources both in negotiating acceptable shared visions and coalition or partnership organizations capable of carrying out the tasks needed to accomplish those visions.

Table V.1. Dimensions of Partnering

	Low Partner Diversity	High Partner Diversity
Low Task Specificity	<p>Vision: Agreement on general problems relevant to similar constituents.</p> <p>Organization: Associations or ideological networks that allow loose coordination among similar organizations.</p>	<p>Vision: Agreement on general problems relevant to diverse constituents.</p> <p>Organization: Broad social movements and geographically-based networks that allow loose coordination among diverse organizations.</p>
High Task Specificity	<p>Vision: Agreement on specific problems and actions needed by similar constituents.</p> <p>Organization: Issue-based networks, alliances or organizations that coordinate task and resource allocation among similar organizations.</p>	<p>Vision: Agreement on specific problems and actions needed by diverse constituents.</p> <p>Organization: Coalitions and partnerships that coordinate task and resource allocation among diverse organizations.</p>

Table V.1 describes the vision necessary to undertake partnership, and the types of forums most commonly found that address these issues. Traditional business partnerships generally have low diversity and high task specificity - the qualities most conducive to partnership formation. In this case, formal third party organizations which produce their own product or service - the type of forum that demands the greatest amount of trust - are relatively common. In contrast,

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forming partnerships where there is great diversity among partners and low task specificity is the most difficult. This describes the situations facing partnerships between NGOs and businesses, for example. These organizations have very different purposes, members, resources and values. Most often the issues that lead NGOs and businesses to make contact are large-scale problems with contentious views about goals, strategies and responsibilities; problems such as education, housing, health care, and the environment.

These issues underlie the organization of many partnerships with which USAID commonly works, such as:

- cooperative ventures that involve US PVOs, NGOs, think tanks, universities and corporations;
- US PVO-local NGO partnerships;
- US-local joint business ventures;
- US-local sister city partnerships; and
- intra-sectoral organizations, such as coalitions, federations and professional associations.

2. The Sectors

In many ways, people working in international development have long been on the cutting edge of partnering, and it is not a surprise that "inter-sectoral partnerships" should become important in this field. Inter-sectoral partnerships became a key part of the New Partnerships Initiative because of new insights about how to undertake sustainable development. The Initiative represents a merging of traditional economic development and social development activities. Traditional economic development focussed upon the roles of government and private business, and traditional social development focused upon the role of government and voluntary organizations. The driving insight behind NPI is that these three sectors - institutions of democratic local governance, business and civil society - must be brought together for development to be sustainable over the long term. Without collaborative action, the sectors often work at cross-purposes; with collaborative action they can take advantage of creative synergies and achieve outcomes that are impossible for any of them acting alone.

The sectors are organized around very different interests and concerns. The institutions of the state are concerned with the creation and maintenance of public order and the distributions of public goods. State organizations include the various levels of government: bureaucracies organized often as departments or ministries; state-appointed bodies such as the judiciary, regulatory boards and councils; agencies that provide public services, such as housing and economic development; and government-controlled enterprises such as utilities, education systems and health care institutions.

The institutions of business are concerned with the efficient production of goods and services. Common market organizational forms are public corporations, private companies, private partnerships, proprietorships, and franchises. The institutions of civil society are concerned with the expression and preservation of core community values, beliefs and interests, through advocacy and the provision of services. Civil society includes organizations like associations, voluntary agencies, NGOs, people's movements, citizens' groups, consumer associations, religious institutions, women's organizations, and indigenous people's associations.

Of course some organizations include some elements of the key organizing and motivating forces of more than one sector, but most organizations have a distinct orientation that can be linked to one of the sectors. This distinction is useful to make because it can provide a powerful basis for sustainable development. There are some organizations which by their very nature are "hybrids" which cross-sectoral boundaries. Some notable ones are producer cooperatives and credit unions, business federations, semi-public agencies, political parties and private universities. In these types of organizations a mixture of the values, missions and culture of two or more of the sectors are active.

NPI distinguishes between the role of national and regional groupings of the sectoral organizations and the local and grassroots ones. The former, including national governments, federations, associations and large businesses, has a particularly important role in strengthening the enabling environment. The latter, including local government, small business and grassroots associations, has a particularly important role in the actual delivery of services and goods and promotion of local values.

3. Inter-sectoral Partnerships

The term inter-sectoral partnerships (ISPs) refers to joint initiatives of organizations from several of the institutional sectors usually found in societies: 1) *governance* organizations which include various levels of governments and their agencies, such as government housing authorities and public schools; 2) *business* organizations, including private, for-profit businesses producing goods and providing services; 3) and organizations of *civil society*, which include a wide range of voluntary associations and agencies that represent and express the values and concerns of social groups.

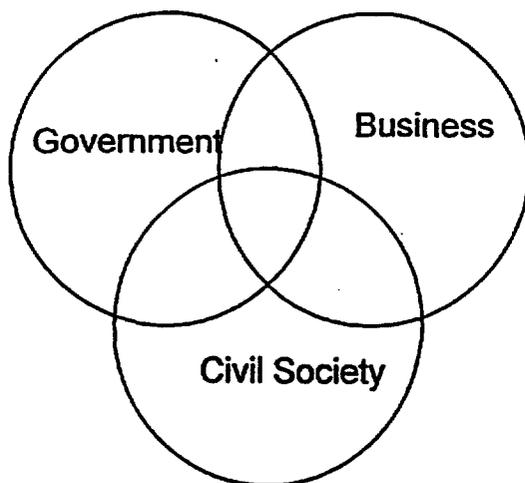
ISPs are a special type of partnering that includes a wide range of linkages, collaborations and forums. They span two or more institutional sectors, and operate across the intersecting circles in Figure V.2 below.

The type of connection can vary substantially in response to different issues and local resources. Linkages vary in duration and in scale of activity as well as forms of organization. Joint focus groups, for example, are a relatively weak form of linkage: a third party may take the initiative to call the parties together for a one-shot dialogue on a particular issue. A somewhat stronger form could engage

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the parties in a series of conferences. These events might be first steps in building a longer-term collaboration that makes heavy demands on the parties, and is capable of producing more substantial joint action, such as inter-sectoral committees that assess social and economic development issues. When discussions produce new organizations, like an intermediary or joint partnership, they may press for substantial partner commitments over a long period of time.

**Figure V.2.
Three
Sectors**



**Inter-sectoral Partnerships Combine
One or More Sectors**

Sometimes inter-sectoral initiatives take the form of dyads, such as government and business, government and civil society, or civil society and business. Others may combine all three sectors. Relationships may also involve partners from different countries, such as a "North-South" partnership involving local government, local NGOs, and international PVOs. Further subdivisions can be made to distinguish between grassroots and international NGOs, large business and small business, local and national government. However, the key element is that actors cooperate across sectors, ideally in ways that capture synergies from the interaction of their complementary strengths and weaknesses.

4. The Benefits of Inter-sectoral Partnerships

Joining together institutions of democratic local governance, business and civil society, links the three sectors critical to sustainable development to coordinate activities and avoids the problem of allowing the activity of one to undermine the other. The benefits of joint initiatives must be thought of in terms of the goals of each of the partners. For civil society organizations, local values and goals are more readily expressed and achieved because they are more explicitly included in the activities of other sectors. Rather than simply being the recipients or implementors of programs with relatively little influence on decisions that shape project goals, plans, and outcomes, the local community is actively involved in their

creation and delivery. For business sector organizations, new markets and products are developed and greater financial wealth is created, which leads to greater profits. And the government can achieve policy objectives such as increased economic development, support for local culture and increased health and education outcomes.

Also by joining together the sectors, a new range of outcomes arise that are impossible for the sectors working independently. When they work well, the different interests of the sectors give rise to a creative tension that leads to innovation in terms of product development and delivery, governance and expression of local values. With the example of microenterprise lending, new lending products and delivery vehicles beyond traditional bank branch delivery, and new decision-making bodies are created for entrepreneurs who are targeting local needs by producing local products and services.

Microenterprise Lending

Microenterprise lending is an example of an inter-sectoral partnership which creates outcomes that were impossible for the sectors working independently. A civil society peer group association (either an existing group or one specially created), and (usually) a private sector financier work within a government-organized monetary and supportive policy system to loan money to people traditionally outside of the financial system. In this case, the addition of the civil society organization to the traditional business of lending money activity resulted in lower lending service costs and lower default rates through its social structure of peer support. The lenders' goal of financial returns provides a valuable discipline which actually supports the maintenance of the civil society unit; many of the microentrepreneurs find their mutual support in addressing issues as important as the actual access to funds.

Another value of inter-sectoral partnerships is that they can transform the capacities of their participants. This is demonstrated by the Orangi Pilot Project in Pakistan, which represents a type of civil society-government ISP. In the Orangi Pilot Project, thousands of local latrines and sewage systems were constructed at very low cost by a partnership between neighborhood organizations of local resident who did most of the construction labor, a local NGO which provided appropriate technology and helped organize the neighborhood organizations, government agencies which built major drains and treatment plants to handle the sewage, and international donor agencies, who provided financial resources to expand the initial successful pilot program. The resulting partnership produced improvements in the local sanitation system that could not have been produced by any of them working alone, and led to new activities by the successful resident organizations on a variety of fronts.

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The Orangi Pilot Project

The Orangi Pilot Project was started in 1980 by the NGO of that name to improve conditions in a large slum (about 1,000,000 people) in Karachi. When residents indicated that sanitation was a primary concern, OPP organized them to use a newly devised technology to build thousands of inexpensive latrines and local drains. It also worked with government agencies and international donors to develop major drains and treatment plants. By 1994, more than 97% of the area was served by the new sewage system and more than 90% of the families had their own latrines. All but 6% of the costs were covered by the residents of Orangi (Khan, 1995).

ISPs are not restricted to developing countries. In the U.S. such partnerships involving all three sectors are increasingly common within the finance industry. Local civil society organizations represent their communities' values, needs and demands and help translate them into products and services that are produced and delivered with the expertise of the business sector and the structural support of the public sector. Governments provide tax and legislative support for housing programs, local banks provide investment capital and expertise, and civil society organizations provide delivery vehicles and help create new products responsive to the values of local communities.

For example, Pittsburgh community development programs draw on the resources of all three sectors to deal with poverty problems in the inner city. In this case the government has found a way to achieve public housing goals more effectively and more efficiently. The bottom line is improved quality of life for poor populations, a larger market that is growing richer, and a government with enhanced legitimacy through a citizenship with a higher level of welfare.

Pittsburgh Community Development Programs

In Pittsburgh activist community-based organizations (CBOs) and banks meet regularly to identify and develop new market opportunities, with the CBOs actually involved in delivering and creating new financial service products such as one designed specifically for low-income African-American women. The CBOs provide new delivery vehicles, like community meetings, to enable access to a market that does not fit comfortably within traditional bank branch-based delivery mechanisms. The banks provide the capital, but the government also subsidizes housing development through programs like those with tax credits and public infrastructure renewal (Waddell, 1996).

C. THE CONTEXT

Inter-sectoral partnering can address large scale issues or problems that no one sector has the resources and ability to manage, and which include issues in which every sector has a stake--issues described earlier as having "low specificity." Three common foci of such partnership activity are: (1) finance industry and economic development; (2) environmental concerns; and (3) traditional "public" issues like health and education. In each of these areas, problems impact all sectors. For example, the finance industry is such a focal area of government concern that regulation and even government ownership are key industry issues. Yet, successful financial systems depend upon private capital for assets - indeed, a major task of the industry is asset mobilization. And the other major function, asset investment, intimately involves communities and issues of local influence and control. For example, USAID experience working with cooperatives overseas has created a number of field-based examples of strategic partnerships between NGOs and businesses and between these civil society actors and local government. In particular, democratic, group-based and community-rooted cooperatives are a means to generate local resources for social and economic development.

Perhaps environmental issues are the most obvious examples of large-scale problems which require inter-sectoral work. To address them requires changes in behavior of the three sectors: community members as consumers and producers of waste; government as a consumer and rule-maker; and business as a producer and user. The NGOs are essential vehicles to express community concerns and obtain changed citizen behavior; the government is responsible for legislation and supplying a supportive environment for addressing the concerns; and the business sector as a producer faces the demands for change and opportunities for new business that come from environmental concerns.

The role of these three sectors' activities is also being thought of differently with issues where government was historically often thought of as having a monopolistic role. The government's key role is now being thought of more as a base to be built upon while the historic role of community organizations such as parent associations and business groups is being increasingly valued, and the role of the market (as well as children, families and society) as a "purchaser" of educational products is being seen as increasingly important.

Inter-sectoral partnerships were also pointed out earlier as an example of highly diverse partnering. The different sectors are often dominated by differing races, classes and geographies as well as values, goals and roles. This means these partnerships create bridges between very different communities, building the social fabric. As well, since the bridges are vehicles for exchange of resources and information they also build the economic structure.

D. PRACTICAL STEPS FOR FOSTERING ISPs

Building ISPs is not an easy or short-term process, and there are hazards involved in trying and failing. However, the outcomes can be impressive for all partners. Builders of ISPs are leaders in building sustainable development. They are pioneers in developing a new organizing and development "technology;" they are also pioneers in developing greater harmony by integrating economic and social development strategies. ISPs can bring together organizations that are working at cross purposes in many areas, yet can combine the resources needed to resolve critical and complex problems through "strategic partnering" in areas of common interest.

Throughout the process of developing an ISP, rule number one is to help build and maintain the vision of what could be, and constantly referencing the reasons for undertaking the initiative. This means not just keeping people sensitive to the "problem," but also keeping people focused upon the unique "win-win" situations that ISPs can produce. As with any "technology" during its early developmental stages, developing ISPs demands experimentation and sharing of information about how common issues can be addressed. Inter-sectoral partnering is often characterized by relatively high levels of conflict as the representatives of the different sectors learn about each other and struggle to define goals that are complementary rather than conflicting. This struggle is often complicated when individuals and organizations are parochial and intolerant of the values and goals of others, or more concerned with maintaining their position or control than in solving problems or creating new opportunities.

Although ISPs continually produce important "process" outcomes like interpersonal relationships and action plans, it often takes five years or more after the initial contacts are made to produce concrete outcomes (like new housing or an impact upon environmental problems). The sectoral representatives must usually get to know each other and other sectors' way of thinking, and build trust with small initiatives before major projects can be undertaken.

Development of the relationships between ISP members commonly follow stages often associated with group development. There is a first stage of people "getting to know one another," and trying to assess intentions and real opportunities. Commonly this lasts at least the first few meetings. These meetings are often characterized by relatively polite exchanges, as people hold their cards close to their chests, and are cautious about sharing too much or giving an advantage. There may be some intense exchanges at this stage, but there is relatively little at stake yet for the parties. In fact, heated exchanges can often be useful to finding common ground just as long as there is enough commitment to work together.

When parties can find enough common ground, they begin to actually undertake projects. With the initial steps to actually do something, more substantial tension often arises as the real implications of implementation and commitment become more evident. People bring very different resources and

abilities to the collective endeavor that are very difficult to equate in any objective sense, and so it is easy for one party to perceive its contribution as more than that of other parties. Or, people may perceive the distribution of benefits differently. However, if they can get through this stage, they enter a more productive stage where trust is higher, people know each other better, and a common culture begins to evolve. At this stage, people are not so concerned about being taken advantage of or getting their share of the benefits as much as whether they are having an impact on the problem.

All parties must learn new skills and build new organizational structures to translate their differing needs and goals into a common outcome. Without a clear recognition that an ISP demands strategies different from non-ISP ones, and without an openness to learning about each others' views, needs, and operating cultures, a relationship will not succeed. All of this requires a relatively long-term commitment, since the skills, structures and relationships of trust cannot be built overnight, especially if past relations have been characterized by distrust and conflict. Without these qualities, relationship-building attempts can descend into chaos and result in deeper chasms between the sectors. However, willingness to build to five to ten years of joint problem-solving can pay large dividends for all partners.

In developing an ISP, parties must focus upon areas of common concern where it is possible to "move forward," or relationships can become "stuck" upon differences in perspective and short-term interest, which are often numerous. Partners to long-term joint activities must learn to work in circumstances where some (often significant) differences can be recognized and accepted, while joint activities arising from shared or dovetailed interests are developed.

The sections that follow identify dilemmas that must be resolved at different stages of the development of ISPs. The purpose is to provide an initial framework to guide donors or other actors concerned with promoting ISPs to solve development problems. It is not possible to provide detailed guidance in this document, but it is possible to suggest issues that are likely to arise on the basis of others' experience with fostering partnerships in other settings. Whether these issues are relevant or helpful to specific situations must be left to the readers involved in those situations. The discussion is divided in five sections: (1) preconditions for ISPs; (2) convening actors and defining problems; (3) setting shared directions; (4) implementing joint action strategies; and (5) expanding and institutionalizing success.

1. Preconditions for Cooperation

Any successful cooperation must be driven by real problems and needs that touch all potential partners - although sometimes the partners' role in the problem is not initially evident and they may perceive another party as "responsible." USAID missions interested in fostering future ISPs may initially want to ask some of the following questions:

1.1 What is the nature of problem that an ISP might solve, and why is it necessary to bring together actors from different sectors to solve it?

- **How are key actors (stakeholders) affected by the problem?**
- **To what extent are resources from different stakeholders required?**

Not all issues can be most effectively addressed by an ISP. In fact, often a specific player or group of actors in partnership within a sector can address issues. ISPs require hard work to build and maintain. Therefore, if another solution is available, it should be seriously considered (unless the ISP provides special advantages such as improved sustainability of results). However, large-scale and contentious issues by their very nature usually require inter-sectoral activity to be addressed effectively. Since ISPs are complicated and contentious, sometimes they emerge from frustration at lack of success with other approaches. Therefore, it is not uncommon that the relationships begin with a "crisis" attitude or a combative atmosphere where the sectoral representatives are meeting as a "last resort." In this type of atmosphere, the parties may well be hesitant about talking together, perceive one another as adversaries and be distrustful of intentions.

As a first step, actually describing in writing the different sectors' stake in an issue is useful. Why should they be interested or concerned about the outcomes? What's "in it for them" to get involved? **What skills, human resources or material resources does a sector have that are necessary to address the problem? One of the surprises with inter-sectoral partnerships is that new resources are usually discovered and traditional resources are made more effective when combined cross-sectorally.**

"Brainstorming" with other USAID mission members with an interest in, and knowledge about, the issue may be useful. This is a time for "blue-skying" and identifying ideal scenarios without getting bogged down in the problem world of resources, personalities and histories. Use "what if..." to build alternative ideal scenarios, such as "what if we had a well-organized small business sector...." You are not responsible for solving those issues; you are out to help identify next steps in addressing an issue.

Once you develop a blue-sky scenario, the next step revolves around identifying the realities. This means doing some research and answering questions like these:

1.2 What is the organizational capacity of the sector to get involved in a partnership?

- **Do all the key stakeholders have effective organizations?**
- **What are the key organizations and players in the sectors?**

This is a "list-making" step. Some of the information you will already know; however, often issues will require some research and footwork, including short conversations with people active in the sector and its organizations.

The success of ISPs is related to the relative development of the various sectors themselves. If one sector is clearly underdeveloped in comparison to another, then the other sectors may be tempted to resort to simple power plays; this, of course, undermines the level of trust that is an essential partnership ingredient. However, substantial imbalance in the comparative development of the sectors can also produce frustration that results not from misunderstanding, but from the inability of the underdeveloped sectors' representatives to bring anything meaningful to the relationship.

Sometimes the first task of one sector is to actively support the development of another. In the Orangi Pilot Project in Pakistan, the NGO and eventually the government agreed that the first step in building new sewage systems was to help neighborhoods organize themselves into line organizations. And often small businesses that want government to adopt policies more supportive of their sector must first organize themselves into associations.

The West African Enterprise Network

Through the Implementing Policy Change Project, the USAID Africa Bureau supported the development of the West African Enterprise Network, a regional association of over 200 entrepreneurs who have joined together to improve the enabling environment for private sector development. The network constitutes a strong private constituency with vested interests in implementation of reforms conducive to private sector development and engaged in dialogue with national and regional leaders (NPI Small Business Task Force 1996).

Even sectors that appear moribund usually can be found to have some activity. In economies where private sector activity is forbidden - as has been common in banking, for example - some private sector activity of informal lending can always be found. In societies that seem bereft of civil society organizations, extended families and some religious affiliations can be found as key actors. And in societies that appear chaotic and without any government, local "strongmen" or "wise elders" are usually present. The challenge is to nurture the sectors' development to a point where meaningful partnerships emerge. One way to do this is simply by bringing together the sectoral representatives, even if one is obviously the weakest, and to build strategies not solely to address the original issue but also to develop the weak sector.

Within the sectors there are almost always some alliances present. With government, coalitions are a common working form and collective initiatives based upon resources, interests or power are numerous. In business, joint ventures,

chambers of commerce and federations are common. And in civil society, coalitions around common issues or relationships to more effectively use the often meager resources of the sector can often be found. The number and quality of these alliances is an indicator of the potential for inter-sectoral development, since an organization which has already successfully worked on an intra-sectoral initiative has gained skills and experience to work with organizations in other sectors.

When identifying potential partners, it should be noted that there are often two different levels of organization within sectors. One is the local, direct delivery and grassroots organization, and the other is a larger federation, alliance or collective. For NGOs this is often a regional grouping of other NGOs with a similar focus; for business this is either a geographic-based body like a Chamber of Commerce or an industry-based trade association. And even for a national government which is highly centralized, there are usually local organizations upon which it depends.

After the major players have been identified, the next step is to research some of their background to better understand their actual potential for working together and anticipate problems that may arise. This involves asking questions like:

1.3 What is the history of the issue and relations among stakeholders?

- **How much tension must be overcome to enable cooperation?**
- **What present or potential coalitions exist among key actors?**
- **To what extent is the issue widely perceived as a "crisis," so otherwise reluctant parties might be willing to try something new?**
- **Which stakeholders are "ready" for collaboration? Which are not?**
- **What are the impediments to strategic partnering?**

Often members of ISPs have not interacted historically, and this is a major reason that they often view one another with animosity. It is not unusual for key players to focus upon their differences, and have trouble imagining how they can work together creatively and productively. Part of the magic of ISPs when they work is that a whole new range of possibilities opens up. When people actually begin to talk with each other, stereotypes are eroded, views are better understood and imagination and creativity flourish.

Answering this second set of questions is best accomplished with some field research. Actually interview people in the organizations you have identified, and ask them about their histories, attitudes, and personal networks. Also, test out some blue-sky options, such as "Could you imagine working with "X" to solve that problem or take advantage of this opportunity?" These types of tests help gauge the amount of difficulty you might encounter when actually convening players, and help you identify strategies for handling them. One of your goals is to identify someone or some organization who is respected by all sectors and key organizations to subsequently assist in convening the initial partnership meeting.

When you are testing the inter-sectoral options, investigate particular sources of potential problems. A key reason for the traditional lack of productive interaction is that the missions and cultures of the sectors are different. Usually, inter-sectoral interaction has been restricted to simply an exchange of views - often within a context of substantial hostility - rather than developing an on-going working relationship to achieve a jointly-defined goal. When closer cooperation has occurred, fears about cooptation sometimes arise to undermine the legitimacy of the representatives with their respective sectors. To achieve successful partnerships, sectoral representatives must be able to address the focal issue of the partnership from the viewpoint of their constituents, even while they may have substantial disagreements over some other issue. This demands a detailed understanding of issues and the key points of each sector's concerns and this can only emerge from in-depth exchanges over a period of time. The importance of knowing constituents' concerns also heightens the importance of the representatives' own linkages with their own sector, since they may perceive that they will lose their "value" if they move too far from their own constituencies.

Some specific problems common to different sectors deserve assessment. Within the governance sector, major hindrances to creative interaction include simple inertia, exhaustion from an ongoing tension between the demands versus the resources, and a culture of blaming others for problems. Within business, problems include the inability to build beyond the personal concerns of a charismatic founder, evaluation of issues in terms of efficiency and profitability with inadequate regard to effectiveness, and simple distrust about collective actions. In civil society there is commonly a cycle of underfunding, concern with process rather than product, a parochialism about working with "outsiders," and often difficulty in creating and maintaining a cohesive and coherent organization capable of holding together diverse interests of the constituent individuals and groups. All of the sectors face common problems of personal aggrandizement goals overcoming a commitment to the "common *and* sectoral good". This latter perspective is an important element in successful partnerships.

Effective organizations learn how to deal with these issues, but they never really "get over" them - the issues are always part of their daily life. This is obvious in a more public way with the second-tier organizations like federations and alliances, where such issues are more liable to become open to discussion since people are meeting as "peers" as representatives of different organizations, rather than within an organizational hierarchy with a more clearly defined power structure. However, effective organizations manage to assert the collective interest and provide a base for action with other sectors.

2. Convening Partners and Defining Problems

From your investigation of the problem and its stakeholders, you can actually identify a strategy for bringing the sectoral representatives together. Key questions include:

2.1 How should the sectoral representatives be brought together?

- Who should call the meeting?
- Where should the meeting be held?
- What rules should govern the meeting?
- What is the purpose of the meeting?

The first step in this stage is analysis of your information. By now you've collected data, and should be able to build a draft map of both interpersonal relationships, overlaps of interests and inter-organizational ties. In the best of circumstances, partnerships develop out of other, peripheral relationships and already start with a history of interaction and interpersonal ties. In these cases, problems about stereotypes and intentions are less significant and the questions of "who," "where," and "what" can be guided by historic experience.

In cases where there is no historic interaction, it is important to find someone or some organization that is well-regarded by all parties to call the meeting. Hopefully your earlier research has identified a good option. Preferably this is a local person or group, but sometimes an outsider, even someone from a donor agency or the USAID mission itself, might initiate the meeting. Or sometimes you may even identify an organization from each sector to be a sponsor of the meeting.

The convening individual or group needs to have credibility with all the major stakeholders, for several reasons. First, stakeholders who do not see the convener as credible are very likely to boycott the meeting. Second, the tendency of parties with histories of conflict to replicate that history will be difficult to overcome if the moderator does not have credibility with the combatants. In the Bangladesh immunization campaign, for example, the initial meetings between NGO leaders and Government officials were convened by international donor agencies who were recognized by all the parties as committed to improving services to children. Later negotiations among specific NGOs and government agencies were supported by the leadership and staffs of major NGOs, who had credibility with both government agencies and grassroots organizations.

Expanded Immunization Program in Bangladesh

In 1985 President Ershad committed Bangladesh to vaccinating 85% of its children by 1990, but the task turned out to be beyond the capacity of the Ministry of Health and Family Welfare. At the urging of WHO and UNICEF, the Ministry approached several large NGOs to help carry out the program. After initial experiments with vaccination campaigns, they recognized that a key issue was getting children to the vaccination teams--a task that could be best accomplished by NGOs and the local organizations they had been building for years. In a few years the "Vaccinate your Child!" campaign used the resources of 1200 NGOs, largely coordinated by ADAB, the national NGO association, as well as Ministry staff and a wide range of other supporters to vaccinate more than 80% of the nation's children. The child mortality rate declined by 20% the next year.

Sometimes conveners can be found in organizations which by their very nature embrace people from various sectors, such as religious organizations. While such organizations may have roots in the elite of society, they also have a mission that makes them open to the poor and less powerful. Individuals within religious organizations often provide an important initial bridge between these two disparate economic groups, which also tend to be active in different sectors - the more affluent tending to have more power in the business sector and the poorer tending to be more active in civil society.

Of course in many circumstances governments themselves provide this bridging mechanism, since they are responsible for and can be held accountable to all inhabitants in their region. For this reason, and because of their larger resource base and greater power, they often initiate the creation of an ISP. One additional benefit is that government staff more often includes people with a significant skill level and broader network of contacts than the other sectors usually have.

Partnerships by their very nature are meetings of peers. Although the parties are obviously different and bring different resources, within the activities of the partnership they must be accepted as equals. To reflect this, particular attention must be given to where meetings are held and how formal authority, such as chairing meetings, is assigned. When choosing a moderator for the initial meeting find someone who allows participants to raise issues without replicating past unproductive discussions. At subsequent partnership meetings, three options are common in partnerships to determine the Chair: either an individual held in esteem is Chair, or some system of co-chairs or a system of rotating chairs is adopted.

The actual meeting location must also be given thought. For an initial meeting it is best to identify some "neutral" ground, most often a rented facility. This prevents the meeting from being cast as under one organization's control. And similar to the options for identifying the Chair, for future meetings a system of alternating meeting location or finding a neutral mutually-agreed upon location is often used. One benefit of going to the parties' own offices to meet is that it underscores a mutual respect and deepens the "sharing" and understanding among the groups.

Your research should have identified persuasive reasons to attend an initial meeting. These reasons should be tailored to individuals and their organizations. Motivation to attend can include such things as interest in addressing the issue you have identified or less direct reasons, such as the commitment of another person to attend, the potential of a business opportunity, or the fear of being "left out of the action."

The first meeting is simply exploratory. Its goal is to build enough trust and commitment to meet again. Trust is a factor that is often cited as a key component of successful relationships, but it takes time for it to grow sufficiently. Only through interactions and small, ongoing experiments can trust be built to the stage

Cooperation on Housing Policy in Urban Heights

When citizen activists challenged city realtors and bankers with systematic discrimination against potential minority homeowners in Urban Heights, the initial reaction of the business community was to totally deny the charge, in spite of the data amassed by a citizen task force. When approached by citizen activists, the mayor convened a "Committee on Residential Lending" to explore how the different parties might work together to solve the problems. Although the initial meetings of the Committee involved much disagreement and conflict among the parties, ultimately they agreed that they shared an interest in preserving and improving the housing stock of the city, and they developed and helped to implement a series of new programs and policies to support housing renewal that none of them could have carried out alone (Gricar and Brown, 1983).

that the parties understand the ways they can work together effectively to undertake large projects.

The initial meeting should be thought of as one of these trust-building experiments. As groups and organizations develop a joint history - however short - with some successes - however small - they begin to be aware of their own creative power. For many this is a critical "discovery" that can lead to further experimentation with greater self-confidence, better skills and community respect that provides a stronger base for action. These meetings also inevitably involve "making connections" between people - a business connecting with customers, a voluntary organization bringing people together for joint initiative, or a government formed with representatives of interests and geography.

Sometimes efforts to simply convene stakeholders may fail to bring them together. If this happens, there is not much that can be done to persuade participation or the intervention of a well-respected figure if resistance persists in the face of one-on-one meetings. The ISP strategy may have to be abandoned until there is some change in conditions.

An agenda for the first meeting might simply focus upon two things: personal and organizational introductions, and a sharing of viewpoints about the key issue the Mission has identified as in need of attention. If the players have not had a history of interaction, the meeting might end right there with summary of different viewpoints written for distribution. If the meeting members already know each other, they might move directly on "problem definition" which would otherwise be a topic for a second meeting. The goal is then to build a "shared understanding" of the problem that accounts for the perspectives and concerns of many or all of the stakeholders rather than one or a few.

With the first meeting of partners, a collective culture begins to form with its own rules and values. In fact, it is valuable to encourage early definition of ground

rules by the different parties. A particularly important ground rule is to base meetings on mutual respect. This is a key value that supports many meeting behaviors that are a common part of good group work: making sure everyone participates and feels heard; that decisions cannot be made without assent by the key actors; that disagreement can be respected and does not always require immediate resolution - sometimes it is useful to simply put an issue aside to focus upon more fertile ground.

3. Setting Shared Directions

An essential quality of ISPs is their ability to take a new approach to old problems, bringing new energy and creativity to develop a vision. This can happen most easily if the different parties begin with some shared understanding about the nature of the problem and ideas about possible solutions, but it can also take place in an atmosphere of crisis, a vacuum of ideas or options, or despair. This means, however, that at the outset a key issue is:

3.1 How can the parties establish a climate of hope and a willingness to try new alternatives?

If the parties can bring their different perspectives and information resources to bear cooperatively, they can usually see new aspects of the problem and options for its solution. The next stage of the partnerships' development is joint investigation of the issue, a process which continues to build trust and confidence, and stretch imaginations through ongoing collective activities. This stage builds vision and develops leadership through various forums, such as meetings, brainstorming sessions, task forces, committees and conferences. There are two sorts of outcomes. One, although more ethereal, forms the bedrock for future activity. This is the creation of shared vision and shared ideas. The other, somewhat more concrete, is the creation of processes and procedures that lay the groundwork for evolving the action plan.

The Gal Oya Irrigation System

The effort to rehabilitate the Gal Oya Irrigation system in Sri Lanka, one of the largest and most seriously deteriorated systems in the country, was seen initially as a very difficult task. With USAID's help, and with the aid of "institutional organizers" from the area who were able to mobilize water user associations through appeals to shared values, emerging friendships, and a few practical ideas for improving system performance, the program led to dramatic improvements in irrigation and water usage as well as improved relations among water users and between the water user associations and government officials. The level of social energy for work on irrigation problems increased enormously in response to visions for a better future, even in the face of escalating ethnic conflict. (Uphoff, 1994)

The diverse ISP stakeholders often begin with very different definitions and analyses of problems, frequently assigning blame for a problem or the responsibility to resolve it to other actors. Creating an ISP eventually requires the negotiation of a problem definition that is accepted by the relevant stakeholders. Very commonly, actors initially define the problem in terms of the bad behavior or intentions of other actors. When all the different parties are brought together with each other, they may engage in blame casting and mutual recrimination, rather than productive discussions. An initial step in building cooperative action is to develop a definition of the problems that accounts for the perspectives and concerns of many or all of the stakeholders rather than one or a few and foster a climate of mutual respect. This means other key questions are:

3.2 How can the parties reach a joint definition of the problem?

- **What are the ingredients of a successful definition?**
- **How can a "problem" be defined as an "opportunity"?**

Defining issues means each partner must learn to view them from the perspective of the other partner. The different sectors, having different missions and cultures, are likely to see issues differently and focus upon different aspects of the issue. Joint learning requires discussion about both broad issues and concerns, as well as dialogue about the immediate mobilizing issue. People must learn to see through the eyes of the other partners, while remaining grounded in the perspective of their own sector. Transforming participants or organizations into simple promoters of the perspectives of others will not work, however. Such transformations undermine the legitimacy of participants within their own sector. As a result, they may lose influence with their constituents, undermine their ability to represent constituent views, and reduce their value for the partnership.

As simple as it may sound, one valuable action is to simply have all the parties tour an area affected by an issue. For example, representatives might make joint visits to slums when the issue is housing, to an environmentally damaged area when the issue is environmental, to an enterprise with small business potential when the issue is business development. These visits make the issue much more "real" and helps to build the "shared experience" that fosters joint understanding of the issue.

One approach to problem definition and building shared direction has been formally developed into a process called "future conferencing" and a closely related strategy called "action research." This involves a series of joint forums where people share ideas around a particular issue and gradually develop them into an action plan. Rather than a "grand document", such plans are often comprised of a series of small steps that build the relationships and make larger steps possible.

Such steps can involve a formal research strategy carried out by the participants, that provides a framework generally accorded legitimacy by all parties, and at the same time provides a structure to broaden involvement in the initiative

and support for action. This might be a community survey or meetings, for example, about education issues. The survey or meetings could include questions such as willingness to be involved in a specific aspect of resolving the problem. The survey is not just important for its findings, but is important because it provides a means to raise options that individuals may never have thought available to them, and build support for those options through the interaction.

Identifying the intersection of the interests of the three sectoral players is a key to building the relationship. Where do the interests actually overlap? What actions can they take that will address the values and goals of all partners? Answering these questions allows people to shift from a "problem" orientation to an "opportunity" one, where they see a new way to enhance their success by working with others. Often this requires substantial creativity; it always requires good listening and other communication skills. In the Bangladesh Immunization campaign, for example, it was important to redefine the problem from "providing immunizations" to "getting people to bring their children for immunization." The latter definition highlights the importance of local organizations in mobilizing local cooperation in the campaign, and empowers local partners to play a central role in supporting expansion of the Ministry's services.

One key quality of successful problem/opportunity definition is that it be framed as something that can be solved and attained. There is little point in paralyzing the parties by leaving a problem in such an amorphous state that it is impossible to identify next steps. Successful definition often means first identifying a relatively small part of the larger problem that can be handled relatively easily and represents a clear movement in the right direction. For example, if the problem is the provision of housing, perhaps the first step is simply joint creation of a single pilot project house that meets identified cost criteria, material availability, ease of construction, etc.

Another key quality of successful problem definition is that it involve all of the stakeholders in a meaningful way. If even one key stakeholder is left outside of the process or problem description, this will almost certainly create significant problems later on. For instance, if the problem is garbage collection, a decentralized approach with numerous collectors might be envisioned. This could involve numerous small businesses as the actual collectors, community organizations to help organize citizens to prepare trash for collection, and government as a general contractor or organizer. By building a systemic approach with inter-dependent activities, the vitality of all the sectors is increased and an accountability system created to keep all the parties honest.

In most cases, the role of USAID should be that of the coach, facilitator and team supporter for the partnership and not the "captain" or "in charge" leader. This role means supporting the participants to develop a vision while paying attention to issues like group maintenance and group task functions. The maintenance functions have to do with ensuring people are active participants, without dominating the group; maintenance also means keeping all stakeholders

involved. The task functions have to do with ensuring a sufficiently clear definition of responsibilities and sharing of work between meetings. To enhance the value of inter-sectoral partnerships, these key questioned should be analyzed:

3.3 How can parties share information and perspectives that makes constructive use of their differences?

- **How can those different perspectives be combined in an analysis that offers new strategies to cope with the drawbacks of existing action plans?**

Initially when an issue is presented, people will often refer to failed attempts to address the issue in the past. Sharing perspectives and mutual influence in the development of plans can be central to making use of participant differences to find new solutions. Such processes are not always easy or rewarding at the start. In the Philippines, National Irrigation Authority engineers were initially impatient at the requirements for working out plans with local water user associations, since working with technically unsophisticated farmers required extensive explanation and discussion. It also became clear, however, that the farmers knew much more about local conditions that might undermine systems based on standard assumptions. Their input produced much more effective plans.

Reorienting the Philippine National Irrigation Authority

The Philippine National Irrigation Authority (NIA), seeking more ownership and investment from farmers in building and maintaining irrigation systems, undertook a systematic process of reorientation to increase its capacity for building partnerships with water user associations. The process involved working closely with community organizers who worked participatively to involve water user associations in all phases of the design, development and maintenance of irrigation systems. Although the NIA had to redesign much of its planning process and retrain many of its staff, it gradually became clear that the water users were both more effective in using the water and more willing to contribute financially to NIA when they were working in partnership (Korten and Siy, 1988).

Meaningful investigation into each partners' viewpoints often results in discoveries that simply do not occur with discussions that happen when only one sector is present. One powerful asset of the various viewpoints is the ability of the various actors to uncover unrecognized assumptions and limitations to perspectives that have hindered the creation of new responses. Officials of the NIA were often startled at the insights and understanding of water users, who often predicted better than NIA engineers the problems to be faced by new installations.

These sorts of discoveries often happen outside of the context of a specific problem, and require a more general understanding of each other's motivation. As long as partners see each other in terms of stereotypes, and as long as partners hold back on discussion of problems they face as individuals, organizations or sectors, the potential solutions to the problems will be constrained. Although parties often come to the table wanting to discuss a specific issue from their perspective, they usually find that other parties simply do not think of the issue the same way and have different concerns and come up with different solutions. Therefore, direction setting for ISPs means spending time learning about other's views in various fora such as meetings, on-site visits, conferences, and through research activities.

The ISPs begin to be driven by discoveries such as recognition of previously unseen resources, new ways to approach common problems, and synergies that can result from collective initiatives. In successful ISPs, the partners may also decide to shift their focus and tackle new problems, once the initial problem that catalyzed the partnership is resolved. When building relationships, these discoveries are best translated into contained experiments rather than commitments to large-scale action. A government may agree to explore an idea that a community group or company proposes, and commit to reporting back on its findings. Better yet is to actually involve the community group in the exploration by inviting them to traditionally closed meetings, so they can develop further insight into the constraints facing government and to help overcome them through creative solutions. Participatory planning processes were central to the improved performance of both government and water user associations in the Philippines.

At this stage of direction setting the parties are still defining the rules by which they operate. This is an important time to establish principles of joint participation, and create systems to ensure all parties will be meaningfully involved. It is critical that the different actors share ownership of the strategies for solving the problems if they are all going to invest resources in implementation. Different parties will make different contributions to the solution, since they come with different types and scale of resources. However, a key insight of NPI is the value of building the ethic of mutual respect and participation that is the basis of a democratic society. Therefore, it is important not to focus simply upon the product as resolution of the target issue, but to also maintain awareness that the process and building of good relationships is part of the product.

Communications skills are critical. Many times people simply advocate their own point of view, without learning how to listen effectively, integrate other people's concerns and come up with new proposals. The value of inquiry to uncover unrecognized assumptions cannot be over-emphasized.

In addition to these steps to enhance the ISP process, there are also structural approaches that will help to ensure participation of all parties. These include both formal rules and developing informal traditions that commit players to receive the support of others in critical decisions. The fact that water user

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associations had to "sign off" on plans for new or improved irrigation systems in the Philippines program gave them significant power over decisions. It also significantly improved their subsequent willingness to contribute financially to supporting the system and the NIA itself.

The information and analysis then has to be combined into an actual plan for action. This raises the question:

3.4 Can parties develop a shared strategic direction for a problem that affects all their interests and utilizes their diverse resources?

The ideal ISP makes use of the various resources to understand the problem, and then to act on it. In the Philippines case, NIA and the water user associations both contributed to improving the irrigation systems, each utilizing their special resources as appropriate. Partnerships that appear to be fronts for continuing control or exploitation of some parties by others are not likely to continue over the long term. Partnerships that meet the interests of all their members as they solve problems are much more likely to be sustainable.

When identifying the action plan, keep in mind some of the ground rules of "partnerships." These include: the right to say "no", honesty, and a commitment to help address other parties' perspective as well as your own.

4. Implementing Action Strategies

By the time the parties come to the point of actual implementation of a major initiative, they will have already completed substantial joint activity. They will have had to make mechanical and structural decisions about where, when and how to meet. They will have made some programmatic decisions about identifying an analytical strategy. And they will have already taken some initial steps toward implementation through their analytical work.

Even so, the implementation of major action plans can reawaken old problems and tensions that were less visible during the more abstract discussion of values and strategies. During this stage, differences are highlighted through the pressures that arise with operational realities. Implementation also often involves new actors, who may not have been parties to the discussions that led to specific problem-solving activities. They need opportunities once again to test the trustworthiness and commitment of representatives of other sectors, and to develop their own understanding of the situation and what is needed to implement solutions. And even when people know each other and have worked together, and the ongoing tension between the particularly interests of individuals and organizations may persist, as implementation proceeds. This raises the question:

4.1 How can stakeholders implement detailed plans in ways that respects their differences and particular interests?

At this stage, stakeholder organizations have to begin to take concrete steps, in their respective capacities, towards the collective objective. This means participating organizations may have to change policies, reallocate resources, or organize new ones. Inevitably, there will be some shortfalls which will result in issues about commitment and power.

These tensions require both flexibility and commitment to resolving the issue which, of course, involves issues of power and politics. In the Indian biogas program, for example, a new head of the state oversight agency was very concerned about the extent to which the NGO was dominating biogas construction in the state, even though the quality of performance remained high. His concerns led to escalating tensions and ultimately the redesign of the program and the exit of the NGO from an active role. Thus, implementation produced problems which, in turn, led to subsequent program reorganization.

Biogas Program in Orissa

The Indian Biogas Program sought to provide alternative energy sources to households in areas where deforestation had led to serious shortages in firewood and other fuels. In Orissa the government initiated program was largely implemented by an NGO, which used funds from state banks to work with families to build biogas plants that would convert manure from livestock into gas for cooking and lighting. Families with such plants could free women from hours of drudgery to get firewood and lots of diseases based on cooking over smoky fires. Relations between the implementing NGO and the state oversight agency, initially cordial while the agency was headed by a sympathetic bureaucrat, deteriorated after several years into a power struggle with the new agency head. The NGO eventually spun off its biogas plant-building teams into independent for-profit organizations and moved on to other activities (Bezboruah and Banerjee, 1991).

During implementation, the relationships between sectoral partners will shift. This shift can result in changing power and consequent control issues. These challenges raise the issue of:

4.2 Who will mediate the inevitable tensions and conflicts that arise when new actors come into the picture?

Long-term success requires that the participants continue to manage their conflicts and tensions effectively. In most cases, by this time in the relationships' development, internal processes and traditions will be developed sufficiently to address and issues that might arise. Since the relationships are based upon shared power and power distribution and needs are always changing, however, outside mediators may need to be brought into the process. At times like this, USAID missions or other third party groups with substantial respect can have a special

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role. Other times the issues may end up in the hands of the courts, regulators or government tribunals.

After a number of years, the lack of resources to manage the conflicts in the biogas program, in spite of appeals to national as well as state actors, led to the withdrawal of the NGO that had earlier been the key bridging agency and service deliverer - the central player in an NGO-mediated cooperation. On the other hand, in other successful partnerships such conflicts are handled effectively. In the Bangladesh immunization campaign, for example, tensions between NGO and Ministry staffs were managed by the coordinating NGO and others in ways that fostered continued cooperation.

The shifting responsibilities with implementation may lead to pressure for the membership of the partnership to change. This raises the question of:

4.3 How will decisions be handled, and to what extent is participation by grassroots groups required for effective implementation?

A partnership implies a meeting of peers, but different sectors come to the table with different resources, and this has operational implications. For example, while civil society organizations are usually financially the poorest of the partners - such as the neighborhood groups in the Pakistan sewer case or the village organizations in Bangladesh - they often bring otherwise difficult-to-replace resources for implementation. The labor of neighborhood groups and the cooperation of village organizations was very important to problem-solving, even if those organizations were the financial beneficiaries of other contributions from the partners. This type of relationship cannot be framed in a traditional "contract", nor is it simple "philanthropy." The voluntary organizations brings a different form of wealth: relationships and networks of people, as well as their energy and commitment.

The more important the resources to be brought by partners, the more important it is that they be able to genuinely participate in decisionmaking. The investment of time and energy by Karachi residents was in response to the influence they enjoyed in defining the sanitation problem as critical; the financial investment of Philippines water users in irrigation systems was related to their approval of system design. The goals of the partnership cannot be as effectively obtained without some involvement on the part of all members. Without this, there is no point in including them in the partnership.

At certain points in the partnership, there may be a tendency to fall back into old ways of working and efforts may be undertaken to push one of the partners out. After the problem seems "resolved" a party may try to go back to traditional delivery structures and avoid the efforts that the partnership requires. If a garbage system has been decentralized among numerous small contractors, perhaps a traditional centralized garbage collection system may appear more attractive administratively; this route would mean losing the side benefits that

come from the inter-sectoral relationships and would likely give rise once again to the old problems that accompanied the centralized process.

One reason this reversion may occur is that insufficient attention has been given to building up the capacity of the individual sectors and of the partnership itself to function most effectively. This raises the question:

4.4 What kinds of capacity-building are necessary for different actors to carry out their parts of the process effectively?

The ISP requires generic skills of all partners, and specific skills from each sector. When "differences" are great among the partners, decisionmaking and conflict resolution skills are particularly important. There are also more mundane organizational issues. Not only must the partners decide upon action in response to a specific problem, but they also must make internal operating decisions such as how partnership expenses should be shared. And in a broader vein, the partnerships require the development of organizational learning capacity, so they can continue to evolve.

The three sectors have different strengths, weaknesses, skills and abilities. This gives rise to a variety of technical and organizational challenges.

For the civil sector, developing technical expertise is usually a key issue. Because it is not as financially wealthy as the other two sectors, it cannot as easily hire the skills it needs. This means finding new training programs and organizations to build skills like budgeting and accounting. For those cases where civil society organizations grow out of personal relationships with value-based missions, expansion can be problematic. They have to develop the capacity to expand their memberships while maintaining commitment to the core values, developing governance and representation mechanisms sophisticated enough to handle larger-scale action plans and cover a much larger geographic region.

For the business sector, the problems center around instilling a responsiveness to community vision in people who are often technically more expert. Sometimes this can simply be done by hiring people from the community and giving them technical training. Other times it can be accomplished by promoting involvement by civil society organizations. The question of scale for business organizations is somewhat different, and reflects the way civil society-business relations are conceptualized. Often the relationship is made the responsibility of a single individual, and separated from the organization's main business. When the partnership is more central to the organization's activities, it may be viewed as a source of business opportunities rather than a civic contribution.

For the government sector the challenge is to inspire a sense of public accountability throughout the levels of its organization. Opportunities for partnerships often start with local civil society and business sector organizations, and may be easily stifled by an unimaginative bureaucratic response. Organizationally,

these opportunities emphasize the challenge of decentralization for government - a challenge also faced by big business. ISPs take life at a local level, because they often require an intimacy of response that simply cannot be produced by directives from large, centralized organizations. To flourish the partnerships require an empowerment within organizational actors that allows initiative in response to local issues and opportunities.

5. Institutionalizing and/or Expanding Successful ISPs

The most successful ISPs generate the human, social, material and financial capital to maintain or even expand themselves. In the long-term, success may involve expanding the program's reach to more people as well as institutionalizing its arrangements to insure that it continues after outside resources have been withdrawn or reallocated. This raises the questions:

5.1 How do successful ISPs decide to terminate, continue, or expand?

- **How can actors mobilize continuing or expanded resources to support continuing or expanded activities?**

Programs that succeed in mobilizing partner information and resources to successfully solve initial problems generate new choices for themselves. In some cases, partnerships resolved the issues that for which they were constituted, the choice may be termination. For others, when the problem is a continuing issue, the choice may be to continue as a long-term activity. In still others, where the problem is widespread or escalating and so requires further action, the choice may be to expand the process to include many other communities or regions. The issue of generating local capital for improving agricultural productivity, for example, remained an issue in Zimbabwe, so the Savings Development Movement could be expected to remain a viable joint activity into the future.

Savings Development Movement in Zimbabwe

The Savings Development Movement was started by an NGO concerned with improving village level agriculture through the use of local capital. The NGO invented a method by which illiterate village women could save money together, and found that the savings clubs could then carry out improved agriculture with the resulting savings. The NGO leaders persuaded the Ministry of Agriculture to provide technical support to the savings clubs, and then arranged with the Ministry of Community Development and Women's Affairs to train new clubs. They also arranged for financial support for the training materials from a fertilizer company interested in expanding its markets. The Savings Development Movement, linking village clubs, a small NGO, two Ministries, and the fertilizer company, spread to thousands of villages and eventually influenced hundreds of thousands of villagers (Bratton, 1989).

When continuation or expansion is desirable, the partnership may need to generate new resources and wider participation in its activities. One possibility is to scale up the agency or partnership that has been implementing the program. Another is to involve other organizations whose interests might be served by participating in a successful partnership. The founders of the Savings Development Movement chose not to scale up their NGO, but rather to encourage participation by other agencies - such as the Ministries of Agriculture and Community Development and the fertilizer company - in order to deliver the program to a wider population. To do so they had to help the ministries and the company see the program in terms of their own interests - in expanding agricultural production and fertilizer sales, for example - so that they could make a case for participation as consistent with their own organizational agendas.

Another common choice is to support replication of the partnership in a different location. The original partnership then serves as a role model and a forum for transferring knowledge and experience to another group. In this way, a local orientation is maintained. When there is sufficient success, the organizations can form a collective association to even more broadly share resources and support mutual development.

E. FOSTERING TRANSNATIONAL PARTNERSHIPS

1. NPI 's Focus on Transnational Partnerships

NPI encourages partnerships within (and among) all sectors in order to promote the relationships and institutions necessary for the achievement of sustainable development. In the NPI context, partnerships are defined in terms of the interconnection of actors within and among the governance, civil society and the business sectors, who seek to solve problems, deliver services, reform policies, etc. Many of the partnerships discussed here are those within sectors. For instance, a civil society actor in the U.S. linking with a civil society actor in a developing country, a business in one developing country linking with a business in another developing country, or a local government linking with another local government. Partnerships can emerge between developed and developing countries (North-South), between developed countries (North-North), and between developing countries (South-South).

Evaluations of partnership projects have demonstrated a number of important ingredients that make for successful transnational partnerships, including, but not limited to:

- Compatible interests between the partners
- Fostering of collaborative efforts
- Funding plans developed to establish long-term relationships
- Time and effort allowed for the creation of true partnerships

- Participation and "ownership" of partners in all aspects of the partnership, including project planning, presentations and seminars, and evaluations.
- Partners are accountable, i.e., able to show results based on goals of the project/program/policy.
- Assessments are made to determine the interests of all parties, how a working relationship can be built.
- Partners are fully committed to the partnership, to the solving of a problem, or to a development goal.

At a roundtable on partnership in development cooperation in Maastricht, the Netherlands, Simba Makoni, former executive of the Southern African Development Community, summed up the major issues of partnership. "We need to constantly appraise and assess the basis and rationale for such partnership...Cooperation and partnership can only be meaningful and effective if based on mutual interest and real or potential reciprocal benefits."

2. North-South Partnerships

Inter-organizational cooperation between Northern private voluntary organizations (NPVOs) and Southern nongovernmental organizations (SNGOs) has emerged as a critical form of partnership during the last decade. These partnerships make possible development activities that combine technical and financial resources of Northern agencies with the grassroots knowledge, cultural sensitivity, and cost effectiveness of Southern NGOs and peoples' organizations. Additionally, universities and foundations have meaningful partnerships with similar organizations and with governance, business, and civil society actors. The variety of experiments with such cooperative action is very impressive.

Leach (1994) identified six major forms of North-South partnership that vary in governance problems are handled, from a contracting out mode to a shared governance process. Such partnerships can make it possible to tailor development projects to local needs and concerns, thus leveraging the development expertise and resources of outsiders well beyond Northern capabilities. Widespread capacity building enhances the ability of Southern partners to deliver and expand their services - while reducing costs and increasing legitimacy with local governments and actors.

The advantages of North-South partnerships are potentially two-way. Indeed it is clear that Southern civil society organizations have much to offer their Northern counterparts. USAID's Lessons Without Borders program shows how much can be learned in the United States from interaction with Southern innovators. Similarly, the founder of the Grameen Bank, once the beneficiary of consultations from South Shore Bank in Chicago, now provides advice regarding the creation of similar micro-credit programs in the United States. There is much still to be learned from expanded South-North partnership activity.

Examples of North-South Partnerships

There are a number of interesting and wide-ranging examples of North-South partnerships:

- PLAN International and Indian NGOs

PLAN International has for more than ten years delivered its programs in India through partnerships with Indian NGOs. The impact of these partnerships has been manifold. PLAN has delivered a wide range of innovative programs through these cooperative ventures. It has been able to expand its reach to thousands of Indian children while strengthening the capacities of many Indian NGOs as it delivers its own programs more effectively. PLAN is now expanding its program to work with more partners in the future.

- Business Councils, administered by the U.S. Chamber of Commerce, engage in dialogue on trade and investment issues and advocate private sector priorities to governments. The membership also includes newsletters, trade missions, conferences, and publications.
- U.S. utilities provide assistance to utilities in other countries such as Indonesia, India through the Asia sustainability initiative. Utilities in developing nations improve technology and services. For U.S. companies there is a short-term direct financial benefit.
- In Russia, the government is restructuring the energy sector by forming partnerships between American and Russia organizations active in electric power, and oil and gas sectors. In addition study tours are designed to give each partners a first-hand view of the other and to study the U.S.-based energy industry. These types of partnerships also exist between Russia and the U.S. in areas such as the media and agriculture.
- The U.S./Asia Environmental Partnership program (USAEP) provides technical assistance from the U.S. to Asian countries in the areas of environmental technology and management skills. The program mainly concentrates on the Professional and Organizational Development component, including such activities as training, fellowships and business exchanges. The benefit to Asian countries is that its environment is improved. For the United States, the partnerships helps to open up new markets for U.S. technologies and assists in provide the necessary information and skills to deal with the increasing internationalization of companies.

- The American International Health Alliance (AIHA) helps to establish partnerships between health care organizations in the U.S. and the Newly Independent States. This project is designed to improve health care in the NIS by transferring U.S. medical knowledge and technology.
- The Parks in Peril project is an effort to help Latin American governments and private organizations develop fully functioning, sustainable protected areas. Approximately 200 sites important in size and biological wealth, but under threat of resource mining, ranching, and other factors have been identified. The projects three objectives are: on-site protection and management, compatible use and economic development, and long-term financial sustainability.
- The YMCA helps to strengthen YMCA national movements and their local associations in developing countries, especially in Africa. For instance, the YMCA has assisted the Africa Alliance in organizational strengthening and helped the Alliance to move from a service provider to a development assistance organization.
- The International Service Association for Health designs small scale development activities on person to person basis from civil society organizations such as churches, private organizations, service organizations, and other civic groups.

University Partnerships

University partnerships have traditionally focused on student and faculty exchanges. However, activities have expanded to include research, educational programs and economic development. Universities are increasingly becoming more global in focus through communications with many international alumni and by continuing or forging new transnational partnerships. Realizing that technology transfer is insufficient for development, universities are assisting their partners in building analytical and decisionmaking skills and on accessing and using information.

Universities are linked through a variety of programs as listed below:

- The University Development Linkage Project on issues such as the environment, economic growth, and health and population.
- The University of Florida has forged linkages with a variety of developing countries on both farming systems research and extension.
- The California State Polytechnic University is assisting the Faculty of Commerce of the University of Swaziland and Swaziland College of Technology to upgrade its faculty.

- The University of Illinois at Urbana-Champaign is helping with the expansion of an agricultural education institution at Egerton University which is designed to serve Kenya and other African countries.

Foundation Partnerships (See Chapter 7, Special Report #2 by D. Valenzuela)

Foundations are members of important linkages with other foundations and with civil society, business, and local government actors as are listed below:

- The Inter-American Foundation (IAF) has two program themes: resource mobilization and local development. The first recognizes the need to encourage the generation of increased levels of local resources and private sector commitment to social and economic development. The second encompasses the partnership building process among local stakeholders for the building of participatory forms of planning and problem solving to improve the lives of people.
- The Ford and Kellogg Foundations are two major U.S. private foundations that have become increasingly interested in fostering constructive relationships between civil society and local governments. The Ford office in Brazil sponsors a competition to reward creative local government practice and has actively promoted the concept of community development foundations in South America. The Kellogg Foundation has defined philanthropy and corporate social responsibility as a priority funding area. Kellogg has also been a major supporter of local development initiatives in areas such as Cordova, Argentina, and Northern Chile.
- Relationships also exist between foundations in developing countries and foundations and donors in developed countries. For example, Latin American foundations and donors have entered into collaborative relationships with the IAF for the purpose of supporting local development activities.

3. South-South Partnerships

Some of the most effective forms of partnership bring the resources of Southern development organizations into the service of organizations and agencies in other Southern countries that have similar problems. Thus, when Indonesian officials visited the National Irrigation Authority in the Philippines to see what had been accomplished through bureaucratic reorganization, the programmatic and financial success of the NIA program had a profound impact on Indonesian assessments of what was possible. The resulting reorientation set the stage for introducing similar innovations in small scale irrigation policy and practice in Indonesia.

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Examples of South-South partnerships

South-South partnerships will be explored further in the next phase of NPI. However, some examples are listed below:

- **MWENGO, the Eastern and Southern African NGO Reflection and Development Centre, is the creation of a series of conferences among African NGO leaders who decided that the region needed an independent center for research, reflection and capacity building for civil society organizations. As a membership organization, MWENGO is focused on serving the needs of civil societies in the countries of Eastern and Southern Africa, through the provision of forums and services that have to do with NGO identity and strategy, program and organizational capacity building, and advocacy and civil society.**
- **The regional government in Paraguay works with Latin American regional counterparts on training programs to help implement Paraguay's decentralization plan.**
- **South Africa has embarked upon civil society sector training programs throughout the southern African region and in other countries on the African continent, as well.**
- **The new Asia Pacific Philanthropy Consortium gives attention to the sustainability of NGO microenterprise projects. This promotes models of full-cost recovery which are being used by microentrepreneurs and in family planning programs.**
- **A variety of regional trade partnerships exist. MERCOSUR is a trade partnership involving Brazil, Argentina, Uruguay and Paraguay.**

Building South-South networks makes it possible to share knowledge and building capacity within and across regions that share political, economic and cultural contexts. The resources provided by such networks may be better tailored to local circumstances; more credible because they come from practitioners subject to the same challenges; and considerably less costly than similar information imported from further away. Regional networks like MWENGO, for example, offer conferences on issues driven by member interests that are oversubscribed even when NGO participants have to pay admissions fees and their own travel expenses. Such resources also contribute to the development of regional and national sustainability by developing local capacity and confidence for problem-solving. There is much to be gained by expanding efforts to identify and analyze South-South partnerships.

4. Issue-Centered Partnerships

It is sometimes possible to organize partnerships that build on a wide spectrum of common interests or concerns across regional and national

boundaries. In some case, for example, city-to-city partnerships have proved to be an effective means of dealing with common concerns. Perhaps the most dramatic example of such a partnership is the Mega-Cities Alliance, which links local business-government-civil society alliances in eighteen of the largest cities in the world to discuss common problems and share innovative solutions.

- One of the most popular partnerships between local governments is the "Sister City" program. One type of sister city relationship is the Partners of the Americas program. The Partners of the Americas program, funded primarily by USAID, joins U.S., Latin American and Caribbean people to implement volunteer-based activities.
- There is a twinning project designed to match U.S. and Thai cities to solve environmental infrastructure problems. The U.S. cities that are involved have included Oakland, Savannah, and Corpus Christi.
- The Regional Enterprise Development (RED) program in the Philippines works with local businesses through their chambers of commerce in partnership with local governments and civil society actors. RED had shared control of money. There is a project implementation committee for recipients of grants. This group of five includes the grant recipient as chair, USAID as a non-voting observer, and the local chapters of the Philippines Chamber of Commerce and Industry. Their activities include inviting in other chambers of commerce, representatives of government (e.g., the regional head of the trade ministry, nongovernmental actors including universities, and foreign, especially U.S., actors). The chair of the committee is responsible for building consensus and votes only to break a tie. A similar program entitled BLUE, Business Partnerships for Underutilized Enterprises exists in South Africa.
- In Sri Lanka, the Technology Initiative for the Private Sector (TIPS) and Agro-Enterprises (AgEnt) support regional chambers of commerce to encourage business expansion and management improvement. Dialogue between business and local communities is also encouraged.

F. HOW USAID CAN FOSTER STRATEGIC PARTNERING

There are many potential roles for USAID Missions in building partnerships. We will treat here several that seem particularly important, but it should be recognized that there are many other ways to foster partnering which will be identified and designed in the field. This list is intended to stimulate thinking about the roles of missions and their staffs rather than to limit the possibilities.

1. Partnering: One theme that comes through much of the early mission experience with NPI is the importance of the way in which the Missions approach the partnership. When a Mission provides resources, the long-term viability of the partnership created is enhanced to the extent the partnership "charts its own

course;" that partnership is encouraged to make and act on its own decisions; and that sufficient time is provided for the partnership to work out what are often thorny and difficult internal issues.

2. Facilitating: There is often a need for someone to do much of the initial work in surfacing the option of an inter-sectoral partnership. This is a relatively innovative strategy, the strategic dimensions which are not yet widely understood. As indicated in the sections describing preconditions and convening functions, there is a need for action on the part of someone who can recognize the potential value of such an approach and support the development of the requisite inter-organizational and inter-personal connections.

Being a facilitator is, of course, a background role. It includes "lending an ear" and giving feedback and guidance; it also includes catalyzing initiatives by presenting new ideas and information; it may involve nurturing the development of new relationships. It can include being an observer at inter-sectoral meetings, if the parties view this as appropriate, which can create an "assisting" and "clarifying" role as well. It is critical that USAID staff bring to this (and other) roles a well-developed political and cultural sense of what is possible given the positioning of USAID in local contexts. In some cases a relatively "low-visibility," catalytic role may be key to launching an effective partnership.

3. Funding: USAID has already been indirectly involved in setting the stage for the creation of many partnerships by building the capacity of the sectors through funding. Inter-sectoral partnering will require adopting a more structured and strategic approach. This might include funding activities that bring the various sectors together. At more advanced stages it might include supporting new organizations which represent multi-sectoral initiatives.

4. Convening: Sometimes it may be appropriate for USAID to act as the convener to bring sectoral representatives together and even to host the meetings. This role requires that the parties hold the convener in high regard and see him or her as neutral with respect to any one sector's interests. This is a role which Northern NGOs have sometimes played, with varying degrees of success. Being convener may even extend to chairing an initial meeting. Again, however, this is a role that requires sensitivity to the political and cultural positioning of USAID as a foreign institution and the specific staff member as an individual. In some cases, it may be more effective for USAID to encourage other donor agencies to consider supporting a local initiative that is convened by nationals with multi-sectoral political and cultural credibility.

5. Training and Skill Building: Most participants have experience in working in relatively hierarchical or patriarchal situations. The skills required for a meeting of peers are quite different. Either indirectly through funding education programs, or directly if the resources are available, USAID Missions can help by building the skills necessary for effective partnerships. Many of these skills at the early stage of partnership development have to do with communications, decisionmaking,

meeting organization and delegation. These gradually shift to issues like governance structures and more traditional organizational capacity ones.

6. Knowledge-Building and Dissemination: There is a lack of knowledge about how to launch and support these various types of partnerships. The organizing options themselves are numerous, including a variety of organizational arrangements and many diverse potential partners. On top of this there are many different issues to which a strategic partnership approach might be applied, some more and others less susceptible to cooperative problem-solving. Missions that carefully examine and document local cases and broaden their understanding of what is required to build successful partnerships can provide examples and ideas that may catalyze effective action in many other countries and regions.

G. LESSONS LEARNED BY LEADING EDGE AND PARTNER MISSIONS

The eight Leading Edge Missions (LEMs) and seven Partner Missions participating in the Learning Phase of NPI have a rich set of experiences in working with partnerships. The lessons they learned from fostering partnering activities are detailed extensively in the Mission field reports included in this document. This section will highlight a few of the key lessons by the Missions.

One of the most important lessons, noted by the USAID Missions in Madagascar, Guinea, Haiti and Kenya, is that developing partnerships - particularly inter-sectoral partnerships - is a time-consuming, long-term process. It takes time for the partners to establish trust and commitment, and for the partnership to develop into a cohesive group. The Guinea Mission observed that the success of a partnership depends largely on the level of mutual understanding and respect achieved among the partners, and that it is important to invest the time required to establish this foundation.

The Haiti Mission recognized that when there is considerable suspicion among partners, partnership will take a great deal of effort to develop. The Guinea Mission indicated that the amount of time required for the partnering process can be frustrating, especially since there is pressure to achieve immediate results. Therefore, it is very important to have a strong, explicit commitment to this approach by senior Mission management. The Kenya Mission stated that one of its major lessons learned was to "select a few NGO partners and develop their capacity and nurture the partnership over a long period of time".

A second key lesson - reported by several missions including Kenya, Sri Lanka, Madagascar and Bangladesh - is that it is important that Missions and other donors play a collaborative, as opposed to a directive, role and allow the partnership to chart its own course. USAID, its implementing agencies and the host government must be willing to cede real decision making authority as well as responsibility to partnerships, giving them ownership. The Haiti Mission reported that partnerships are more likely to be successful if the partners themselves request assistance to form partnerships, rather than USAID identifying the need to partner.

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Several Missions identified the need for appropriate capacity building to support the development of partnerships. Madagascar noted that local organizations often require improvements in their operational and organizational capacity to effectively engage in partnerships. Panama cited the importance of appropriate technical support and Kenya and Sri Lanka noted that once partnership is formed it is important to identify appropriate intermediate organizations to work with the partnership on capacity building.

The importance of involving the host country government appropriately in partnerships was cited by some Missions. Kenya and Sri Lanka observed that, in development activities, government is often a critical actor whose agenda should be considered as partnerships are formed. Ignoring government, when it has a key role to play, can constrain progress. Kenya found that when the government is involved - or at least informed - of the development of a partnership, program implementation by the partnership will usually get government support.

Donor coordination is important to increase the impact of strategies to promote partnerships, particularly at the inter-sectoral level. This finding was noted by both Kenya and Bulgaria. The Bulgaria Mission stated, for example, that its efforts to strengthen the partnerships between NGOs, democratic local government and small business would be measurably greater with genuine strategic collaboration with the EU. Getting agreement between the major donors would help ensure conceptual clarity and programmatic synergy.

This list of lessons learned is illustrative rather than inclusive, and we urge the reader to take the time to review the "lessons learned" sections of the LEM and Partner Mission Reports for a full appreciation of their rich experience.

H. PROMISING PRACTICES

This section highlights some general principles and suggested practices that Missions may want to consider in fostering partnerships. Many of these coincide with the experiences and lessons reported by the USAID Missions. Of course, before being applied, they need to be reviewed and adapted as appropriate to specific country circumstances.

1. Use Experience Elsewhere to Stimulate Locally-Generated Strategies

It is absolutely critical to partnering strategies to recognize the unique characteristics, histories and resources of each country. However, what works in one country may work effectively in another - with minor adaptation. Make a list of what you might consider the key "assets" - these may be a particular organization or individual, a particular network or historic event. Then make a list of the key local opportunities and problems associated with your partnership that might be found elsewhere. See which lessons learned from other country's might be most effectively transferred to countries in which you work.

2. Acknowledge Differences, but Focus on Common Ground

Partnering requires that the parties recognize, acknowledge, and respect their differences, but also that they identify and focus on common or complementary interests. In many partnerships there are large differences in values, goals and activities, but partners can also identify overlapping interests. The differences do not have to be resolved while common ground is built. Indeed, the differences among the participants is potentially the source of new understanding and new resources for problem-solving. It is one of the paradoxes of partnering that differences are at once an opportunity for creative action, while also a threat to the partnership's capacity to survive.

3. Take Time to Build Commitment from Key Actors

It takes time and negotiation to build agreement to participate in a partnership among key actors, and especially organizational leaders. In many ways, partnering organizations interact a lot like nations. It is often worthwhile to start slowly and build a basis for joint action. In some cases it is useful to focus on problems where previous efforts by one partner have failed, or where there is general agreement that a crisis exists. Possibly this will allow parties to commit themselves to the difficulties of working with very diverse partners. In other instances it is more effective to show how partnering has been successful in similar situations elsewhere.

4. Balance Power Differences to Foster Mutual Influence

Often when parties are or are perceived to be unequal in power. Taking steps to ensure that they have some degree of influence with one another may be essential for effective partnering. It is not often realistic to try to make partners equal. It is important to create circumstances that enable participants to recognize each others resources, to speak and listen to each other freely, and to challenge decisions that contradict their interests. For example, when grassroots groups are parties to the partnership, success is more likely if these groups have had opportunities to build organizations that legitimately speak for citizen's interests and have had previous opportunities to partner.

5. Create Forums for Joint Exploration and Decision

Partnering requires forums where parties can assess problems and issues, explore differences and new perspectives, and create alternative solutions and innovations. A new "space" may be needed where people can experiment and break away from old patterns, and gradually build collective resources and understanding. Such "spaces" can allow partners to continue working on disagreements in traditional forums and, at the same time, begin to explore new options within a different setting.

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6. Organize to Use Resources from All the Partners

The advantage of partnering is the mobilization of many perspectives and resources to solve complex problems. Continued mutual influence depends on everyone's resources being valued and used. Therefore, implementation programs need to be designed to make use of the comparative advantages of different participants. Even when it appears simpler in the short-term to have one partner take primary responsibility for implementation, that decision encourages other partners to drop out or become passive in the long run.

7. Frame Solutions in Terms of Mutual Gains

There is no better way for one partner to build trust with another than to demonstrate commitment to making a strategy "work". Once the partners understand each others' goals, those goals can be used as measuring sticks for finding out if joint initiatives will work to serve both parties. If partnerships do not produce mutual gains, the long-term commitments of the parties that do not benefit will be endangered. Finding these mutual gains is hard, but it is also exciting for all the actors.

8. Emphasize Both Process and Product

There are both process and product outcomes of any partnership. A single-minded focus upon process can paralyze a partnership in endless repetitive discussions, while a single-minded focus upon product ignores the strains that may unravel the partnership. Processes are important: the way decisions are made, the way meetings are conducted, and the level of participation all affect the products and outcomes of the partnership. But products are also essential: decisions and programs that produce concrete results on the problems that stimulated organizing the partnership are critical. Partnerships are more effective when their members pay attention to both process and product.

9. Build Many Bridges to Expand Cooperation

Partnerships are strongest if there are multiple linkages that connect the organizations involved. If all relationships are simply managed by organizational leaders, the partnership is vulnerable to changes in individuals and patterns of organizational leadership. While partnerships may begin with those leaders, it is desirable to be inclusive, involving more people and departments of organizations in the partnership as its activities continue or expand. For long-term partnerships with expanding activities, it may become desirable to institutionalize relationships among organizations so they are less dependent on the continued contacts among a few key individuals.

I. CONCLUSIONS AND NEXT STEPS

This chapter has examined inter-organizational partnerships - and particularly inter-sectoral partnerships, that bring together local democratic governance, business, and civil society organizations - as tools for solving difficult development challenges in a manner that fosters local capacity and sustainable development. The last three decades have seen an extraordinary increase in such inter-organizational relations, within and across sectors, but their potentials for creative and sustainable solutions to development problems are just beginning to be tapped. We can offer some ideas about key questions to be asked and "promising practices" on the basis of substantial experience in industrialized countries and a little experience in the developing world. But much of the work of experimentation with alternative approaches and the documentation of success and failure remains to be done. We hope this chapter stimulates thought and innovative practices in many different settings, that will make it possible to fine tune our findings and develop best practices, and ground them in an expanding array of field experiences.

Chapter 6: SPECIAL REPORTS

"USAID's New Partnerships Initiative (NPI) represents a potentially revolutionary approach to fostering sustainable development, reducing poverty, and building democratic practice. It is also a recognition that local stakeholders must be protagonists in their own development process."

Local Development and Local Partnership
Initiatives in the Development Community,
Special Report

SPECIAL REPORT #1

THE NPI PROCESS: PILOTING NPI IN THE LEARNING PHASE

INTRODUCTION

Following the conceptual design of NPI and completion of the NPI Core Report in July 1995, the Report was subsequently transmitted to key senior Administration officials and received extremely favorable reactions. Pending a senior USAID management meeting in early October 1995 to discuss the implementation of NPI, consultations were held with a wide array of USAID partners and a variety of bilateral and multilateral donors to capitalize on the momentum generated and to lay the groundwork for future operational collaboration.

The October meeting of senior USAID officials to discuss NPI culminated in USAID Administrator J. Brian Atwood's strong endorsement of the Initiative as sound development policy and his authorization to initiate a phased-in implementation process. He called for Agency-wide implementation of NPI by FY 98, preceded by a *Learning Phase* concentrated in a number of pilot countries around the world.

Administrator Atwood called for the operational phase to proceed in as participatory a fashion as the design phase, and in close collaboration with every central and regional USAID bureau, as well as the full gamut of our development partners--including U.S. private voluntary organizations (PVOs), U.S. and local nongovernmental organizations (NGOs), community-based organizations (CBOs), people's organizations (POs), cooperative development organizations (CDOs), representatives of institutions of democratic local governance, the business community, universities and community colleges, think tanks, professional associations, contractors, foundations, host governments, and other bilateral and multilateral donors. A detailed overview of this intensive Learning Phase process is provided below.

OVERVIEW OF THE NPI LEARNING PHASE

The Learning Phase (March-October) was designed as an opportunity to advance Agency thinking about how to most effectively: (1) integrate local community involvement and public-private sector collaboration into our development activities; (2) experiment with innovative approaches to strengthening civil society, business and institutions of democratic local governance sectors, as well as fostering inter-sectoral and transnational partnerships; (3) build upon promising practices emanating from Agency experience in the areas of local capacity building, the enabling environment and partnerships/linkages; (4) give heightened visibility to those Missions who have already undertaken such an approach, while spurring them toward an ever more strategic approach to development partnering; and (5) develop performance indicators to capture NPI results.

The regional and central USAID bureaus played a critical role throughout the Learning Phase. NPI Regional Backstops and Country Desk Officers for the pilot missions served as critical interlocutors between USAID/W and the field. These operational links at the regional bureau level were very helpful in the integration and mainstreaming of NPI across the Agency, the fostering of Bureau-wide involvement, and the provision of technical assistance and problem-solving. The four Regional NPI Backstops were responsible for distilling information from the NPI missions' experiences and provided critical feedback to the LT throughout the Learning Phase.

After leading the design phase of NPI, PPC/DP continued to work closely with all members of the LT to provide direction and coordination during the Learning Phase, effectively disseminate information, and help to ensure the integration of NPI within the activities of the Agency. Representatives of BHR/PVC were very actively involved on the LT and also chaired two of the three Working Groups. The bureau is working closely with NPI missions and others throughout the world to support PVO/NGO partnering and local capacity building through institutional development and support activities. Representatives from the Global Bureau also chaired one of the Working Groups and helped to provide sectoral expertise, particularly in the area of democracy and governance. Finally, there were dedicated NPI specialists available to Missions from the General Counsel's Office as well as the Office of Procurement.

External partners also continued their close involvement in the NPI process in a variety of ways. They served as members of the Learning Team, were actively involved in the three Working Groups, continued to participate as members of the original Steering Committee, and took part in in-depth discussions and briefings involving academic experts and development specialists.

NPI pilot missions were a driving force of the Learning Phase and the focal point of operational responsibility. Their direct contribution and involvement in developing and implementing innovative NPI activities, identifying and building upon prior experience and best practices, and actively engaging in dialogue with the other actors in the Learning Phase was the critical foundation upon which this operational Resource Guide is based. A detailed description of the mission selection process follows.

FIELD-BASED SELECTION OF NPI PILOT MISSIONS

NPI proposals were solicited from USAID Missions via an Agency-wide cable in mid-January 1996. The cable set forth the guidelines and criteria for selection of NPI Leading Edge Missions (NPI/LEMs), including responses to the following issues:

- ▶ ***Country-specific enabling environment*** -- Are current host government policies, regulations, and practices conducive to the existence of an active non-governmental sector and supportive of linkages between nongovernmental actors

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and government? How could NPI serve to open a dialogue with national and local authorities on the topic of civil society?

▶ **Assessment of current mission activities** -- What local capacity building activities are currently underway? Are there cross-cutting linkages among them? What added value will NPI bring to the pursuit of the Mission's existing SOs?

▶ **Role of development partners** -- What role have the Mission's development partners played in the preparation of the Mission's NPI/LEM proposal? What will be their role in the design, implementation and monitoring of the proposed activities? What are the specific possibilities for developing new partnerships?

▶ **Description of NPI activities to be undertaken** -- How will current programs be restructured and what new linkage activities are proposed? How would an NPI-focused program specifically foster mission reengineering plans?

▶ **Mission resources** -- How does the mission propose to allocate its human and financial resources in order to implement the proposed activities? What technical support would the mission require, if any?

▶ **Leveraging other resources** -- Are there other development partners actively engaged in local capacity building and the strengthening of civil society? What local resources are available for NPI activities and how would the mission identify/tap/enhance this base of support?

▶ **Monitoring and evaluation** -- What is the methodology proposed to learn from the NPI/LEM experience? How will the proposed system track both the results of NPI activities and the process by which the mission and its partners transform their programs and budgets so as to inform the Agency-wide process?

Although Agency budgetary constraints made it impossible to provide special funding for NPI, there were a number of incentives for Missions to participate in the Learning Phase. Given the Administrator's instruction that all Missions integrate NPI into their existing portfolios by FY 98, playing an active role in the NPI Learning Phase as a pilot mission was an opportunity to: (1) receive special consideration and focused attention from USAID/W, including technical assistance from the Learning Team and access to an NPI-dedicated procurement specialist and an NPI-dedicated resource in the General Counsel's office; (2) garner attention and heightened visibility for ongoing NPI-like activities and models; and (3) contribute to the collective learning process and lead the rest of the Agency in the implementation of NPI.

Pilot missions were also given priority attention in USAID/W programming (e.g. BHR/PVC). In a number of cases it was possible to reallocate existing resources--both USAID/W and Mission-based--to NPI activities. This is exemplified by the agreements reached between USAID/Sri Lanka's SO Teams regarding collaborative programming of the Mission's PL-480 local currency *NGO Special Account*.

Mission NPI/LEM proposals were submitted in mid-February 1996 and reviewed by the NPI Steering Committee and Regional/Technical Backstops. After an intensive review process involving all the regional and central bureaus, seven NPI/LEMs were selected by the Learning Team and endorsed by the Administrator in early March: USAID/Bangladesh, Guinea, Haiti, Kenya, Philippines, Sri Lanka and Zambia. USAID/Bulgaria was provisionally approved as the eighth Leading Edge Mission, pending receipt of its proposal, in order to ensure representation from every geographic region.

A number of other Missions expressed a strong desire to participate in the Learning Phase in some way as well, but were unable to make as significant a time commitment as the Leading Edge Missions. In an effort to be as inclusive as possible, the category of NPI "Partner Mission" was thus created to accommodate the interest of these missions. While not receiving the same priority attention as the NPI/LEMs, they participated actively in the discussion of lessons learned and drew upon their relevant experiences and activities to contribute case studies to the Resource Guide. In a number of cases, their final product indicated a level of participation equal to--or in some cases even surpassing--some of the Leading Edge Missions.

Seven Partner Missions were chosen to participate: USAID/Ecuador, Indonesia, Madagascar, Panama, Romania and Russia. South Africa was involved throughout the Learning Phase and chose to formalize its participation toward the end of the process.

Administrator Atwood publicly announced the selection of the NPI pilot Missions at the March 12 meeting of the Advisory Committee on Voluntary Foreign Aid (ACVFA). In his remarks, he noted that "few dispute the development theory behind NPI; now it is time to unleash that powerful idea... In cooperation with the U.S. PVO community and a broad array of U.S. and local development partners, [NPI Leading Edge Missions] will test these approaches and break new ground for the rest of the Agency. We will build this program as we have built the other reforms--from the ground up--using our own people and our partners in the NGO community." This public address to the Advisory Committee was followed by an Agency-wide General Notice dated March 14 which announced the commencement of the Learning Phase and the selection of NPI pilot missions.

With regard to collecting information from the pilot missions, a concerted effort was made to encourage an interactive process of dialogue and learning throughout the Learning Phase, rather than to impose burdensome reporting requirements on missions already faced with various financial and human resource constraints. Missions were therefore asked to provide only one formal mid-course communication (at the end of July 1996) which thoroughly detailed their Learning Phase activities to date and any revisions/updates regarding their anticipated contribution to the Resource Guide.

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These Interim Reports provided a means by which to: track the range of issues being explored across countries and regions; compare approaches building upon previous Mission experiences with those involving innovative activities; identify any common problems and/or specific needs for assistance; highlight relevant best practices, initial lessons learned and proposed case studies in the areas of capacity building, enabling environment, inter-sectoral links, etc.; share progress and ideas among the Leading Edge and Partner Missions; and strengthen the conceptual and operational linkages among these missions.

Final reports from Leading Edge and Partner Missions were submitted in mid-November. The Learning Team and each of the Working Groups carefully reviewed the fifteen field reports in order to ground their analyses in the activities, experiences, case studies and lessons learned from the Missions.

NPI LEARNING TEAM

A broad-based "Learning Team" (LT) was constituted to include all of the NPI Regional and Technical Backstops, Country Desk Officers from each NPI Mission, external partners, and core team members from PPC/DP. The NPI Points of Contact from each Leading Edge and Partner Mission also served as virtual members of the Learning Team (see Table 1). The Learning Team structure was designed to provide a flexible and responsive means for serving the NPI/LEMs, involving Partner Missions and ensuring a high degree of complementarity between NPI's field-driven activities and central support from USAID/W.

Starting in March 1996 and continuing throughout the Learning Phase, the LT met on a bi-weekly basis for two hour sessions. The team was charged with: the synthesis and dissemination of the knowledge and experiences of the pilot Missions; the advancement of NPI's conceptual framework; the facilitation of field activities; and the development of operational guidance to lead Agency-wide implementation. Given budget cutbacks, the LT also sought to identify possible sources of assistance for field activities during the Learning Phase, including coordination with other donors.

LT meetings served as a vehicle for tasking and monitoring the efforts of the Working Groups, as well as exploring a wide range of program issues associated with NPI (e.g. reengineering, inter-sectoral partnering, policy change, etc.). Both country and issue-specific information was shared in these meetings to ensure maximum cross-regional and cross-sectoral integration, and a great deal of emphasis was placed upon the sharing and dissemination of ideas, approaches and promising practices.

LT meetings also served as a forum for active debate among USAID staff and partners about both conceptual themes (e.g. the evolving role of civil society vis-a-vis democratic governance and business sectors; potential synergy resulting from the integration of efforts in all five of the Agency's sectors; the relationship between local units and those at regional, national or transnational levels, etc.) and

operational issues (e.g. Agency mainstreaming, the integration of NPI activities into existing Mission strategic objectives, performance measurement, etc.).

An effort was made to invite guests from the field, as well as representatives from other USAID/W offices, to Learning Team meetings as often as possible (see Tables 4 and 5). This enabled LT members to: exchange ideas with and receive first-hand progress reports from Mission staff on the implementation of NPI activities; hear the perspectives of our external partners; learn about models and promising practices across sectors and regions; and better ground conceptual and operational issues in the realities of the field. Speakers with particular expertise and knowledge (e.g. in the areas of labor, enabling environment, etc.) were also invited to share their ideas and further expand NPI's linkages with a broad array of groups.

Detailed minutes from each of the meetings were prepared and served a number of purposes: they kept virtual members and those who missed a meeting "in the loop;" they clearly documented all of the substantive and procedural issues which arose; and they facilitated later preparation of the NPI Resource Guide.

WORKING GROUPS

One of the first tasks faced by the LT was to determine the optimal team structure for the Learning Phase. While team members wanted to foster as broad and inclusive a participatory approach as possible, it was important to keep the group size manageable enough to ensure the effectiveness and efficiency of the working structure. The LT also needed to be able to comprehensively address the gamut of Learning Phase tasks in USAID/W while remaining flexible and responsive to the field missions.

Several options for team models were discussed: (1) one core LT with sub-teams in the areas of NGO Empowerment, Small Business Partnership and Democratic Local Governance, analogous to the task forces which operated during the design phase of NPI; (2) one core LT with separate sub-teams dedicated to each one of the NPI/LEMs (each sub-team would contain an "expert" in various substantive areas, such as procurement, evaluation, etc.); and (3) one core LT with several sub-working groups, each dedicated to a cross-cutting NPI issue.

With regard to the first model, the team thought that by continuing to analyze NGO, business and local governance issues separately, we might run the risk of perpetuating the traditional "stovepipe" approach that NPI is trying to move away from. Because it was imperative during the Learning Phase to focus as explicitly as possible on the linkages and cross-cutting synergies among the three NPI focus areas, the LT decided that this was not a useful approach. The second model was considered too complex and unwieldy from a management perspective. Moreover, separate NPI/LEM teams would be less effective in fostering learning, sharing best practices, and stimulating dialogue across countries, regions and sectors.

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The LT decided that the most appropriate mechanism for achieving the objectives of the Learning Phase was the formation of three working groups dedicated to local capacity building and partnership, the enabling environment, and performance measurement. Because the working groups were based on NPI's focus areas--rather than sectoral or geographical parameters--there was a built-in emphasis on cross-cutting conceptual issues. An overview of the work of these three groups is provided below.

The **Capacity Building and Partnership Working Group (CBPWG)** was organized in May 1996. The initial mandate of the CBPWG was to facilitate the Agency learning process with respect to local capacity building, focusing on the key sets of NPI actors. The group's focus--as well as its name--were subsequently broadened to include partnerships as it became increasingly clear that there was a need not only to learn how to strengthen the capacity of these organizations and their respective sectors, but also how to increase the capacity of these organizations to partner together across sectors.

The CBPWG--chaired by the Director of the Office of Private and Voluntary Cooperation (BHR/PVC)--consisted of USAID staff from the regional and central bureaus (PPC, BHR, G, AFR, ANE) and more than a dozen representatives of the PVO and CDO communities, other donor agencies and private citizens (See Table 2 for the list of members). The group met on at least a bi-weekly basis throughout most of the Learning Phase, and the external partners made an extraordinary contribution to the effort, bringing their extensive personal experience and expertise of their organizations to the process. The CBPWG interacted closely with the LT and also met with the other Working Groups to share ideas and information. The group communicated with the NPI Missions during the Learning Phase both directly and through NPI-LINK, and three of its members provided field support to missions.

The initial objectives established by the CBPWG were to: (1) define local capacity building with respect to NGOs, small businesses and local governments, putting particular emphasis on the synergies among the components; (2) promote learning and information sharing about local capacity building for the Agency and its partners; (3) provide support to the missions for capacity building, resolve issues, and share information; (4) identify and document selected best practices and lessons learned to share with the rest of the Agency in this area; and (5) help identify resources for local capacity building. With regard to the fifth objective, the CBPWG prepared an annotated bibliography of the development literature on capacity building and is currently developing a list of those central USAID/W resources available to support local capacity building and partnership formation.

The CBPWG began by analyzing the NPI Mission proposals from the point of view of capacity building, highlighting any Mission requests for assistance and identifying areas of interest with respect to capacity building. The group sent an e-mail to NPI missions in June regarding its objectives in order to initiate a dialogue on local capacity building. Missions were invited to identify issues/questions they wanted addressed, potential best practices to be documented, in-country resources

that might be of use to other Missions, and any needs for technical or other assistance related to capacity building. The group also began discussing the critical importance of inter-sectoral partnerships to the NPI approach, and decided that it would be useful to develop a "practical guide" to help Missions and others foster these partnerships.

The CBPWG produced two chapters for the Resource Guide--one on local capacity building and the other on fostering strategic partnering. Two sub-groups began work on the chapters, developing the basic concepts and cross-fertilizing ideas with the broader Working Group. The first sub-group developed basic definitions, framing principles and practical tools for local capacity building, focusing on the different contexts and key considerations involved under NPI. The chapter incorporated lessons learned from the NPI Missions, examples of innovative approaches in USAID, and more extensive analysis of the skills and interventions required for strengthening the capacity of the resulting partnerships themselves.

The second sub-group focused on the definitions and dynamics of different types of strategic partnering arrangements, paying particular attention to inter-sectoral partnerships. They developed a practical "step-by-step" guide to developing inter-sectoral partnerships and outlined the principal developmental phases for ISPs and key issues that needed to be addressed at each stage. The chapter was subsequently broadened to include examples and lessons learned from the NPI Mission reports, as well as a section on fostering transnational partnerships.

Co-chaired by representatives of the Democracy and Environment Centers of USAID's Global Bureau, the **Enabling Environment Working Group (EEWG)** followed a four-phase process for drafting its chapter of the Resource Guide between July and December 1996 (see Table 2 for list of contributors).

In phase one, personal interviews were conducted in Washington, D.C. with twelve key leaders of organizations involved in international development, including U.S. PVOs, the business sector, local government and international donors. These leaders also provided documents related to the subject at hand. In phase two, an initial draft of the Enabling Environment chapter was developed, based on the draft NPI Core Report and the information collected through the interview process, and an initial review of selected literature.

In phase three, Interim Reports from LEMs and Partner Missions were reviewed, and questions related to the enabling environment component of their activities were formulated and e-mailed to each Mission. Once responses were received, each LEM and Partner Mission was interviewed by telephone to clarify details and identify any lessons learned or case studies they might be able to provide. That information was then entered into a specially-prepared matrix or "NPI Enabling Environment Grid." Finally, once Final Reports were received from participating Missions and additional documents were reviewed, the EEWG produced a final draft of its contribution to the NPI Resource Guide for additional discussion with interested individuals and organizations prior to completion.

The **Performance Monitoring Working Group (PMG)** began its work in January 1996--before the formal constitution of the Learning Team--with representatives of the following offices and organizations: PPC/DP, BHR/PVC, PPC/CDIE, G/DG, G/EG, AFR/DP, PPC/DEM and ENI/PCS. The PMG was chaired by the Deputy Director of the Office of Private and Voluntary Cooperation (BHR/PVC). As the work of the group evolved, key partners contributing to the development of an NPI Strategic (Results) Framework included a smaller, core group of USAID staff and representatives of organizations external to USAID. The core membership group worked very intensively between May and November 1996 (See PMG Attachment 1).

The PMG refined its purpose--to advance the performance measurement of NPI--into the following set of tasks: (1) assess and analyze current indicators utilized by LEMs; (2) provide Missions with an illustrative menu of NPI-related indicators to guide NPI monitoring; (3) promote information sharing, learning and dialogue on NPI-related indicators among Agency staff and partners; (4) coordinate support to NPI Missions for NPI monitoring; and (5) contribute to the NPI Resource Guide.

ASSISTANCE TO NPI MISSIONS

During the course of the Learning Phase, NPI Learning Team and Working Group members gave priority to responding where possible to all requests from the field for conceptual and technical assistance. All of the NPI/LEM and three of the Partner Missions were provided on-site assistance:

- Bangladesh (Cathryn Thorup);
- Bulgaria (Robert Herman);
- Guinea (Adele Liskov and Katherine Nichols);
- Haiti (Norm Nicholson);
- Kenya (John Grant, Curt Grimm and Greg Perrier);
- Madagascar (John Grant, Curt Grimm and Greg Perrier);
- Philippines (Cathryn Thorup);
- Russia (Cathryn Thorup);
- South Africa (Joshua Ginsberg and John Grant);
- Sri Lanka (Patrick Fn'Piere and Danielle Roziewski); and
- Zambia (John Grant, Joshua Ginsberg, Curt Grimm and Bob Young).

These TDY visits were critically important in a number of respects. They: (1) helped establish solid connections between USAID/W and the field, truly grounding the initiative in practical experience and country contexts; (2) ensured a two-way flow of information and learning between the LT and pilot missions; (3) fostered South-South linkages among missions by alerting staff in one mission to related activities in another; and (4) provided short-staffed missions with valuable assistance in documenting their activities, promising practices and case studies, as well as advice on how to build additional linkages among the Mission SOs and with a variety of external partners.

COMMUNICATION MECHANISMS:

There were two primary modes of electronic communication during the Learning Phase. **NPI-NET** (established during the design phase) remains an effective vehicle for disseminating general information on NPI to USAID/W staff and field personnel, the full range of USAID's development partners (particularly those outside of the Washington area) and the interested public. NPI-NET is a widely accessible, interactive forum for all those interested in NPI--as well as partnership and civil society issues more broadly--and serves as a means of generating ideas, stimulating discussion, and increasing dialogue among development partners. It currently has over 160 subscribers and provides development professionals with an opportunity to express their views, comments and suggestions.

NPI-LINK was created to provide a targeted means for USAID staff and external partners directly involved in the Learning Phase--the Leading Edge and Partner Missions, Learning Team members and Steering Committee members--to communicate among themselves, share specific concerns, disseminate and exchange information, pose questions, etc. It was intended to maximize the collective learning process within a structured mechanism and to foster the sharing of creative ideas, promising practices and common issues among the team members.

NPI-LINK was an efficient and useful mechanism for distributing documents and disseminating information to those involved with NPI in USAID/W and the field. However, greater use of this powerful communication tool might be fostered in the future in a number of ways. While NPI-LINK subscription during the pilot phase was generally limited to 1-2 contact people per Mission, it would be more advantageous to include representatives from all of the Strategic Objective Teams involved in NPI activities. This would ensure a broader understanding of NPI within Missions, as well as greater cross-fertilization of knowledge and synergy among activities. In addition, attempts should be made to build on any personal contact that has already taken place between staff from various Missions, since people tend to work together in a "virtual" environment more effectively if they have previously had some type of direct interaction.

OUTREACH TO USAID/W AND FIELD PERSONNEL

Following the example set during the design phase of NPI, a concerted effort was made to directly involve and/or consult Agency personnel from all operating units in Washington and the field to the greatest extent possible (see Table 5). Participation was fostered in a variety of ways by:

- announcing the selection of NPI Leading Edge Missions through an Agency-wide General Notice (issued March 14, 1996);
- selecting NPI Backstops representing every central and regional AID/W bureau, as well as pilot missions from every geographic region;

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- consulting with a variety of groups in USAID/W, including: senior management; the reengineering team; Development Planning and Democracy officers; sector advisors from the policy bureau; and other Agency-wide teams (including serving on some of these teams, such as the Greater Horn of Africa PVO/NGO team);

- meeting with staff from all of the NPI pilot missions--including Mission Directors, Deputy Mission Directors and Project Officers--whenever they were traveling in Washington;

- briefing new Mission Directors from Africa and Latin America at their Conferences in September and December, 1995;

- providing TDY assistance to all of the Leading Edge Missions and three of the Partner Missions.

CONSULTATIONS WITH OUTSIDE GROUPS/PARTNERS

The list of briefings and meetings held with external partners (Table 4) clearly demonstrates the breadth of participation in the NPI Learning Phase and the energy devoted to this end by LT and WG members. Every effort was made to respond to all invitations to brief groups on the initiative, to reach out to a wide variety of partners, and to encourage a discussion of NPI approaches within the general development community.

The original NPI Steering Committee remained active during the Learning Phase, meeting three times (in June, September and January 1997) to discuss specific operational issues that emerged during the Learning Phase, as well as to provide guidance on overarching conceptual issues. The members of this advisory body were key in providing intellectual leadership and fostering continuity between the initial design process of NPI and its field-based implementation.

During the December 4, 1996 ACVFA meeting, several members of the Learning Team appeared on a panel dedicated to NPI. Cathryn Thorup (PPC/DP) began the session with an overview of NPI, John Grant (BHR/PVC) talked about inter-sectoral partnerships, Patrick Fn'Piere (G/DG) addressed the enabling environment for partnership, and Adele Liskov (BHR/PVC) commented on her experience with NPI in Guinea. Sarah Newhall, representing PACT, concluded with an external partner's perspective of NPI. The hands-on, operational perspective provided by the panel was very well-received by the Advisory Committee members, USAID staff and the broad array of partners in attendance.

SESSIONS WITH OUTSIDE EXPERTS

In order to broaden the scope of consultation and solicit feedback on both the theoretical underpinnings and technical implications of NPI, special sessions were held with outside academic and technical development specialists in July 1996 and January 1997. Representatives from Associates in Rural Development,

George Washington University, IGI International, the Inter-American Foundation, the International Center for Not-for-Profit Law, Management Systems International, Stanford University, United Way International and the World Bank discussed the theoretical underpinnings and programming possibilities for NPI (with a particular focus on the area of civil society).

PREPARATION OF THE NPI RESOURCE GUIDE

Compiling the first draft of the NPI Resource Guide by December 20, 1996 was a massive effort involving the hard work and dedication of dozens of USAID staff and external partners. Overall leadership and coordination was provided by PPC/DP, with a core team drafting the Synthesis Report, editing the entire document and compiling the annexes. The Working Group chairs and Regional Backstops provided extensive material that summarized the lessons learned from the field and each of the Working Groups. Chapters 2-5 were drafted under the leadership of the respective Working Group chairs.

FOCUS GROUP SESSIONS ON THE NPI RESOURCE GUIDE

After the final draft of the Resource Guide was completed in December 1996, it was distributed to all of the NPI Leading Edge and Partner Missions, Learning Team and Steering Committee members, and various external partners. Focus group sessions were subsequently held during the first half of January with the NPI Steering Committee, academic specialists and others to discuss the draft report. Comments were also sought from a number of other development specialists on an individual basis.

These sessions provided an additional opportunity to ensure the full participation, input and ownership of our various development partners, as well as a forum for open dialogue and exchange on the Resource Guide. Equally important, it enabled all of the field missions to react to the Synthesis Report, Working Group chapters and the other NPI pilot mission reports.

NEXT STEPS - PHASE 3

After designing the NPI conceptual framework and field testing the initiative in a number of pilot missions around the world, a number of steps remain in order to fully integrate NPI approaches into the mainstream of Agency practice. (See section E of Synthesis Report). Pending review by USAID senior management, these would include: producing Agency policy guidance on NPI; designing a comprehensive strategy for outreach to the public, USAID's development partners and other donors; developing a mechanism for capturing and disseminating models, technical know-how and expertise (e.g. through an NPI data bank and/or web site); continuing the in-depth analysis of issues identified during the Learning Phase; and fostering Agency efforts to develop a "continuing education" program for USAID staff.

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TABLE 1

NPI LEARNING TEAM MEMBERS

USAID/W:	Cathryn L. Thorup	PPC/DP	Chair and NPI Coordinator
	Norm Nicholson	PPC/DP	NPI Deputy Coordinator
	Danielle Roziewski	PPC/DP	NPI Desk Officer
	John Anderson	ANE/SEA	Regional Backstop for Asia/Near East
	Carla Barbiero	G/AA	Global Bureau Backstop
	Mike Calavan	PPC/CDIE	Performance Monitoring Working Group
	Bruno Cornelio	PPC/DP	Private Enterprise Backstop
	Ramon Daubon	LAC/AA	Regional Backstop for Latin America/Caribbean
	Patrick Fn'Piere	G/DG	Democratic Local Governance Backstop and Co-Chair, Enabling Environment Working Group
	Dale Gibb	G/PHN	Health/Population Backstop
	John Grant	BHR/PVC	NGO Empowerment Backstop and Chair, Capacity Building and Partnership Working Group
	Curt Grimm	AFR/DP	Regional Backstop for Africa
	Robert Herman	ENI/PCS	Regional Backstop for Europe/New Independent States
	Patricia Jordan	PPC/CDIE	Performance Measurement and Indicators Working Group
	Carolyn Karr	GC	Dedicated Legal Specialist
	Kenneth Lanza	G/EG/EIR	Small Business Backstop
	Adele Liskov	BHR/PVC	Chair, Performance Monitoring Working Group
	Kathleen O'Hara	M/OP/POL	Dedicated Procurement Specialist
	Greg Perrier	BHR/PVC	AAAS Fellow
	Madeline Williams	LAC/AA	Regional Backstop for Latin America/Caribbean
	Sarah Wines	G/ENV	Democratic Local Governance Backstop and Co-Chair, Enabling Environment Working Group
	Holly Wise	G/AA	Global Bureau Backstop

EXTERNAL PARTNERS/CONTRIBUTORS:

John Clark, World Bank
Yolanda Comedy, Development Alternatives, Inc.
Leslie Fox, Independent Consultant
Joan Goodin, Management Systems International
Mahnaz Ispahani, Ford Foundation
Karen Lippold, Management Systems International
Sarah Newhall, PACT
John Pielemeier, Consultant
Bonni Ricci, World Learning
John Sullivan, U.S. Chamber of Commerce
Martha Cecilia Villada, Partners of the Americas

COUNTRY DESK OFFICERS:

Bangladesh	Craig Anderson
Bulgaria	Laura Libanati
Ecuador	Dan Lesmez / Babette Prevot
Guinea	Katherine Nichols
Haiti	Dan Riley
Indonesia	Kay Freeman
Kenya	Richard Handler
Madagascar	Stephen Pulaski
Panama	Bernadette Bundy
Philippines	Don Masters
Romania	Paul Cohn
Russia	Diane Tsitsos
South Africa	William Elliott
Sri Lanka	Jim VanDenBos
Zambia	Meredith Scovill

NPI MISSION POINTS OF CONTACT:

Bangladesh	Karl Schwartz/Gary Robbins/ Bithi Pandit
Bulgaria	John Babylon/Ivanka Tzankova/ Brad Fujimoto
Ecuador	Beth Cypser/Patricio Maldonado
Guinea	Vic Duarte
Haiti	Carol Horning
Indonesia	Maria Rendon
Kenya	Lee Ann Ross/Kojo Busia
Madagascar	William Hammink/Jean-Paul Paddack
Panama	Joseph Carroll/Guy Branch
Philippines	Jose Garzon

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Romania
Russia

South Africa
Sri Lanka
Zambia

Randal Thompson
Jeanne Bourgault/Emmy Simmons/
Jim Walsh
Steve Brent
Allan Reed/Glenn Whaley
Craig Noren/Curt Wolters

EXPERT COMMENTARY

Jesse Bunch
Larry Cooley
Alison Evans
Leslie Fox
Joan Goodin
Leon Irish
Lorelei Kelly
William Reese
James Rosenau
Karla Simon
Jamie Thompson
Norman Uphoff
David Valenzuela
Ted Weihe

Richard Willard

IGI International
Management Systems International
World Bank
Independent Consultant
Management Systems International
International Center for Not-for-Profit Law
Stanford University
Partners of the Americas
George Washington University
International Center for Not-for-Profit Law
Associates in Rural Development
Cornell University
Inter-American Foundation
U.S. Overseas Cooperative Development
Council
Management Resources International

CORE DRAFTING TEAM

Cathryn L. Thorup
John Anderson
Yolanda Comedy
Bruno Cornelio
Patrick Fn'Piere
John Grant
Curt Grimm
Robert Herman
Adele Liskov
Norm Nicholson
Danielle Roziewski
Madeline Williams
Sarah Wines

PPC/DP
ANE/SEA
Development Alternatives, Inc.
PPC/DP
G/DG
BHR/PVC
AFR/DP
ENI/PCS/PS
BHR/PVC
PPC/DP
PPC/DP
AA/LAC
G/ENV

TABLE 2.

NPI WORKING GROUP MEMBERS

CAPACITY BUILDING AND PARTNERSHIP

USAID:	John Grant	BHR/PVC (Chair)
	John Fasullo	BHR/PVC
	John Godden	BHR/PVC
	Sallie Jones	BHR/PVC
	Greg Perrier	BHR/PVC
	Danielle Roziewski	PPC/DP
	Robert Young	AFR/SD/SA

EXTERNAL PARTNERS/CONTRIBUTORS:

Evan Bloom	PACT
L. David Brown	Institute for Development Research
Jim Cawley	NCBA
Yolanda Comedy	Development Alternatives, Inc.
John Glaser	Independent Consultant
Judith Hermanson	Cooperative Housing Foundation
Cornelia Janke	EDC
Arlene Lear	Counterpart Foundation
Beryl Levinger	EDC
Claudia Liebler	GEM Initiative
Eduardo Loayza	SeaLand Advisory Services
Jorge Loayza	SeaLand Advisory Services
Ada Jo Mann	GEM Initiative
Jeanne North	USAID/G/DG
John Sullivan	Center for International Private Enterprise
David Valenzuela	Inter-American Foundation
Steve Waddell	Institute for Development Research
Rick Zemlin	Consultant/Working Group Backstop

ENABLING ENVIRONMENT

USAID:	Patrick Fn'Piere	G/DG (Co-Chair)
	Sarah Wines	G/ENV (Co-Chair)

EXTERNAL PARTNERS:

Joan Goodin, Management Systems International
Karen Lippold, Management Systems International

SPECIALISTS CONSULTED:

Mark Bidus, International City Managers Association
Laura Fosse, World Bank
Robert Herman, USAID/ENI/PCS
Meg Kinghorn, InterAction
Stephan Klingelhofer, International Center for Not-for-Profit Law
Carolyn Long, InterAction
Sarah Newhall, PACT
Karla Simon, International Center for Not-for-Profit Law
John Sullivan, Center for International Private Enterprise
Scott Wade, Canadian International Development Agency
Russ Webster, Management Systems International
Robert Young, USAID/EAGER Project

PERFORMANCE MONITORING AND INDICATORS

USAID:	Adele Liskov	BHR/PVC (Chair)
	Mike Calavan	PPC/CDIE
	Michael Henning	G/DG
	Sallie Jones	BHR/PVC
	Pat Jordan	PPC/CDIE
	Danielle Roziwski	PPC/DP
	Ron Sprout	ENI/PCS

EXTERNAL PARTNERS/CONTRIBUTORS:

Evan Bloom	PACT
Keith Brown	Management Systems International
Yolanda Comedy	Development Alternatives, Inc.
Larry Cooley	Management Systems International
Joshua Ginsberg	USAID/PPC/DP
Jerome Harrison-Burns	Management Systems International
Anne Inserra	Management Systems International
Kurt MacLeod	PACT
Lou Mitchell	PACT
Lou Stamberg	Independent Consultant
Rick Zemlin	Consultant/Working Group Backstop

TABLE 3.

NPI STEERING COMMITTEE MEMBERS

USAID/W:	Cathryn L. Thorup	PPC/DP (Chair)
	Russell Anderson	G/EG/EIR
	Liz Baltimore	M/ROR
	Gerald Britan	PPC/CDIE
	Ramon Daubon	LAC
	Larry Garber	PPC/SA
	Curt Grimm	AFR/DP
	Robert Herman	ENI/PCS/PS
	Nyka Jasper	LPA
	Patricia Jordan	PPC/CDIE
	Carolyn Karr	GC/BHR
	Diane La Voy	PPC/SP
	Adele Liskov	BHR/PVC
	Norm Nicholson	PPC/DP
	John Norris	LPA
	Kathleen O'Hara	M/OP/POL
	Sher Plunkett	M/ROR
	Len Rogers	BHR
	Danielle Roziewski	PPC/DP
	Elise Storck	BHR/PVC
	Carolyn Weiskirch	PPC/DP

EXTERNAL PARTNERS:

Bob Chase, World Learning
Gloria Davis, World Bank
Vivian Lowery Derryck, African-American Institute
Tom Fox, World Resources Institute
Carolyn Long, InterAction
Gary McCaleb, National League of Cities
Gabriel Negatu, FAVDO
John Pielemeier, Consultant
Bill Reese, Partners of the Americas
John Sullivan, U.S. Chamber of Commerce
Jennifer Tufts, European Union
Norman Uphoff, Cornell University

TABLE 4.

**LIST OF BRIEFINGS/CONSULTATIONS
WITH EXTERNAL PARTNERS**

1995

▶ NPI discussed with USED, World Bank	August 25
▶ Meeting with representatives of 20 bilateral donors	August 31
▶ Meeting with Inter-American Foundation re possible collaboration on NPI activities	September 8
▶ Meetings with four key units of the European Commission (EC) on NPI and proposed Civil Society Working Group	September 21
▶ Participation in conference on "Strengthening Financing for the Voluntary Sector in Development: The Role of Official Development Assistance" (sponsored by the Overseas Development Council and Synergos Institute)	September 26-28
▶ Briefing on NPI at the annual meeting of Historically Black Colleges and Universities (HBCU)	September 27
▶ Talk on the role of civil society in preparation for and follow-up to Summit of the Americas - Latin American Studies Association (LASA) Annual Conference	September 29
▶ Discussion of civil society and NPI with Gerald Corr (Irish Development Agency)	October 11
▶ Meeting with researcher from International NGO Training and Research Center (INTRAC) re study on the relationships between NGOs and donors	October 11
▶ Meeting with Mark Robinson, World Bank researcher on civil society and Fellow at the Institute of Development Studies (Sussex)	October 11
▶ Briefing on NPI at the quarterly meeting of the Advisory Committee on Voluntary Foreign Assistance (ACVFA)	October 11
▶ Meeting with representatives of four local NGOs (India, Zimbabwe, Burkina Faso and West Africa) working with Oxfam America	October 13
▶ Discussion of NPI and civil society with representatives of Japan International Cooperation Agency (JICA)	October 13
▶ Briefing at the plenary session of the annual USAID Development Education Conference (attended by representatives from approximately 75 PVOs, U.S. NGOs and universities)	October 24

▶ Meeting with Fernando Frydman of Buenos Aires, Argentina to discuss NGO management issues in LAC region	November 2
▶ Meeting with Professor James Rosenau, George Washington University	November 3
▶ Meeting with Janice Broadman (Education Development Center) regarding NGO electronic networks/linkages focused on women's issues	November 8
▶ Meeting with John Sewell, President, Overseas Development Council	November 8
▶ Briefing on NPI at the Institute for Policy Studies, Johns Hopkins University	November 13
▶ Debriefing on evaluations of civil society activities in Romania by the World Association for Children and Parents, and Support Centers International/National Association of Social Workers	November 28
▶ Meeting with representatives of the World Trade Center (Arizona), the University of Arizona and Arizona State University re cross-border economic development projects	November 29
▶ Briefing on NPI at a seminar regarding enhanced collaboration with Cooperative Development Organizations (CDOs) sponsored by BHR/PVC	December 7
▶ Meeting of the USAID/European Commission Working Group on Civil Society	December 8
▶ Meeting with Richard Feinberg, Senior Director for Latin America, National Security Council	December 12
▶ Discussion of NPI at the quarterly ACVFA meeting on "The Role of Civil Society in Sustainable Development"	December 13
1996	
▶ Meeting with Penn Agnew (USIA Coordinator on Civic Education) to discuss potential collaboration	January 19
▶ InterAction meeting on PVO/NGO-Private Sector Collaboration in Africa in the Context of USAID's New Partnerships Initiative	January 24
▶ Meeting with Audree Chase (Coordinator of International Services of the American Association of Community Colleges)	January 26
▶ Discussion with Jim Michel (Chair, Development Assistance Committee, or DAC) regarding civil society and NPI	January 29, 1996

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▶ Meeting with Ed Crane (Corresponding Academy on Civil Society)	February 1
▶ Meeting with Kimberly Marteau, Public Affairs Director, USIA	February 6
▶ Meeting with Sean Gallagher (Executive Director of World Share, Guatemala)	February 9
▶ Meeting with Robert Chase (President, World Learning)	February 13
▶ Meeting with Lou Mitchell (President, PACT) regarding democracy/civil society issues	February 16
▶ Announcement of NPI Leading Edge Missions by Administrator Atwood at the quarterly meeting of the Advisory Committee on Voluntary Foreign Aid (ACVFA)	March 12
▶ Speech by Administrator Atwood to the DC Liaison Committee for Latin America at the Inter-American Dialogue	March 19
▶ Meeting with Shinicki Hosono and Hideki Wakabayashi (Embassy of Japan) regarding PVO/NGO issues and NPI policy	March 22
▶ Workshop with John Clark (World Bank, NGO Unit), Leon Irish (United Way International) and Karla Simon (International Center for Not-for-Profit Law) on draft World Bank Handbook on NGO Laws	March 26
▶ Meeting with Joe Thomas and Jesse Bunch of IGI International	March 28
▶ Meeting with Gerald Corr (Irish Development Agency) regarding NPI/civil society issues	April 3
▶ Meeting with Bill Reese (President, Partners of the Americas)	April 5
▶ Meeting with Nancy Yuan (Asia Foundation) regarding NPI implementation	April 12
▶ Meeting with Christopher Purdy, independent consultant	April 12
▶ Meeting with Brad Langmeade, private consultant, regarding USAID partnering	April 18
▶ Esquel Group Foundation - discussion of the role of donors in the arena of civil society	April 18
▶ Guest participating in the Learning Team meeting: Leslie Fox, independent consultant	April 30

▶ Briefing on NPI at Africa Bureau's annual meeting with local African NGO leaders	May 2
▶ BHR/PVC workshop on the role of Cooperative Development Organizations in Building Community-Based Businesses, including Microenterprises	May 8
▶ Second meeting of Partners in Transition working group, including external partners	May 16
▶ Discussion of NPI in the course of AA/PPC's meeting with Chairman of the Hanns Seidel Foundation (Germany)	May 22
▶ Meeting with InterAction subcommittee on USAID reform	May 23
▶ Workshop by Bonni Ricci (World Learning) on Assessing the Competence and Effectiveness of Local NGOs	June 5
▶ Meeting with Joe Thomas, Jesse Bunch and Kendall Bentley-Baker (IGI International) regarding concept paper on NGO capacity building	June 6
▶ InterAction meeting on PVO/NGO Partnerships in Africa	June 11
▶ Quarterly meeting of the Advisory Committee on Voluntary Foreign Aid (ACVFA)	June 12
▶ Brown bag session with Cornell University professor and NPI Steering Committee member, Norman Uphoff	June 12
▶ BHR/PVC workshop on the role of Cooperative Development Organizations in Promoting Democracy through Association Building	June 19
▶ Meeting with Joan Burton, Irish Development Minister, and others regarding U.S. collaboration with the EC in various areas, including civil society/NGOs	June 25
▶ Meeting with Tom Gittins, former Executive Vice President of Sister Cities International	July 2
▶ Guest from the field participating in the Learning Team meeting: Aroma Goon (PACT/Bangladesh)	July 2
▶ Meeting with President of the U.S.-Ukraine Foundation, Dean of School of Liberal Arts (Tyler University), Director of a democracy institute in Kiev, and Tom Gittins (former Executive Vice President, Sister Cities program)	July 10
▶ Session with Larry Cooley (Management Systems International) on enabling environment issues	July 16

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▶ Special session with academics/academic practitioners involving: Jesse Bunch (IGI International), Alison Evans (World Bank), Leslie Fox (consultant), Lorelei Kelly (Stanford University), Jamie Thompson (ARD), David Valenzuela (IAF), Leon Irish (United Way International)	July 25
▶ Briefing at USAID by Mission Director, USAID/Bulgaria, and USAID grantees regarding implementation of the Firm Level Assistance Group (FLAG) activity	August 5
▶ Keynote speech on NPI to the Partners Forum (sponsored by the Gerry Roxas Foundation, Capiz Province, Philippines)	October 1
▶ Meeting with Meg Kinghorn, Program Officer, Office of Development Policy and Practice (InterAction)	October 17
▶ Speech on "Partners in Transition: New Directions in Development Cooperation" at 1996 USAID Development Education Conference, Annapolis	October 21
▶ NPI Panel at quarterly meeting of Advisory Committee on Voluntary Foreign Aid (ACVFA)	December 4
▶ Meeting with Bill Reese (President, Partners of the Americas)	December 12

TABLE 5.

**LIST OF NPI BRIEFINGS/CONSULTATIONS
WITH USAID PERSONNEL**

1995

▶ Briefing on NPI at Africa Mission Directors' Conference	September 6
▶ Meeting with Richard Byess and Sher Plunkett on NPI and reengineering	September 13
▶ Participation in the Greater Horn of Africa Initiative (GHAI) PVO/NGO Partnership Team	October - Present
▶ Meeting with the Administrator and all USAID senior managers to discuss NPI implementation issues	October 3
▶ Meeting with the Management Bureau to discuss possible incentives/waivers for LEMs	October 13
▶ Meeting with Budget office re addition of Special Interest codes for NPI activities to the ACSI system and revision of PVO/NGO definitions	October 16
▶ Meeting with Sher Plunkett on NPI and reengineering	October 19

▶ Individual meetings with ANE and AFR Bureaus regarding NPI implementation guidance cable	October 23
▶ Individual meetings with BHR, LAC and ENI Bureaus regarding NPI implementation guidance cable	October 24
▶ Meeting with Global Bureau regarding NPI implementation guidance cable	October 26
▶ Meeting with BHR/PVC re development of seminar on NPI and Cooperative Development Organizations (CDOs)	October 26
▶ Meeting with LAC Bureau, Civil Society Task Force	October 30
▶ USAID/European Commission Civil Society Working Group meeting	November 17
▶ Meeting with Gail Lecce (GC) regarding NPI and procurement issues	November 21
▶ Meeting with LPA regarding NPI communications strategy and briefing for staff	November 28
▶ Briefing on NPI at Latin America Mission Directors' Conference	December 8
1996	
▶ USAID/European Commission Civil Society Working Group meeting	January 31
▶ USAID/European Commission Civil Society Working Group meeting	March 8
▶ Meeting with Ken Schofield, Mission Director (USAID/ Philippines) regarding NPI issues in the context of R4 discussions	March 26, 28
▶ Meeting with John Tennant, AID Representative (USAID/ Bulgaria) regarding possible Leading Edge Mission proposal	April 4
▶ Meeting with Allan Reed, Project Officer (USAID/Sri Lanka) regarding NPI Learning Phase	April 4
▶ Meetings with Mike Farbman, Mission Director (USAID/ Morocco) regarding possible Partner Mission status	April 5, 12
▶ Guest from AID/W participating in the Learning Team meeting: Peter Accolla (G/DG) regarding integration of labor into NPI	April 16
▶ Initial meeting of Partners in Transition working group	April 19

▶ Meeting with Faarooq Manguera (USAID/South Africa) on the role of NPI in the mission's development of strategic objective in democracy/governance	May 3
▶ Meeting with population/health/education sector advisors (PPC) regarding possible linkages with NPI	May 9
▶ Meeting with Buff Mackenzie, Mission Director (USAID/Madagascar) regarding Partner Mission contribution	May 15
▶ Guest from AID/W participating in LT meeting: Anne Sweetser (PPC/CCI) regarding mission training on Rapid Appraisal/Participatory Appraisal methods and practice	May 21
▶ Guest from AID/W participating in LT meeting: Darrell Owen (IRM) regarding options for leveraging information/communications technology in developing countries and its role vis-a-vis local capacity building	May 21
▶ Presentation on "Working with USAID Initiatives" to mid-level Foreign Service Officers	June 12
▶ Meeting with Jose Garzon and Lisa Magno (USAID/Philippines)	June 25
▶ Meeting with Kim Kertson (USAID/Sri Lanka)	June 26
▶ Guest from AID/W participating in the Learning Team meeting: Irene Koek (PPC/PHD)	July 2
▶ Guest from the field participating in the Learning Team meeting: Vic Duarte (USAID/Guinea)	July 16
▶ Guest from AID/W participating in the Learning Team meeting: Robert Young (AFR)	July 16
▶ Meeting with Aaron Williams (AA/ES) regarding NPI	July 26
▶ Guest from field participating in the Learning Team meeting: Glenn Whaley (USAID/Sri Lanka)	October 8
▶ Meeting with Kenneth Lanza and Jason Matechak (G/EG) regarding small business and enabling environment issues	October 9
▶ Briefing on NPI to Agency Senior Staff	October 22
▶ Guest from AID/W participating in the Learning Team meeting: Diane La Voy (PPC/CCI)	October 22
▶ Meeting with John Flynn, Mission Director, and Pamela Callen, Deputy Mission Director (USAID/Guinea)	October 29
▶ Meeting with Allan Reed, Project Officer (USAID/Sri Lanka) regarding mission final report	October 31

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SPECIAL REPORT #2

Local Development and Local Partnership Initiatives in the Development Community: USAID's New Partnerships Initiative

David Valenzuela
Vice President for Programs
Inter-American Foundation

USAID's New Partnerships Initiative (NPI) represents a potentially revolutionary approach to fostering sustainable development, reducing poverty, and building democratic practice. It is also a recognition that local stakeholders must be protagonists in their own development process. NPI seeks to find solutions to local social and economic problems through the participation of citizens in defining and solving these problems. The successful practice of NPI could help redefine the manner in which development assistance is provided to developing countries, or to depressed areas in the United States. In this respect, USAID's leadership in developing a systemic approach to encourage and support the formation of partnerships among NGOs, small businesses and local governments is a valuable contribution to the development community, as well as to the advance of its own program mission goals.

There is growing consensus among development agencies that sustainable development and progress in the struggle to reduce poverty require a combination of sound economic and social policies at the national level, as well as the collaborative involvement of citizens' organizations, the private sector, and local governments at the local level. In the Third World, this "formula" for development is being made more possible by the gradual spread of democratic practice at the national and local levels, decentralization of government functions and responsibilities from national to regional and local levels, the deepening of the rule of law, and liberalization of economies and markets. The lessening of ideological struggles, following the collapse of the communist system, is opening the door for a new spirit of dialogue and cooperation among different sectors of civil society which previously stood at opposite ends of the political spectrum.

These changes are evident in Latin America and the Caribbean (LAC), where all countries--except Cuba--are building democratic traditions and the rule of law. Constitutional changes are recognizing the importance of citizen participation and the need to transfer responsibilities for meeting basic human needs to local authorities. While this process is at an early and incipient stage, many countries and localities are experiencing a new sense of dynamism derived from the potential for the concerted action made possible by the growing number of alliances and partnerships that are emerging among community and nongovernmental organizations, the private business sector, and local governments.

The new prospects for local cooperation are having a strong influence on the international development community. Beyond the work of USAID--particularly in connection with the New Partnerships Initiative--the following examples illustrate how various agencies are responding to the new circumstances:

Inter-American Foundation (IAF): The IAF has undergone a profound internal reorganization, resulting in the adoption of two program themes: resource mobilization and local development. The first recognizes the need to encourage the generation of increased levels of local resources and private sector commitment to social and economic development. The second encompasses the partnership building process among local stakeholders for the building of participatory forms of planning and problem solving to improve the lives of people. The IAF is engaging in a systematic effort to learn--through its grantmaking and results tracking systems--about how to build and sustain local partnerships and mobilize the necessary resources to satisfy social and economic development needs. IAF grant funds are supporting civil society and private sector stakeholders in local development processes in most countries in Latin America and the Caribbean. A forthcoming issue of the Grassroots Development Journal will be devoted to the subject of local development. The IAF is in the process of selecting a Latin America research center to produce case studies of best practices in local development.

The World Bank (WB): The WB is already making loans for sectoral projects which rely on the local partnership concept, such as a \$50 million loan to the Paraguayan Ministry of Agriculture to work with local governments, community groups and NGOs to protect the Itaipua Dam watershed system. The IAF has joined the WB to sponsor a competition, in six Latin American and Caribbean countries, of "best practices" in local partnership building for poverty alleviation. The UNDP has also become a partner in this effort. The WB is involved in other efforts to bolster local cooperation, such as the Miami Latin American and Caribbean Mayor's Conference, and studies on participation with NGOs.

United Nations Development Program (UNDP): The UNDP has experimented with the local partnership model in its efforts to assist with pacification in some of the former conflict areas in El Salvador and Nicaragua. The UNDP promoted the formation of local development corporations in the Salvadoran departments of Morazán and Chalatenango, with broad representation from government officials, municipalities, community and membership organizations, private sector groups, and NGOs. Success in these cases (which are now being supported by an IAF grant), as well as funding from the cities of Genoa, Italy and Barcelona, Spain (which represent a new form of international cooperation based on the bilateral relationships of cities), has encouraged the UNDP to attempt similar models in Bosnia.

The Inter-American Development Bank (IDB): The IDB established a new unit for the promotion and strengthening of civil society in LAC. This unit is helping the bank reeducate its own headquarters and field staff on the importance of a strong civil society--as an equal partner with government--to strengthen democracy and formulate sound social and economic policy. The IDB is seeking ways to more effectively integrate the participation of civil society in its development lending, and

better define the best means to enhance collaboration between governments and citizens. It is aggressively supporting the capacity building of local governments--including the pioneering of direct loans to municipalities--as well as developing small grants intended to promote the adoption of legal frameworks conducive to the strengthening of civil society organizations.

The International Cooperation of the European Union (EU): The EU has expressed interest in the possibility of promoting "local development," as evidenced by its approach to an IAF grantee with operations in the five South American Andean countries. The EU seeks to gain a better understanding of local development by sponsoring a series of country consultations which will conclude with a regional conference on local development. It is anticipated that the EU--through its channeling of development assistance resources through European NGOs--will increase its support for local partnership building.

Germany's Technical Cooperation Agency (GTZ): GTZ is a leader among European donors in recognizing the value of local partnerships for development. In December, 1995, GTZ sponsored a South American conference in Argentina among its partner agencies in several countries to discuss methodologies for participatory local planning. GTZ has been actively supporting the fledgling municipal system in Paraguay and building democratic practice in Central America.

Ford and Kellogg Foundations: These two major U.S. private foundations are increasingly interested in fostering constructive relationships between civil society and local governments. The Ford office in Brazil sponsors a competition to reward creative local government practice and has actively promoted the concept of community development foundations (CDCs) in South America. The Kellogg Foundation has defined philanthropy and corporate social responsibility as one of its priority funding areas. Kellogg has also been a major supporter of local development initiatives in areas such as Cordova, Argentina, and Northern Chile. The IAF has joined forces with Ford, Kellogg, and other U.S. and European funders to support collaborative local development initiatives, such as the 1994 Campaign Against Hunger in Brazil, which involved a broad coalition of institutions committed to the reduction of hunger.

Latin American Foundations and Donors: The IAF has entered into collaborative relationships with many Latin American foundations and donors for the purpose of supporting local development activities. Particularly significant relationships include: the establishment of local development funds with Petr6leos de Venezuela, S.A. (PDEVESA) to support community-based projects; joint local funds with Fundaci6n Corona and Fundaci6n Restrepo Barco in Colombia; and joint ventures in Chile with Fundaci6n Andes, Fundaci6n San Jos6 de la Dehesa, and Chile's Fondo de Solidaridad e Inversi6n Social (FOSIS) to carry out participatory planning and partnership building in seven poor municipal districts.

Training Programs in Local Development: Two South American NGOs/research centers have developed training programs in local development. In Uruguay, the Centro Latinoamericano de Economfa Humana (CLAEH) established a

graduate level program in "Local Development" in conjunction with the Catholic University of Uruguay. SUR Profesionales of Chile--which recently decided to recast its institutional strategy to focus on local development--has a one-year training program for "social planners," most of whom are employed by municipal governments upon graduation and are forming the core of a new generation of local government employees with training in participatory methods and coalition building.

These are only an illustrative sample of how the international development community, as well as indigenous NGOs in Latin America and the Caribbean, are working to foster multisectoral cooperation and alliances to reduce poverty and promote development. While the idea of partnership formation for local development is relatively easy to conceptualize, a great deal needs to be done to make it a practical or practicing reality. Part of the task involves redefining the relationship between citizens and the state. The evolution from a highly centralized form of government--characteristic of most developing countries--to one in which there is genuine citizen participation, is a long and difficult process. Decentralization is still at an early stage.

Local governments in developing countries are still, for the most part, woefully inadequate to the task of leading participatory development processes. They have neither the resources nor the skills. An important condition for effective partnerships is the existence of strong institutions, capable of representing their sectors, advocating their interests, and effectively participating in the solution of problems. A weak civil society is also characteristic of most developing countries.

NPI wisely considers the diverse components of successful partnerships: a supportive environment, capable institutions, and strong coalescing forces. Herein lie the challenges of the development community: How to foster enabling environments given diverse contexts, values and traditions? How to foster, nurture, and sustain partnerships among sectors which have traditionally been antagonistic, as is the case in much of the developing world? How to build cooperation among diverse government agencies at the national, regional, and local levels, NGOs, and a host of international development assistance programs? How to raise the consciousness level of the private sector to become an active participant in the development process, offering solutions and resources? How to transfer the necessary skills to endow partners with the capacity to define and execute effective projects to reduce poverty and promote social and economic development?

These and many more questions confront the development community as it grapples with the tantalizing possibilities--yet challenging realities--of a development strategy based on genuine citizen participation and multisectoral partnerships.

SPECIAL REPORT #3

Defining the State-of-the-Art: USAID's New Partnerships Initiative

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The New Partnerships Initiative (NPI) is at one and the same time a dramatic departure from USAID's traditional development assistance programs and the distillation of some three decades of accumulated knowledge in technical cooperation. It both builds on an emerging state-of-the-art in sustainable human development and contributes to it.

This paper provides a brief overview of this new development paradigm, the conceptual thinking which underlies it, and how NPI builds on and draws from it. The paper takes the view that NPI resides conceptually within the field of democratic development as a critical component of any sustainable development strategy. As such, it draws upon the theoretical work and applied research of academicians, and the practical experience, reflection and analysis of development practitioners and policymakers, including international NGOs and their southern partners, the foundation world and official development assistance agencies.

Both NPI and sustainable development represent a state-of-the-art and best practices that have benefited from the convergence of four development decades of thought and action; development thinkers are no longer limited to ivory towers nor development practitioners to the field.

The Fundamentals of NPI

At the heart of NPI is the ideal that the making and implementation of *public* decisions -- from defining and solving shared problems to allocating and managing collective resources -- in a democracy is the responsibility of a number of legitimate political actors all acting on behalf of an empowered and active citizenry. What distinguishes NPI from USAID's overall sustainable development program is its locus of effort which is defined as the lowest level of constitutionally-mandated public administration, or *local* government. While NPI's focus is at the level of local government, its principal concern is with the process of governance itself, that is, which political actors have a legitimate role to play in the making and implementation of public decisions, as well as the way in which these decisions are made and implemented.

NPI identifies three principal sets of local political actors in this regard: democratically-elected local governments, civil society organizations (CSOs) and market actors. Conceptually, NPI represents the operationalization of the Agency's

sustainable development strategy at the local level where ordinary people-cum-citizens hold the key to its success or failure.

Democratic governance is the political system that best ensures that an overarching NPI goal of *inter-sectoral partnerships* succeeds in promoting public decisionmaking and implementation that is effective, as well as accountable, transparent, and responsive to citizens residing at the local level. Both democratic local governance and NPI posit a shared role for these three sets of political actors in the process of governance at the local level.

Two NPI components critical to supporting inter-sectoral partnerships are an enabling local environment and strengthened institutional capacity of the concerned partners. The enabling environment ensures that local governments, CSOs and market actors are viewed as legitimate partners--vis-a-vis both central state institutions and each other--in the making and implementation of public decisions at the local level and beyond; and that laws, policies and regulations determined at the macro-political level empower these local actors with the authority and resources to undertake specified governance functions. If these local actors are to be effective partners in the making and implementation of public decisions then both individual and organizational skills and expertise in a range of areas must be strengthened accordingly.

NPI and the State-of-the-Art

NPI is possible today because of the changed political context that resulted from democracy's *third wave* (Huntington, 1994) that began in Central and Eastern Europe at the end of the 1980s and spread outward to Africa, Asia, Latin America and the former Soviet Union. If there was a single defining feature of this period it was the fall of centralized authoritarian and totalitarian regimes and the concomitant emergence of new and dispersed points of political power most of which were created by the *revolution in associational life* (Salamon, 1993) that either accompanied or provoked this global democratic phenomenon. What distinguishes sustainable development from previous and failed paradigms is the recognition that a political objective or dimension is inherent to its conception in addition to economic, social and environmental ones.

It is no accident that at the time of the unveiling of sustainable development in 1988 by the Brundlandt Commission (in a United Nation-mandated report), scholars such as Norman Uphoff, Robert Chambers, Guillermo O'Donnell, Goran Heyden and Jean-Francois Bayart in the Americas and Europe were beginning to revive and write about older political concepts--particularly *civil society and governance*--to explain the unfolding events of the late 20th century. Nor that development practitioners and policymakers such as John Clark (Oxfam-UK), Charles Reilly and Thomas Carroll (Inter-American Foundation), and Michael Bratton and David Korten (Ford Foundation) representing the international NGO community and private foundation world began reflecting on the impact, or lack thereof, of three decades of involvement in rural development programming.

While much of their writings centered on *popular participation, decentralization and local organizations*, the emphasis was no longer on how to make development projects succeed, but rather how to change the nature of unequal power relationships which ultimately inhibited meaningful participation in national decisionmaking processes by the poor majorities throughout the developing South. In short, sustainable development was a reflection of and reaction to failed political ideologies and development policies both of which chose to ignore the crucial linkage between politics and development.

From the perspective of donor foreign assistance objectives, policies, and programs, the first development decade can be viewed as one of addressing, through knowledge transfer, the technological gap that existed between North and South; the second decade as state-building, the principal means for promoting social and economic growth and investment; and the third decade, as market-building, a direct reaction to the failure of the public sector-led growth model. The fourth development decade and the rise of sustainable development is not so much a repudiation of these failed policies as it is the recognition that they were incomplete. The institutions of state and market are necessary but insufficient actors in identifying and solving *public* problems.

What the sustainable development paradigm and NPI both recognize is that the necessary ingredient missing over the past 30 years has been the voice of citizens in defining and prioritizing the public problems they want to address and then having the right to participate in the making and implementation of corresponding policies. The fourth development decade, therefore, has been very much about building citizen's organizations -- what have increasingly been referred to as civil society organizations individually and civil society collectively -- that serve as the link between individual citizens and the political processes and institutions that engage in public decision-making.

Scholarly writing, particularly that coming from academia and the foundation community, has focused on two fundamental concepts that are of immediate relevance to NPI, the notions of *public* and *governance*. Governance simply put, is *the way in which any social unit--from an entire society to the smallest association--organizes itself politically to identify and solve shared problems, make and implement public decisions, or allocate and manage collective resources*. The utility of the governance concept is that it does not focus on a particular political actor (government), but rather the nature of the process by which these actions take place (Heyden, 1992).

In this sense governance is a neutral concept. How a social unit--a society for instance--organizes itself politically, determines which political actors become legitimate participants in the making and implementation of public decisions. Authoritarian, corporatist and democratic are specific forms of governance. The choice of one of these political systems over another is not a neutral act; it is a definitive normative statement about which political institutions will be considered

as legitimate actors in the conduct of the "public's" business. Democratic governance (Charlick, 1992) as noted above implies shared participation, or partnership, in the process of public decisionmaking or problem solving.

Much of the initial academic writing on the subject of governance has centered on civil society and its right to enter the public realm and engage the central state over issues and policies of a public nature (see Diamond, 1995; Bratton, 1994; Chazan, 1993; and Salamon, 1994). More recently, a diverse range of writers from the foundation community, non-profit policy institutes as well as academia, have focussed on the need to incorporate market actors (see Reilly, 1995; Schearer, 1996) and autonomous, democratically-elected local governments (e.g., see Thompson, 1994; Putnam, 1993) into this democratic governance paradigm.

Best summarizing this new thinking--whether conceived of as public-private, tri-partite or "four cornered" *partnerships*--was a September 1995 conference sponsored by the Overseas Development Council (ODC) and the Synergos Institute¹ bringing together 23 multilateral and bilateral donors around the issue of strengthening civil society's contribution to sustainable development. While the conference focus was on civil society, its role in making and implementing development policy, and the appropriate role of donors in supporting it, much of the deliberations were spent in discussing the proper balance of all legitimate political actors in the discharge of these inherently public functions.

In fact, as conference participants noted, there was probably no more important political question than determining the appropriate role of state, society and market in the conduct of public affairs; and not only in the countries of the developing South and transitioning East, but equally so in the developed North. Put differently, given the complexity and overwhelming nature of problems, including resource scarcity, confronting developing countries (in this case), what realistic alternative was there to finding and supporting ways to increase collaboration among central and local governments, the market or corporate sector, and civil society?

There was, however, general consensus among participants that a case could and should be made for favoring civil society and--to a lesser degree--autonomous local governments in these collaborative endeavors given historical precedents and the relative strength of the two former sectors vis-a-vis the latter. At the same time it should be noted that while there was broad agreement at an intellectual level concerning the validity of support for partnership promotion generally and civil society strengthening specifically, for the International Financial Institutions in particular, turning this awareness into policy and concrete programs was a different matter.

¹ See, *Strengthening Civil Society's Contribution to Development: The Role of Official Development Assistance*, Report on a Conference Organized by ODC and Synergos Institute, 1995, Washington, D.C. The report includes three conference background papers dealing with donor policies towards civil society and, in a number of cases, their own conception of partnership.

Many private foundations (such as SOROS, Kettering, Kellogg and the European Foundation Center) and several international and regional civil society networks (including CIVICUS, East Asian Institute and Synergos) are equally concerned with the promotion of partnerships in public affairs, but come at from a slightly different direction. Their focus has centered on promoting norms of *citizenship and civic responsibility*, both individual and corporate, and the values of *philanthropy and voluntarism* as a means for improving the quality and fabric public life.

Their general conception of *public* is defined in terms of political community or polity, at whatever level, and the responsibilities and obligations, as well as rights and liberties, that all its members have in contributing to the general good. Philanthropy, voluntarism, and citizenship are the norms that underlie a "healthy public life," and while individual citizens form the basis of such communities, so too do the corporations that reside within them, and the elected local governments and voluntary association that each, in their own way, embody collectively-shared values and aspirations.

Three current writers that best describe this renewed emphasis on "civicness" or "public spiritedness" and the importance of partnership in the quest for collective solutions to public problems are Lester Salamon of Johns Hopkins Institute for Policy Studies, David Mathews of the Kettering Foundation and Michael Sandel of Harvard University.² Fundamental to their works are the principles of *community problem-solving* and *local self-governance*, both of which have their origins in American social change movement of the 1950s and 1960s.

It is at the local level of the community--whether defined administratively as local government or normatively as the shared interests found in voluntary associations--that public and private actors come together to solve collective problems, articulate shared values and advance common interests, what Salamon has so aptly phrased: "pursuing public purposes." And in the process of this participation develop what Mathews calls *public capital*, or "the ways of relating that join people who are essentially strangers in the act of community problem solving." This notion of public capital builds on Robert Putnam's earlier concept of *social capital*, the civic norms of tolerance, reciprocity and inclusion that predicate individual motivations for joining together in collective action.

It is no accident that much of this new thinking and action related to the promotion of partnerships in the pursuit of public purposes has originated in the American foundation or philanthropic community and by those writers contemplating the state of American public life and civic-mindedness. Nor that the principles of

² See, Mathews, David, *Elements of a Strong Civil Society and Healthy Public Life*, Kettering Foundation, 1996; Salamon, Lester, *Partners in Public Service: Government-Non-Profit Relations in the Modern Welfare State*, The Johns Hopkins University Press, 1995; and, Sandel, Michael, *America's Search for a New Public Philosophy*, The Atlantic Monthly, 1996.

philanthropy, voluntarism, social and public capital, and community problem-solving are being promoted in an increasing number of their programs in countries as diverse as Ukraine, Albania, Guatemala, the Philippines and Mozambique.

Kettering's *National Issues Forum*, a methodology used for several decades in the United States which brings together civic leaders to learn the art of collectively identifying and solving community problems, has been adopted by Partners of the Americas for use in its Central American democracy programs. The Synergos Institute has specialized in promoting the creation of *community foundations*--a movement started in the U.S.--in its Latin American and African programs as a means for empowering local community development decisionmaking. CIVICUS, a global network of citizen's organizations started by the American consortium of private and corporate foundations (Independent Sector), has promoted citizen and corporate philanthropy and voluntarism in its programs promoting strong indigenous civil societies and public-private partnerships.

Conclusions

USAID's New Partnerships Initiative embodies the best of the new thinking and action that has emerged in the field of sustainable development. It draws on a long tradition of self-reliance, partnership and civic spirit developed in thousands of communities throughout the United States; and several decades of experience--positive and negative--gained in working with local communities throughout the developing South and, more recently, the transition economies of Central and Eastern Europe and the Newly Independent States.

NPI's contribution to the evolving state-of-the art rests with its strategic focus at the local level, the building blocks of democracy and economic and social development; and in its conception of partnership, both inter-sectoral and society-to-society. And in its most fundamental conception, sustainable human development is precisely about NPI objectives, that is, shared responsibility and partnership among and between the people's of the North, South and East in improving and ensuring our common heritage and destiny.

Chapter 7:
SYNTHESIS REPORT ANNEXES

ANNEX 1

Donor Roles in Fostering Partnerships

Total official development assistance (ODA) from the OECD countries peaked (in 1993 dollars) in 1992, and declined by 10% by 1995. Of the twenty-one OECD donors, sixteen reduced their ODA in 1995. The total donor development assistance effort in 1995 was 0.27% of their collective GNP--the lowest level since the UN target (0.7%) was established in 1970. Of all the donors, the U.S. decline in 1995 (28%) was the most dramatic--placing the U.S. last among the twenty-one OECD countries as a percentage of GNP.

Alongside this decline in official development assistance, donor interest in partnerships as an institutional arrangement for improving the effectiveness of development assistance, speeding graduation, and structuring long-term relationships with the emerging economies has been growing. The current donor consensus on development gives a prominent place to local ownership of development strategies and to the critical role of democratic institutions and broad civic participation in developing that ownership. This view is strongly--and most notably--endorsed in the recent OECD/DAC Report "Shaping the 21st Century: The Contribution of Development Co-operation" (Paris, 1996) and reaffirmed in the 1996 OECD Ministerial Communique.

The key to the DAC strategy is a clear statement of the respective responsibilities of both donors and recipients, and a set of global development targets that represent the goals of the partnership. The strategic vision of the donors for the challenges ahead (Section II) is entitled "A Stronger Compact for Effective Partnerships." The DAC document contains a strong statement about the growing interdependence of developed and developing countries due to the increasing globalization of issues such as health and diseases, trade and investment, environment, civil war and migration, and crime. The poorer countries are frequently significant contributors to these global problems, but often lack the capacity to deal with the causes. Transnational partnerships are an integral part of the sustainable development process and central to eventual graduation.

These same themes were echoed in the G-7 Summit Communique in Lyon, France in 1996, which also gave explicit support to strengthening civil society in development strategies. Similarly, the World Bank and the Inter-American Development Bank (see Volume 1, Chapter 6, Special Report 2) have both given new emphasis to participation and civil society in their programs.

Additionally, under auspices of the New Transatlantic Agenda and the High Level U.S./EC Assistance Consultations, the USAID-EC Working Group on Civil Society served as a catalyst for joint activities in Haiti, Bangladesh, Benin, the Congo Basin and Poland. The EC--like USAID--is programming increasing resources in the civil society area and has begun to see the need for a strategic programming approach. The Japanese government has begun to experiment with support for civil society activities and has agreed to cooperate with USAID in Peru and Cambodia.

USAID may be unique among the donors, however, in the emphasis it gives to the strategic role played by civil society and inter-sectoral partnerships. Many donor programs continue to engage nongovernmental actors as agents of development--implementing donor or government programs--not initiators of development. Nor have most donors identified a structural reform of state-civil society relationships as a strategic development goal of their programs. Overall, development assistance remains predominantly government-to-government. USAID has a continuing role, therefore, in: developing its own thinking about public/private partnerships; identifying best practices in this area; and helping to advance donor understanding of the value of strategic partnering.

In this constrained resource environment, donors are reprioritizing their assistance both geographically and sectorally, and are focusing increasingly on the results achieved for resources expended. A major objective of USAID's donor coordination efforts is to engage the entire donor community in support of increased strategic partnering among government, business and civil society actors. In this environment, USAID has a unique opportunity to influence donor thinking on the priority of providing significant support to strengthening civil society, and on the effectiveness of strategic partnerships as vehicles of development. The lessons that USAID has learned in the NPI Learning Phase and the Agency's future experience as NPI is implemented Agency-wide can be critical to this donor dialogue.

NPI also has given particular attention to reform of the in-country enabling environment as central to stimulating the development energies of nongovernmental actors. Experience with economic reform efforts makes abundantly clear the problems of competition and contradictions among the donors during the reform process. This same lesson has been repeated in donor efforts to encourage political reform. Successful restructuring of state-civil society relations will require a considerable effort to harmonize donors policies and programs in support of decentralization efforts, democratization of local governance and support to strategic partnerships.

The focus for such policy harmonization will be the country level coordination process--the Consultative Group or Round Table. However, there has been increasing concern within the nongovernmental community and among the donors about the focus and effectiveness of these coordination mechanisms. The issues raised by NPI imply a considerable broadening of the scope of the consultative agenda, and the results orientation of the DAC 21st Century Report would appear to necessitate a shift from the traditional focus on resource levels to greater cooperation on analysis, program design, and monitoring. An expanded donor coordination role in USAID/W and USAID Missions would enhance the prospects for success.

A successful donor coordination strategy for NPI will require effective coordination among USAID Missions and USAID/W. Most donors are far more centralized than USAID, with little discretion afforded to their field staff and country desks. Thus effecting changes in donor strategies and programs is often difficult from the field. Conversely, the field presence and knowledge of USAID missions

provides powerful leverage in donor negotiations at the headquarters or international level. USAID's ability to combine site specific knowledge, early warning of problems and issues, and the analysis and dissemination of lessons learned broadly in the donor community is a critical tool in effective coordination. Implementation of NPI needs to make full use of this organizational asset.

Reports from the field missions make it clear that one unintended consequence of the New Management System centered around strategic objectives is an accentuation of tendencies toward stovepiping. Repeatedly, missions have reported that one great benefit of NPI is its ability to cut across the SO boundaries and focus on key structural issues, externalities, and strategic institutions important for mobilizing civil society throughout the economy. This observation has an important implication for donor coordination. The Agency engages in a wide range of technical sectoral interactions with other donors at the Mission, regional, and global level. At the apex of these are the UN summits on population, environment, etc. It is essential that USG representatives consistently introduce cross-cutting themes, such as the role of civil society, into such discussions.

Two examples illustrate the point. Agency democracy programs tend to focus on the political process far more than the governance process. In this context, civil society has been defined as either advocacy or political participation. The broader issue of effective governance, frequently embodied in the strategic partnerships defined by NPI tend to fall through the organizational cracks. Policy advocacy within other technical sectors is seldom integrated with D/G programs. Environmentalists have come to understand how the technical issues of sustainable environmental management are linked to human rights issues and institutional issues at the community level. But again, these issues are seldom linked in dialogue on human rights at the national level or to dialogue and assistance on political decentralization. These tendencies are even more stark in donor fora.

The Bangladesh Mission report provides insight into the opportunities provided by NPI. The Mission's NPI focus has been to build on Bangladesh's rich supply of civil society organizations that have historically focused on service delivery, and to develop a broad cross-sectoral advocacy capacity--especially by the economically disadvantaged. The sectors affected include health and population, food security, rural roads, rural electrification and gender issues. Collaboratively with USAID/W, USAID/Bangladesh has negotiated an agreement with the European Commission to jointly support a Democracy Partnership that includes USAID/Bangladesh, the Asia Foundation, and the Bangladesh Rural Advancement Committee (BRAC). This will both raise the comfort level of all parties in working together in the area of civil society and will leverage approximately \$1.2 million in funds. Finally, the agreement has raised strong interest within the EC in exploring policy issues related to improvements in the overall enabling environment.

ANNEX 2

Relevant Agency Policy and Program Guidance

While the New Partnerships Initiative (NPI) builds on a number of ongoing Agency programs and reform efforts, it moves beyond a traditional model of government-to-government assistance to one which is based on enhanced society-to-society linkages and broader development partnerships between U.S. actors and their counterparts overseas, and inter-sectoral partners. NPI is designed to mobilize synergies between and among the business community, institutions of local democratic governance and civil society, so that both the responsibility and the capacity for identifying and solving community problems is devolved to the local level. The following are the existing policies and guidance that support NPI programming.

1. Automated Directive System

The reengineering of USAID centered on its relationship with customers, partners and stakeholders. This has culminated in the establishment of the Automated Directive System (ADS). The ADS introduces the new reengineered operating system for the Agency which focuses on Planning, Achieving and Evaluating.

This guidance is covered in the Major Functional Series 200 of the ADS. The guidance defines two of the central features of NPI, Participation and Partnership.

Participation: *"The active engagement of partners and customers in sharing ideas, committing time and resources, making decisions, and taking action to bring about a desired development objective."*

Partnership: *"An association between USAID, its partners and customers based upon mutual respect, complementary strengths, and shared commitment to achieve mutually agreed upon objectives."*

Strategic Planning Series 201 of the ADS

Operating Units: "ensuring the participation of other interested USAID offices, partners and customers throughout planning, achieving and performance monitoring and evaluating."

Strategic Objective Teams: "involve customers and partners in collecting, reviewing and interpreting performance information, and assuring that agreed to needs are addressed through activities being implemented."

Achieving Series 202 of the ADS

Operating Units: "ensure that all USAID-financed agreements have plans and program support systems which are sufficiently flexible to enable USAID and its development partners to respond to customer needs and complex and changing circumstances."

Strategic Objective Teams: "the strategic team shall be comprised of USAID personnel, agents, development partners, stakeholders and customers for the purpose of jointly working to achieve the strategic objective."

Monitoring and Evaluation Performance Series 203 of the ADS

Operating Units and Strategic Objective Teams: "shall involve USAID customers and partners in planning approaches to monitoring performance, in planning and conducting evaluative activities, as well as in collecting, reviewing and interpreting performance information."

2. Statement of Principles on Participatory Development

Serving as both a means and an end, participation has been placed at the center of USAID policy for democratizing the development process. This is outlined in the 1993 statement by USAID Administrator Atwood in ten guiding principles:

1. We will listen to the voices of ordinary people as we try to discern national and local priorities.
2. We will aim to support the initiatives of indigenous communities and organizations.
3. We will cast a wide net for expertise.
4. We will assure that USAID projects and programs are accountable to the end user.
5. We will ensure that projects we support strengthen the capacity of the poor to take the next steps in their own and their community's development.
6. To overcome the tendency of projects to benefit only the local elites, we will use gender analysis and techniques for data collection and consensus building such as participative rural appraisal.
7. We will find ways to streamline our procedures for approving and amending projects so as to allow local reality to drive our programs, rather than to have our procedures drive our definition of local reality.

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8. We will keep our focus on results.

9. We will practice a respectful partnership with indigenous and American or international private organizations, ranging from non-profit development institutions to professional associations and business.

10. We will take the measures necessary to equip ourselves to make good on these principles.

3. Democracy and Governance

This policy released in 1991 seeks to target national democratic exercises, but serves as solid guidance for regional and local governance applications.

Its stated objective is: "Support democratic political development, helping to establish enduring political practices, institutions and values which mobilize participation, channel competition, and respect basic human rights and promote open lawful and accountable governance."

The scope of this policy includes support for both governmental and nongovernmental agencies. There is no assumption that USAID support should be limited to one type of organization or another. One of the areas of focus of the Democracy Initiative is civil society. It is defined to include: **professional associations, civic groups, labor organizations, business groups and other nongovernmental advocacy groups.**

4. USAID-U.S.PVO Partnership

This guidance issued in 1995 draws upon, responds to, and incorporates the following policy principles:

- * Consultation
- * Participation
- * Program integration and management for results
- * Independence
- * Support for relationships of U.S.PVOs and Indigenous NGOs
- * Capacity building
- * USAID-PVO cost sharing
- * Simplification

This has been linked to NPI's policy chain in recognition of the ascendance of indigenous NGOs as civil society organizations in which the sustainability of donor assisted development work can and should be housed.

5. Private Enterprise Policy

Although dated by both time and political events, older policies for the role of business in development that relate to NPI include:

Financial Markets Development, 1988
Microenterprise Development, 1988
Trade Development, 1986
Implementing A.I.D. Privatization Objectives, 1986
Private Sector Development, 1985
Urban Development Policy, 1984
Co-financing, 1983
Women in Development, 1982

Collectively these policies call for the use of businesses (of all sizes) as development partners through the development of financial intermediation and cost sharing, for public/private partnerships for development, as well as open markets that advance competition and equal opportunity regardless of gender.

6. Guidance on Consultation and Avoidance of Unfair Competitive Advantage

Stating that it is USAID policy to encourage participation and consultation, USAID/General Notice M and GC 08/17/95 provides interim guidance on how USAID staff may conduct consultations with development customers and partners under our reengineered operations system while remaining within the statutory and regulatory requirements of the U.S. Government. The intention is to facilitate dialogue regarding development issues while avoiding the possibility of giving unfair competitive advantage to potential implementors. (See NPI Core Report, Annex 5)

7. USAID General Notice on the New Partnerships Initiative

Distributed on March 14, 1996, this General Notice from USAID Administrator J. Brian Atwood outlines a phased-in process for implementation of NPI by FY 98 and announces the selection of the NPI Leading Edge and Partner Missions.

8. USAID's 1997 Strategic Plan

USAID is well advanced in its reengineering process and strategic planning. Excerpts from the strategic plan spell out several milestones for measurement and a new mission statement.

USAID's Mission Statement: USAID's mission is to promote broad-based, sustainable development and to provide humanitarian assistance in situations of natural and man-made disasters.

In carrying out this mission, USAID advances key U.S. foreign policy objectives:

- * Promoting U.S. economic prosperity.
- * Enhancing U.S. security.
- * Protecting the U.S.A. against global danger.
- * Preventing and alleviating crises.

NPI is instrumental for achieving Mission Strategic Objectives, and as such it is linked to the Agency Strategic Framework. The NPI Strategic Framework shows NPI as feeding into each of the five Agency goals.

9. FY 1999 Results Review and Resource Request Guidance

Issued on January 7, 1997, the R4 calls for common factors and weights in evaluating the performance of a Mission's strategic objectives. One of these common factors is the objective's contribution to development initiatives (35%) such as the New Partnerships Initiative. One such measure is the "quality of the development partnership in general and within specific goal areas." This includes performance analysis. The question for all Missions to answer is: How have inter-sectoral partnering (among nongovernmental, business and government actors) and changes in the institutional and policy framework to stimulate community initiative influenced program management?

ANNEX 3

Statistical Information* for all Leading Edge and Partner Missions

Country	Population (millions) 1994	GNP per capita (dollars) 1994	Central Government Budget % of GNP 1994	Life expectancy at birth (years) 1994	Adult Illiteracy (%) by gender 1995		
					Total	F	M
Bangladesh	117.9	220	N/A	57	62	74	51
Bulgaria	8.4	1,250	43.9	71	N/A		
Ecuador	11.2	1,280	16.8	69	10	12	8
Guinea	6.4	520	21.9	44	64	78	50
Haiti	7.0	230	(1980) 17.5	57	55	58	52
Indonesia	190.4	880	17	63	16	22	10
Kenya	26.0	250	31.4	59	22	30	14
Madagascar	13.1	200	20.4	52	N/A		
Panama	2.6	2,580	28.9	73	9	10	9
Philippines	67.0	950	17.9	65	5	6	5
Romania	22.7	1,270	32.1	70	N/A		
Russia	148.4	2,650	27.5	64	N/A		
South Africa	40.5	3,040	36	64	18	18	18
Sri Lanka	17.9	640	27.6	72	10	13	7
Zambia	9.2	350	21	47	22	29	14

* All information is from the World Development Report, 1996

ANNEX 4

NPI Missions' Strategic Objectives*

Africa Bureau - Leading Edge Missions

Guinea	SO1	Growth in agricultural markets
	SO2	Increased ability of families to determine household size
	SO3	Increased enrollment in primary schools with emphasis on rural female participation
	SPO1	Fostering civil society development and good governance
	SPO2	Protecting the environment

Kenya	SO1	Effective demand for sustainable political, constitutional and legal reform created
	SO2	Increased commercialization of smallholder agriculture and natural resources management
	SO3	Reduced fertility and the risk of HIV/AIDS transmission through sustainable, integrated, family planning and health services

Zambia	SO1	The state removed from the provision of goods and services
	SO2	Appropriate policies, laws and regulations promulgated and enforced for agricultural production
	SO3	Increased use of modern contraceptives
	SO4	Improved HIV/AIDS/STD control practices by high-risk individuals
	SO5	Improved child survival
	SO6	Improved democratic governance

* Strategic Objectives designated by Missions as NPI-related appear in bold

Africa Bureau - Partner Missions

Madagascar	S01	Foster an environment in which private action can flourish
	S02	Smaller, healthier families
	S03	Reduce natural resource depletion in target areas

South Africa	S01	Democracy, governance and capacity for participatory development strengthened
	S02	Transformed education system based on equity of access and quality
	S03	More equitable and sustainable unified system delivering integrated primary health care services to all South Africans
	S04	Improved capacity of key government and non-government entities to formulate, evaluate and implement economic policies to promote economic growth and equity
	S05	Increased access to financial markets for the historically disadvantaged population
	S06	Improved access to shelter and environmentally-sustainable urban services for the historically disadvantaged population

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Asia Near East Bureau - Leading Edge Missions

Bangladesh	SO 1	Use of modern contraceptives by eligible couples increased
	SO 2	Use of high impact maternal and child health services increased
	SO 3	Institutional, programmatic, and financial sustainability of family planning and maternal and child health services
	SO 4	Diets of the poor nutritionally enhanced
	SO 5	Agricultural productivity per hectare increased
	SO 6	Rural household income increased
	SO 7	Enhanced participation in local decisionmaking
	SO 8	More accessible and equitable justice, especially for women

Philippines	SO 1	Broad-based economic growth in Mindanao
	SO 2	Improved national policies in trade and investment
	SO 3	Reduced fertility and improved maternal and child health
	SO 4	Enhanced management of renewable natural resources
	SO 5	Reduced emissions of greenhouse gases
	SO 6	Broadened participation in the formulation and implementation of public policies in selected areas

Sri Lanka	SO 1	Increased private sector employment and income
	SO 2	Improved environmental practices to support sustainable development
	SO 3	Greater empowerment of people to participate in democracy
	SPO 1	Humanitarian assistance to the areas of internal conflict in Sri Lanka's northern and eastern provinces
	SPO 2	HIV/AIDS prevention

Asia Near East Bureau - Partner Missions

Indonesia	SO 1	Sustained economic growth in the transition from economic development assistance to economic cooperation
	SO 2	Improved health and reduced fertility
	SO 3	Decentralized and strengthened natural resources management
	SO 4	Strengthened urban environmental management
	SO 5	Increased effectiveness of selected institutions which support democracy

ENI Bureau - Leading Edge Missions

Bulgaria	SO 1.1	Increased Transfer of State-owned Assets to the Private Sector
	SO 1.3	Increased Growth of Private Firms in a Competitive Environment
	SO 2.1	Increased, Better-Informed Citizens' Participation in Public Policy Decisionmaking
	SO 2.3	More Effective, Responsible and Accountable Local Government
	SO 3.2	Improved Fiscal Sustainability of Social Benefits and Services
	SO 4.x	Cross-cutting Programs and Special Initiatives

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ENI Bureau - Partner Missions

Romania	SO 1.3	Development and Growth of Private Enterprises
	SO 1.4	A More Competitive and Market-Responsive Private Financial Sector
	SO 1.5	A More Economically-Sustainable and Environmentally Sound Energy Sector
	SO 2.1	Increased, Better Informed Citizens' Participation in Political and Economic Decisionmaking Through Pluralistic Mechanisms
	SO 2.3	More Effective, Responsive and Accountable Local Government
	SO 3.2	Increased Use of Modern Contraceptive Methods with Emphasis on Private Sector Delivery Systems
	SO 3.3	Reduced Exposure to Contaminants in Severely-Polluted Areas
	SO 4.x	Cross-Cutting Programs and Special Initiatives

Russia	SO 1.2	Tax system to correspond to a decentralized market economy
	SO 1.3	Accelerated development and growth of private enterprises
	SO 1.4	A robust and market-supportive financial sector
	SO 1.5	A more economically and environmentally sound energy system
	SO 2.1	Increased, better-informed citizens' participation in political and economic decisionmaking
	SO 2.2	Legal systems that better support democratic processes and market reforms
	SO 2.3	More effective, responsive and accountable local government in selected cities
	SO 3.2	Improved effectiveness of selected social services and benefits
	SO 3.3	Increase capacity to deal with environmental pollution as a threat to public health
	SO 4	Special Initiatives

LAC Bureau - Leading Edge Missions

Haiti	SO 1	Foster More Effective and Responsive Democratic Institutions and Empowered Communities
	SO 2	Facilitate Increased Private Sector Employment and Income <i>[note: former SO 4--Improve Agricultural Productivity and Environmental Management-- was recently merged into SO 2]</i>
	SO 3	Promote Healthier, Smaller and Better Educated Families

LAC Bureau - Partner Missions

Ecuador	SO 1	Increase Sustainable Economic Growth for a Broad Base of the Population
	SO 2	Reduce Levels of Mortality and Fertility to Levels Which are Commensurate with Sustainable Development
	SO 3	Improved Responsiveness of Selected Democratic Institutions with Greater Citizen Participation
	SO 4	Promote the Sustainable Use of Natural Resources, the Conservation of Biological Biodiversity, and the Control of Pollution

Panama	SO 1	Strengthen Civilian Government Institutions and Encourage Greater Citizen Participation
	SO 2	Protect the Panama Canal Watershed and Other Natural Resources

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ANNEX 5

Guide to the Lessons Learned from 15 Mission Reports

Eight Leading Edge Missions (NPI/LEMs) and seven Partner Missions submitted Final NPI Reports. Most of these reports discussed lessons learned by the Mission. These lessons were presented in three areas of the reports: (1) as part of a specific case study; (2) under the General Lessons Learned section of the reports; and (3) in the narrative on Mission NPI activities. This Annex is a compilation of all of the lessons learned from these three sections from all fifteen of the Final NPI Reports.

Lessons learned are divided into three major categories: Local Capacity Building, Strengthening the Enabling Environment, and Fostering Strategic Partnerships. These categories correspond to Chapters Three, Four and Five in the body of the Resource Guide. Under each category, lessons are grouped into common themes.

A code (explained below) identifies the Mission that provided the lesson learned. In cases where several Missions listed the same lesson, all of these Missions are indicated under that lesson. The code also shows whether the lesson comes from the General Lessons Learned section of the report or from a case study. If the lesson came from a case study, the sequential number for that case study is provided. The sequential number for a given lesson within a General Lessons Learned section or under a specific case study is also provided.

Finally, if the lesson came from the narrative on the Mission's NPI activities, only the country code is listed. This coding system allows the reader to easily locate each lesson learned in the text of the Final Mission NPI Reports.

CODE:

Countries: BA - Bangladesh, BU - Bulgaria, EC - Ecuador, HA - Haiti, GU Guinea, IN - Indonesia, KE - Kenya, MA - Madagascar, PA - Panama, PH - Philippines, RO - Romania, RU - Russia, SA - South Africa, SL - Sri Lanka, ZA - Zambia.

Case Studies - Lessons: KE-3-2 indicates the second lesson learned under third case study of the Kenya Mission Report. KE-3-2&3 indicates that both lesson 2 and lesson 3 of the third case study of the Kenya Mission Report applied to that lesson.

Lessons from the broad lessons learned section are coded as "G" for general and are listed in order by country. So PA-G-1 is the first broad lesson learned in the Panama country report.

LESSONS LEARNED: LOCAL CAPACITY BUILDING

NEED FOR LOCAL CAPACITY BUILDING

- 1) To be effective, partners must be knowledgeable about the issues and the context within which they are working. KE-4-3.
- 2) There is a large demand for training by local level actors. This demand is greater as their accountability to the community increases. It seems to be less intense in urban settings. SL-3-1&3&4; SL-G-12&13.
- 3) In many situations individuals and organizations do not know how to establish enabling partnerships and need to develop the capacity to do so. PA-1-2; MA-G-3.
- 4) Partnerships benefit from having the capacity to monitor and evaluate their activities. GU-2-1.
- 5) Local NGOs, even mature ones, often lack the capacity to manage a project in a manner acceptable to USAID. GU-2-2.
- 6) Local NGOs often lack the capacity to partner as equals with government. SA.

COST ISSUES

- 7) A partnership takes time to develop into a cohesive group. This delay can be very costly and frustrating for donors on tight funding cycles, which means that an explicit commitment to partnering by senior management is important. MA-1-1; MA-G-2; GU-3-2; GU-6-4; GU-G-2,-4; HA-G-1.
- 8) Capacity building often takes more time and planning than first thought. Major shifts in capacity do not come easily. KE-3-1&2.
- 9) Missions should select a few NGO partners and over a period of time develop their capacity a nurture a partnership. KE-G-2.

INTERMEDIARY ORGANIZATIONS

- 10) The organization selected to increase the capacity of a partnership is important to the success of the partnership. The more this organization is known and respected in the area and linked to key stakeholders, the better. SL-2-1; SL-G-6.
- 11) Peace Corps Volunteers can be used as "logisticians" and "facilitators" where community management skills are weak. GU-6-2.
- 12) Large businesses can be used to subsidize financial sustainability training for small businesses. ZA-G-8.

- 13) Once a partnership is formed, there is a need to identify organizations that can work with the partners/partnership on capacity building. KE-1-3.

STAFF ISSUES

- 14) Partners having and retaining well-trained staff is vital to the strength of a partnership. KE-2-2.
- 15) A partnership is strengthened by having a dynamic leader who is respected by all partners and is familiar with the issues and personalities involved. KE-2-3.

TRAINING ISSUES

- 16) To get undivided attention, it is better to hold training sessions at some distance from the trainees' home base. SL-3-2; SL-G-11.
- 17) Refresher courses for trained personnel do not always result in the required capacity. Monitoring of staff performance and additional training might be required. GU-2-5.
- 18) Joint training activities for individuals from different sectors help to build cross-sector linkages after the training ends. BU-G-3.

EFFECTS OF PARTNERSHIPS

- 19) An effective partnership can cause an organization to significantly modify its interaction with other stakeholders and to change its approach in addressing an issue. KE-1-5.
- 20) Developing the capacity to partner by one donor strengthens the partnership to the point that it can attract funding from other sources increasing the likelihood that the partnership will endure following the termination of support from the initial donor. KE-2-6&7; RU.
- 21) The synergistic aspects of partnering can enhance the capacity of individual partners. For example, NGOs often provide government officials with new ideas. GU-G-3; SA.
- 22) Partnerships developed for a specific purpose can evolve to address other problems, increasing their overall effectiveness and ability to attract other support. MA-3-1&2; GU-G-8.
- 23) Partnerships can release a tremendous amount of untapped energy, enthusiasm and potential for development activities. GU-G-1.

LESSONS LEARNED: STRENGTHENING THE ENABLING ENVIRONMENT

ENABLING FACTORS

- 1) A partnership's rights to the resources required to carry out its function need to be clarified and formalized. KE-1-2.
- 2) Some key enabling factors for partnering are: (1) the support at least one, and preferably several, local individuals who are perceived as having authority; (2) acceptance by host governments that the partnership can wield real authority; and (3) the ability to provide training to the partners/partnership. MA-1-3; GU-2-4; GU-4-1.
- 3) Enabling factors are often not under the control of USAID. MA-4-2.
- 4) It is difficult to implement NPI in situations where government is hostile to the civil society sector. ZA-G-5.
- 5) Partnerships are facilitated when government has a genuine interest in promoting popular participation. SA.
- 6) Working models of effective inter-sectoral partnerships facilitates forming new partnerships. SA.

DONOR'S ROLE

- 7) USAID can most quickly improve the enabling environment for NGOs, local government and small business by making itself accessible, as well as streamlining its grant and contract management. PH-G-1; IN-G-1.
- 8) The information network for partnering does not exist in most countries. USAID should provide an internet/webpage for information-sharing on partnering. PA-G-6.
- 9) Donor coordination for activities within or across sectors improves the enabling environment for partnerships. BU-G-4.

NGO'S ROLE

- 10) When civil society is weak and lacks a track record, NGOs must educate the public about their usefulness and work to create an enabling policy environment. BU-G-2.

LESSONS LEARNED: FOSTERING STRATEGIC PARTNERING

STARTING PARTNERSHIPS

- 1) It is important to clearly define at the outset the roles, rules, and procedures for the various partners. KE-1-1; MA-2-1; BA-G-1; PA-G-3; GU-G-5.

- 2) Development results are better achieved when a partnership is formed with a critical mass of partners and at a time when the partners are willing to work together. KE-4-2.
- 3) Partnerships are strengthened when local actors have a sufficiently high stake in the success of the partnership. SL-1-2; SL-G-2.
- 4) It is easier to develop a partnership around non-controversial issues, tackling more controversial issues further down the road when the partnership is stronger. SL-2-3; SL-G-8.
- 5) In order for partnerships to form, there must be strong areas of common interest among the groups involved. SL-2-4; PA-1-1; SL-G-9.
- 6) In order for community participation to be broad, sustainable, and genuine: members should be fully involved in the entire process, from preliminary design through implementation and monitoring. SL-2-5; KE-G-3; SL-G-10; SA.
- 7) Experience in forming and working with partnerships creates a foundation from which it is much easier to form new partnerships. KE-4-4.
- 8) Sustainable development is demand driven. If we can identify partners and customers who want what we offer and are willing to assume responsibilities, we will get results. Demand-driven programs resolve the apparent conflict between management for results and partnerships (two Agency principles) by partnering with organizations that share the Mission's priorities. PH-G-2.

MEMBERSHIP CONSIDERATIONS

- 9) To be successful, a partnership must have as its members those organizations who must make decisions or take action for the partnership's mission to be achieved. GU-2-3; GU-6-1,-3; HA-2-1.
- 10) To be successful, a partnership must have as members those organizations that have the skills required to achieve the partnership's mission. GU-3-3; BU-G-1.

THE DONOR'S ROLE

- 11) Donor coordination should assist the partnership in maintaining a clear vision in order to avoid being pulled in too many directions. KE-2-1.
- 12) A donor should provide resources and let the partnership chart its own course. Relationships between the donor and the partnership should be collaborative in nature, allowing the partnership to determine how to remain viable and sustainable. KE-2-5; SL-2-2; MA-G-5; BA-G-3; SL-G-7.

- 13) USAID, its implementing agencies, and the host government must be willing to cede real decisionmaking authority as well as responsibility to partnerships, giving them ownership. Partnerships will quickly test their authority. MA-1-2; MA-G-4; BA-G-2, GU-5-4; RU.
- 14) Involving partners in Mission Strategic Objective and Intermediate Results planning processes greatly facilitates the coordinated participation of partners in the ensuing activities. MA-2-2.
- 15) Sometimes it is necessary for a donor or NGO to carry out community education activities in order to help people identify common concerns around which a partnership can form. SL-1-1; SL-G-1.
- 16) Constant technical support has to be provided to secure solid partnerships that are needed for NGO empowerment, local governance and joint project implementation. This support has to be provided by the Mission. PA-G-2.
- 17) Financial resources are needed to initiate the partnership process. PA-G-4.
- 18) Partnerships are more likely to be successful if the partners themselves request assistance to form partnerships, rather than having USAID indicate the need to partner. HA-6-1.

GOVERNMENT ROLE

- 19) Frequently in development activities, government is a critical partner for any partnerships that are formed. Ignoring government can greatly constrain progress. KE-4-1; SL-1-5; SL-G-5; RO; SA.
- 20) When government is involved or at least informed of the development of a partnership, program implementation by the partnership will usually receive government support. KE-G-1.

PARTNERSHIP GOVERNANCE

- 21) If a partnership has a board of directors, the board should not interfere in the day-to-day management or decisionmaking of the partnership. KE-2-4.
- 22) Within a partnership, peer pressure can act to motivate partners to conform to desired behaviors. SL-1-3; SL-G-3.
- 23) Partnerships are weakened by the reliance on one strong central person. SL-1-4; SL-G-4.
- 24) Better results can sometimes be achieved by allowing partners with more clout or influence to take the lead. GU-G-6.

PARTNER INTERACTIONS

- 25) A strong effort must be made to link the partnership to the activities of other stakeholders, in order to promote efficient use of available resources and realize the potential synergy among the various actors. KE-1-4.
- 26) A partnership (and the partners within a partnership) must maintain good communication and remain flexible so that the partnership can make timely adaptations to a changing environment. GU-5-2.
- 27) Partnering with local partners must be based upon a respect for the views and knowledge of local actors. Mutual understanding and respect is critical to a partnership GU-5-3; GU-G-7.
- 28) When considerable suspicion exists between or among partners, partnerships take considerable effort to develop. HA-1-1.
- 29) Organizations should contribute to a partnership either financially or on an in-kind basis to develop ownership of activities. HA-5-1.
- 30) Partners must focus on sustained benefits to overcome the temptation to avoid taking the time and steps required to share information and reach consensus. HA-G-3.