PARTNERSHIP FOR DEVELOPMENT:
PROPOSED ACTIONS FOR THE WORLD BANK

A DISCUSSION PAPER

May 20, 1998

Partnerships Group
Strategy and Resource Management
“Our Vision, our dream, is a world free of poverty. We are building stronger partnerships with other players in the development business, focusing on comparative advantage of each. We have a new spirit in the Bank. We are a unique and potent force for global prosperity and peace.”

World Bank President James D. Wolfensohn

“The difficulty lies not in new ideas, but escaping from old ones.”

John Maynard Keynes

“If not us ... who? And, if not now ... when?”

An Old Chinese Saying

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<td>Ad Hoc Liaison Committee</td>
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<td>APOC</td>
<td>African Programme for Onchocerciasis Control</td>
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<td>Bank</td>
<td>The World Bank Group</td>
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<td>BMZ</td>
<td>German Ministry of Economic Cooperation and Development</td>
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<td>CAS</td>
<td>Country Assistance Strategy</td>
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<td>CGIAR</td>
<td>Consultative Group on International Agricultural Research</td>
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<td>CIDA</td>
<td>Canadian International Development Agency</td>
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<td>DAC</td>
<td>Development Assistance Committee</td>
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<td>DANIDA</td>
<td>Danish International Development Agency</td>
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<td>DFID</td>
<td>Department for International Development</td>
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<td>DPC</td>
<td>Development Partners Coalition</td>
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<td>EC</td>
<td>European Commission</td>
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<td>EDP</td>
<td>Executive Development Program</td>
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<td>ESAF</td>
<td>Extended Structural Adjustment Facility</td>
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<td>ESW</td>
<td>Economic and Sector Work</td>
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<td>GCA</td>
<td>Global Coalition for Africa</td>
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<td>GEF</td>
<td>Global Environment Facility</td>
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<td>GTZ</td>
<td>Deutsche Gesellschaft fur Technische Zusammenarbeit (German technical aid agency)</td>
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<td>HIPC</td>
<td>Heavily Indebted Poor Countries</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IGF</td>
<td>Internally Generated Funds</td>
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<td>JICA</td>
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<td>JLC</td>
<td>Joint Liaison Committee</td>
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<td>LACC</td>
<td>Local Aid Coordinating Committee</td>
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<td>MDB</td>
<td>Multilateral Development Bank</td>
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<td>MIM</td>
<td>Multilateral Initiative on Malaria</td>
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<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>OED</td>
<td>Operations Evaluation Department</td>
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<td>OPEC</td>
<td>Organization of Petroleum Exporting Countries</td>
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<td>PA</td>
<td>Palestinian Authority</td>
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<td>PFP</td>
<td>Policy Framework Paper</td>
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<td>RBF</td>
<td>Rockefeller Brothers Fund</td>
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<td>SIP</td>
<td>Sector Investment Program</td>
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<td>SDC</td>
<td>Solar Development Corporation</td>
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<td>SIDA</td>
<td>Swedish International Development Cooperation Agency</td>
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<td>SPA</td>
<td>Special Program of Assistance for Africa</td>
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<td>TDR</td>
<td>Special Program for Tropical Disease Research</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNDAF</td>
<td>United Nations Development Assistance Framework</td>
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<td>United Nations Development Programme</td>
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<td>UNFPA</td>
<td>United Nations Population Fund</td>
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<td>UNCTAD</td>
<td>United Nations Commission on Trade and Development</td>
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<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
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<tr>
<td>UNSCO</td>
<td>UN Special Coordinator for the Occupied Territories</td>
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<td>WHO</td>
<td>World Health Organization</td>
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EXECUTIVE SUMMARY

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

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

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

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

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

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

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

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

1. Partnership is central to the World Bank’s ability to deliver its development agenda. It allows the Bank to enhance the effectiveness of its action by building on the comparative advantage of partners who share the vision. It is also central to the World Bank’s Strategic Compact. In introducing the Compact to the Executive Directors, Mr. Wolfensohn noted: "The vision represented by the Compact is that of a flexible, cost-effective institution that works through partnerships.” The Compact itself further specifies that "priority will be given to leveraging our finance and advice by partnering with others—thus developing a more selective approach to our business."

2. In his Annual Meetings speech in Hong Kong in September 1997, Mr. Wolfensohn emphasized that the challenges of development—to reduce disparities between and within countries, to bring people into the economic mainstream, and to promote equitable access to the benefits of development—can be tackled only through partnership, and that this must rest on four pillars:

   (a) The government and the people of the developing countries must be in the driver's seat.

   (b) Partnerships must be inclusive and straddle the main categories of development actors—governments, private sector, civil society, and aid agencies.

   (c) Assistance must be selective, with the type of assistance—financial or technical, for example—to be determined by country circumstances and delivered by the appropriate partnerships.

   (d) The development community needs to think beyond individual donor-financed projects to larger country-led national and regional strategies.

3. There is now considerable international support and consensus among major stakeholders for this position, deriving from changing circumstances and the lessons from experience. In theory, there is wide agreement that partnership is needed to improve efficiency of development assistance, and to deliver more effective results on the ground. This rationale for partnership has gained ground in recent years mainly in response to four interrelated developments:
First, aid perspectives in donor countries are broadening as a result of the major changes in the international political and economic context of development. Such changes were mainly brought on by the end of the cold war, as well as the emergence of the private sector and civil society at the fore of the development process.

Second, public demands are growing for improved aid effectiveness and efficiency. Such demands were spurred by the accumulation of experience and analysis which has increased concerns that international development support has not always yielded positive results, and that lack of coordination among an increasing multiplicity of actors has undermined unity of purpose to achieve development results.

Third, pressure on official sources of assistance in donor countries is increasing to search for improved cost efficiencies in the provision of aid, and to strengthen accountability for results in the face of tight national budget constraints.

Fourth, globalization of the world economy (e.g., trade, financial markets) and accompanying advances in information technology has directed attention to an array of global challenges that no longer have purely local or national solutions.

The convergence of these developments and the lessons from experience call for partnerships among all stakeholders in the development business to improve the impact of their actions. This paper will not reiterate these lessons. Nor will it review the issues about development effectiveness as such—which has already attracted significant attention in the aid literature. Instead, it will focus on the single question of how partnerships can provide a tool to deliver more effective development assistance to developing countries.

The primary objective of the paper is to propose a translation of the consensus at the general level into a strategy and a set of concrete actions for the Bank. The paper thus aims to further develop the Bank’s strategic approach to partnerships—and to move from vision to action. The agenda is, however, a large one, and considerable selectivity is required. The focus here is to: define and sharpen the concept of partnership as it applies to the Bank; develop the Bank’s partnership agenda, including the vision and the strategy to implement it, based on accumulated experience from the development community; and propose a series of concrete actions for the Bank’s partnership agenda.

Numerous activities involving the Bank may be described as partnerships, with a broad range of shared objectives defined from the very specific country level to the much broader global one. This paper does not provide a taxonomy of the hundreds of such ongoing relations across the institution. Nor does it attempt a comprehensive ex post assessment of the extent to which these relations have delivered identified shared objectives. Two forthcoming OED studies, one on the Bank’s grant programs, and another on aid coordination, are proposing to examine the nature of some specific Bank partnership arrangements, and the Bank’s coordination role at the country level. These will undoubtedly shed some light in this regard.
7. The starting point for the Bank’s partnership agenda is its relationship with developing countries, and the impact of its services on their development. The single most important theme running through the dialogue on development effectiveness is how to put committed governments, and the people of developing countries, in the driver's seat. Experience shows that development strategies, and development assistance, are most effective when the country takes charge of their design and implementation; builds a broad consensus within the country, including with the civil society and the private sector; and where programs, policies and projects are designed and implemented with the full participation of all national stakeholders in a coherent manner.

8. This paper proposes that the Bank's partnership agenda should be addressed towards attaining this goal. The strategy is to design, along with governments, a new approach to development assistance which outlines the main features of a process through which the government convenes all the major stakeholders of the development community around its proposed national development strategy, programs, and projects. The process would also involve the governments working with multiple donors and development institutions to establish mechanisms for coordinated assistance based on this national development strategy.

9. This idea is not new. It is prominent, in one form or another, in recent proposals by a number of development cooperation agencies, and is already at work in some developing countries. It should also be recognized that what is described here is an ideal. But the paper also suggests a series of concrete actions by the Bank and by the development community at large—to move us further along the road to this ideal. There is a legitimate concern that this process, culminating in what might be called a Development Partners Coalition, could become yet another structure on top of all the existing aid coordination mechanisms. In fact, the strategy recognizes that many of the proposed objectives can be achieved by modifying and revitalizing existing processes—in particular, the Consultative Group and Round Table meetings. Action proposed for the short term will therefore attempt to build on such processes, as an intermediate step towards attaining the overall objective.

10. The basic argument, the strategy, and the proposals for concrete action are developed in greater detail in the rest of the paper. However, the proposals put forward necessarily reflect only broad parameters for action. Their implementation will depend on country-specific circumstances and the results of in-depth consultations. The paper should provide a useful basis for discussion with stakeholders in the development community—and not the least, developing countries themselves.

11. Extensive consultations are planned to this effect over the summer. This should provide a basis to shape the proposed partnership approach to development assistance. And though implementation of the approach can only come to life in the hands of governments in developing countries, and their people, full support from the development community is necessary to move ahead. We hope that accumulated experience, combined with the resolve to forge strong partnerships, will provide the impulse to deliver this ambitious agenda before the turn of the century.

12. Finally, the paper also recognizes that the emerging development agenda includes addressing global issues. Some of the most successful partnerships have been forged around multi-country and global issues (Annex 1). Financial flows and globalization, trade and labor standards, rain forests and climate change, water management and riparian rights, refugee flows
and migration, narcotics and infectious diseases—all are examples of issues requiring joint action across countries and by widely divergent sets of actors. In addition to these cross-border issues, there are a range of development concerns for which attention and resources need to be mobilized internationally—child labor, girls’ education, disease eradication, are a few prominent such instances. These require partnerships at the global level (Annex 2). And building consensus for action at the global level will help achieve effective results at the national level. However, a full discussion of emerging global issues and the nature of the required partnerships needed to address them will remain outside the scope of this paper.

13. The paper is organized as follows. Section I establishes the approach to partnership in the context of the Bank’s mission. Section II develops the links between development effectiveness, ownership, donor coordination, and partnerships. It also highlights the gap between the consensus on requirements for partnership, and the current mechanisms to deliver development assistance and the challenges it entails. Section III outlines the proposed vision and the strategy to realize it, describes an alternative approach for delivering development assistance, and it also spells out the implications at the operational level, in terms of selectivity, preparatory analytical work, country assistance strategies, involvement of the civil society and the private sector, and development of Partnership Frameworks between major stakeholders. Sections IV and V propose concrete actions for the Bank’s partnership agenda to move along this new approach and to transform its own partnership culture. Finally, Section VI highlights the next steps in further developing the Bank’s partnership agenda and its implementation.
I. THE FUNDAMENTALS

A. AN OPERATIONAL DEFINITION OF PARTNERSHIP

14. The idea of partnership in development assistance is not new, and there has been much discussion around the definition and meaning of the term. Three decades ago, Lester Pearson in his *Partners in Development* suggested that partnerships should be an understanding between donors and recipients expressing reciprocal rights and obligations, directed to a clear objective, or finite enterprise, beneficial to both.3

15. Since then, many aid agencies have given their own definitions. And the notion of partnership has thoroughly permeated donor documents and strategy positions (Box 1). USAID (1995) defines partnership as a two-way street based upon shared rights and responsibilities.4 Each partner brings different, but complementary skills and experience to a common objective. The recent UK White Paper (1997) discusses partnership extensively, using the term in the context of the aid relationship between Britain and the governments of recipient countries.5 OECD/DAC refers to a partnership between industrialized and developing countries as “a relationship based upon agreement, reflecting mutual responsibilities in furtherance of shared interests.”6

16. Irrespective of the definition one may use, the concept is not problem-free, as noted recently by Maxwell and Riddell in their commentary on the notion of partnership in the UK White Paper.7 They point to the danger of falling into one of two models of partnerships. The first is "hollow partnership" where the terms are determined entirely by one party—the donor. The second is "inflexible partnership" in which aid flows follow agreed rules contractually and rigidly, with no scope for reassessment and dialogue over outcomes. Summing up views of several commentators, the North-South Institute (1997) points out that no watertight definition or typology of partnership is possible, nor indeed desirable.8

17. We therefore propose to start with an operational definition of partnership: "Partnership is a collaborative relationship between entities to work toward shared objectives through a mutually agreed division of labor." Key to building a meaningful partnership is the specification of the shared objectives pursued; the agreement on the *modus operandi* to determine an appropriate division of labor to leverage skills and build on synergies and complementarities; and the establishment of mechanisms to assess success and make adjustments. Such is the basis to avoid the twin traps of a "hollow partnership", or an "inflexible partnership." But it must be remembered that the goal is not partnership *per se*. Partnership is *a means to an end*. The real goal is the shared objective. Partnership is a tool to reach this goal more effectively, and more efficiently, for the benefit of all involved.

18. Partnership has always been a core feature of development. The creation of the World Bank itself more than 50 years ago can be seen as a recognition that there is immense value in approaching development from a collective perspective. And over the past 50 years, a wide range of links between development institutions has grown as part of an ongoing process. Each year brings expansion of existing partnerships and the creation of new links. All of these links have enhanced and deepened the development assistance system.
Many donors have begun to individually incorporate the vision of partnerships into their own aid programs and agencies. Progress includes:

- **Support for Country Ownership.** Many donors have been increasingly emphasizing the need to support country ownership. For example, Japan identified support for recipient country ownership as one of the three core areas of Japan’s “Initiatives for Sustainable Development” described in its 1997 ODA White Book. Sweden, in its 1997 Mission Statement “Sida Looks Forward” stressed that the donor should adopt an unobtrusive role where the country “assumes responsibility for formulating needs, planning, and implementation.” The new U.K. Department for International Development (DFID) issued a White paper in November 1997 which stressed the importance of building partnerships between the poorer countries and the donor community. A 1996 Finnish government report “Ownership in the Finnish Aid Programme” indicates that progress is being made by Finland in making its aid projects “ownership-friendly.”

- **Decentralization to the Country.** A practical step that some donors have taken to support country ownership is to increase their field presence and decentralize decision-making authority. In 1997 The Netherlands transferred considerable decision making authority from headquarters to its embassies in the field. In Germany greater authority has also been transferred to country desks in GTZ (though not yet in the field). In Belgium too, greater authority has been given to local representatives. Even USAID, which has reduced its field staff in response to budgetary constraints, has identified local foundations and other partners that can help maintain local contact.

- **Rationalization of Aid Programs.** A number of donors have multiple agencies working on development, and this sometimes makes the practice of partnerships more complicated. Nevertheless, there are promising changes. Japan has committed to combining its two largest institutions operating in developing countries by 1999: the Export-Import Bank of Japan and the Overseas Economic Cooperation Fund. Organizational changes have also proceeded in the U.K, The Netherlands, and Belgium. Belgium, Sweden and Denmark are all working towards focusing their aid on fewer countries and/or sectors.

- **Harmonization of Procedures With Other Donors.** There has been increasing support by donors in general both within the OECD/DAC and the SPA, to unite aid for the poorest countries. Several donors, such as The Netherlands and Sweden, have also been increasing their emphasis on program over project assistance (which helps to simplify procedures) and many donors have come together to support common procedures in sector programs. In part, the tight budgetary situation for aid in many donor countries has led to greater awareness of the potential for partnership to cut costs.

- **Reaching out to the Civil Society and the Private Sector.** Several donors now provide a significant share of their aid through NGOs, such as The Netherlands (11 percent), Switzerland (11 percent), United States (8 percent), Canada (7 percent), and Sweden (7 percent). In 1995, USAID launched a “New Partnerships Initiative” to strategically engage civil society, the business community, and institutions of democratic local governance. Many donors (such as Japan) are placing increased emphasis on supporting the local private sector in building infrastructure. Governance has also been recognized as one of the major budgetary “themes” in the Netherlands. The increase in most donor’s emergency aid, particularly in post-conflict situations, has also helped to spur the need for greater coordination. France is establishing closer ties to its non-governmental sector known as Associations for International Solidarity.

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19. Three relevant lessons stand out from the experience to date, which will inform our
discussions throughout the paper. These are that successful partnerships are based on: tightly-
focused shared objectives, with concrete outcomes and actions to aim for; leadership from one
agent or a group of agents to get them off the ground—whether foundations (e.g., CGIAR),
bilateral donors and developing countries (e.g., GCA), or the Bank (e.g., the HIPC Initiative);
and full country ownership for meaningful impact on the ground.

B. PARTNERSHIP WITH DEVELOPING COUNTRIES: THE ANCHOR

20. The Bank’s overarching objective in pursuing partnerships is to improve development
effectiveness, and the impact of its actions in eradicating poverty. Defining the Bank’s
partnership agenda, therefore, requires first and foremost a better understanding of the major
impediments to development effectiveness—and how partnerships could be used to remove
them.

21. The concern with development effectiveness is not new, and donors have always had to
account to their publics for how aid has worked. More recently, however, analysts have
focused greater attention to questions related to aid’s broad impact on growth, and in this respect,
on whether the aid relationship itself has enhanced or impeded development prospects—and
why. Accumulated experience points to problems in both the allocation and management of
development assistance, and to inadequacies on both the country and donor sides that account for
these problems. Together, the findings indicate a need for fundamental change in the nature of
the donor-country relation. At the heart of the concerns about development effectiveness
therefore lies the partnership relation between developing countries and stakeholders in the
development arena.

22. Central to defining the Bank’s partnership agenda is therefore the nature of its
relationship with developing countries. The fundamental question is how the transformation of
this relationship could improve Bank effectiveness in realizing its mission. This would provide
an “anchor” to further examine how partnership with other stakeholders in the development
business could deliver enhanced development effectiveness and eradication of poverty at the
country level.
II. REQUIREMENTS FOR PARTNERSHIP: BETWEEN THEORY AND PRACTICE

A. COUNTRY OWNERSHIP IS A PRECONDITION

23. There is abundant evidence linking country ownership to the successful implementation of the development agenda, and the ability to sustain its benefits (Box 2). A major finding in the aid effectiveness literature, now widely accepted, is that development policies, projects, and programs that are owned by those they are intended to affect are more likely to work and to be sustained than those that are externally driven. In other words, reforms that are donor-driven and dependent on conditionality for their implementation compromise the success of programs, producing reluctant acceptance by recipients of what donors want and undermining country ownership.

24. Experience suggests that assessing country ownership is not simply a matter of verifying a government’s acceptance of the need for policy reform. In this respect, OED has singled out four criteria to assess country ownership: (a) the locus of the initiative for the policy or project must be in the government; (b) the key policy makers responsible for implementation must be intellectually convinced that the goals to be pursued are the right ones; (c) there must be evidence of public support from the top political and civic leadership; and (d) there must be evidence that the government is building consensus among the affected stakeholders and can rely on their support and cooperation.13

25. Moreover, stakeholder participation in the design and implementation of programs and projects is an important feature of ownership and, as such, an additional key to increasing development effectiveness. Those affected by the provision of aid need not only to be consulted. They also need to be part of the decision-making on the use of the aid in a true partnership relation. Such participation is important both in the design of national development strategies, and in the implementation of specific projects and programs. Assessments of operational experience, including by OECD/DAC and by the Bank, indicate that participation improves the quality, effectiveness, and sustainability of projects and programs.14 The 1994 World Bank report on participation advocates an approach that would provide “a process through which stakeholders influence and share control over development initiatives, and the decisions and resources which affect them.”15

26. If donor support of participatory development is to be consistent with the exercise of greater country ownership, a new partnership approach to development needs to be forged. Efforts to strengthen partnership with those affected by development projects and programs need to be conducted under the auspices of the government, as part of the development of better public sector interaction with these same stakeholders. A key element thus lies in enhancing government’s capacity for accountable and effective public management—and in supporting efforts to strengthen its relations with institutions of the civil society.
Box 2. THE CONSENSUS ON THE IMPORTANCE OF COUNTRY OWNERSHIP

The importance of country ownership in development effectiveness is now fully accepted by the international community. Mounting evidence on the weaknesses of donor-driven assistance has led to wide agreement on the need for action to increase country ownership of its development agenda. Where reforms have been implemented and sustained, recipient country ownership of the reform process, not donor conditionality, has been the key. But core features of the aid relationship have undermined rather than enhanced that ownership.\(^a\)

Several bilateral sources fully recognize the importance of ownership for the success of country programs. Ownership was the core subject of a study on aid to Tanzania, sponsored by the Danish Ministry of Foreign Affairs in 1995,\(^b\) and a common thread in a set of country case studies on aid effectiveness in Africa.\(^c\) These all conclude that country ownership is a precondition for the success and sustainability of a program.

Development Cooperation Ministers and heads of agencies of the Development Assistance Committee (DAC) of the OECD, also concluded at a meeting in May 1995 that: “For development to succeed, the people of the countries concerned must be the owners of their policies and programs.” The OECD/DAC emphasizes this point in its statement of "principles for effective aid" and in its 21st Century Strategy.\(^d\)

The World Bank has also stressed this point in recent years in innumerable studies and statements. OED evaluations of adjustment lending, along with other Bank studies, have all confirmed the importance of ownership for successful program implementation. More recently, country ownership has emerged as a key concern in a recent SPA review.\(^e\) It has also emerged as a major theme in the just completed external review of the IMF’s Extended Structural Adjustment Facility (ESAF).\(^f\) The review concluded that, at the heart of the ownership problem is “… the loss of government control over the setting of the policy agenda in reform programs, as well as the pace of implementation of these policies.”\(^g\)

\(^a\) See, for example, Paul Collier, “The Failure of Conditionality,” in Gwin and Nelson, eds., Perspectives on Aid and Development (Washington, D.C., Johns Hopkins University Press, for the Overseas Development Council, 1997), pp. 51-78; and T. Killick, Conditionality: Donors and the Political Economy of Policy Reform in Developing Countries, forthcoming.

\(^b\) Report of the Group of Independent Advisors on Development Cooperation Issues Between Tanzania and Its Aid Donors, (Gerald K. Helleiner, Chairman), June 1995.


\(^e\) Independent Evaluation of the SPA as a Mechanism to Promote Adjustment and Development in Sub-Saharan Africa, Operations Evaluation Department, The World Bank, November 12, 1997 (draft).


\(^g\) Ibid., p. 38.
B. YET … COUNTRY OWNERSHIP IS WEAK

27. Despite the general consensus on the importance of ownership, the ESAF review concludes on this issue that: "It has not been possible to move matters beyond theory." The challenge, the review notes, is to find ways "to foster strong country ownership, and at the same time provide adequate assurances to both multilateral and bilateral sources of financial assistance that their resources will not be wasted."\(^1\) The solution lies not in limiting ownership to borrower countries' adoption of what donors want, but in finding ways to enable recipients "to develop and build consensus behind programs capable of achieving sustainable growth."\(^2\) Similarly, the study on aid in Tanzania, sponsored by the Danish Ministry of Foreign Affairs in 1995, indicates that "ownership must mean that the final decisions rest with the recipient government."\(^3\)

28. Many studies based on country experience emphasize that donors have tended to dominate the aid process. On the donor side, they point out that projects were much too often identified, planned and implemented with only minimal input from recipients. The Tanzanian study found that there were many and varied complaints about donors having their own agenda and "paying little more than lip service to the principle of local ownership."\(^4\) On the recipient side, cash-strapped governments have frequently deferred to donor expertise, too rarely advanced their own priorities for aid, and failed to integrate aid into their planning and budgeting processes.

29. A reading of the many findings on the importance of ownership suggests that the solution requires changes both for countries and for donor agencies. Countries have to improve their capacity in economic decision-making, in devising a national development strategy, and in managing aid as an integral part of these efforts. Donor agencies have to make the provision of aid—including the identification of priorities, negotiation of aid programs, delivery of aid resources, and evaluation of aid efforts—more supportive of the country's ownership, and less burdensome on administrative capacities.

30. Significant efforts have already been made to move in this direction. All of these efforts should continue. However, at the end of the day, these still represent piecemeal attempts, donor by donor, actor by actor. The ultimate achievement, of all actors debating, discussing and coalescing behind a national development strategy that is designed and broadly owned by the country still seems at a far distance.

C. COORDINATION OF DEVELOPMENT ASSISTANCE IS ESSENTIAL …

31. At the heart of the partnership relation with developing countries is the institutional capacity of the government to manage—and coordinate—the development assistance it receives from external stakeholders. This involves the capacity to identify and design the development agenda, but also the capacity to monitor its implementation—that is, to coordinate and evaluate individual aid projects and programs. The nature of the bilateral partnership relation between the donor and the government therefore depends heavily on donor procedures and organizational structures (e.g., existence of field offices). Crucial to the capacity of the government to manage its overall development agenda is how its bilateral relationships with donors fit between themselves, and whether they add up to a coherent assistance program. As Carlsson and others conclude from their case studies: "project and donor proliferation overstretches the management capacity of recipients and leads to wasted resources."\(^5\)
32. Attention to the importance of development coordination has intensified over the years as the number of donors, development institutions, as well as projects and programs have proliferated. More recently, efforts have been made to address this problem (Annex 3). At stake is the nature of the partnership relation between the different stakeholders, and the role of the developing country in defining its own development agenda and taking the lead in coordinating development assistance. Many heavily aid-dependent countries now receive assistance from more than a hundred bilateral, multilateral, and nongovernmental organizations—each with its own priorities, procedures, planning cycles, and reporting requirements. Along with this proliferation of actors, there has been a blurring of the functional lines of responsibility among donor agencies—as each one extends its role in an ever-widening development agenda.

33. Poor coordination of development assistance not only leads to duplication and waste in the development business, but also puts a heavy burden on the limited managerial capacities of recipient governments which must deal with multiple procedures, policy directives, and stand-alone projects. Many recent donor documents acknowledge this problem. Cassen concluded that the collection of aid activities of a variety of donors in a particular country may not be adding up to a coherent contribution to development. This is directly the result of too many donor agencies operating in a given sector or subsector, resulting in projects that the recipient country was often ill-equipped to manage, and which placed a burden on recipient administrations which have to cope with the complexity of separate procedures and requirements, and more important, which can tie up a recipient’s limited financial resources. This situation was also acknowledged by Serageldin and coordination is a central theme of the Strategic Compact, which commits the Bank to working in closer coordination with other agencies.

D. YET … THE DEVELOPMENT ASSISTANCE SYSTEM IS TOO FRAGMENTED

34. The current system for delivering development assistance is characterized by a multiplicity of actors, with often different priorities, lending terms and procedures. Each actor conducts its own analytical assessment of the country situation, develops its own assistance strategy—identifying the projects and programs it wishes to support, and only too rarely attempts some assessment of its actions (Chart I). Numerous mechanisms seek to deal with one or another level of coordination across actors—for example, sector programs—emphasizing agreement between donors and the government on sectorwide strategies, with coordination led by the government (Annex 4). Nevertheless, while promising, this approach remains sector-specific. But, most of all, the focus of the partnership is across the multiplicity of actors, rather than a coherent attempt to strengthen partnership with the country at the center of these efforts.

35. Overall, experience indicates that coordination mechanisms for delivery of development assistance have been generally less than satisfactory (Annex 5). And such mechanisms have yet to be well incorporated into donor coordination at either the country or agency level.
Chart I: Current Approach to Development Assistance
This has led to “project proliferation,” a large number of donor agencies at work in particular sectors of recipient countries, increasing demands on recipients’ budgets for local and recurrent costs, and a burden on the weak administrative capacities of many borrowers (Box 3). Tanzania is said to have had some 2,000 projects from some 40 donors operating in the 1990s—albeit several of them operated through small NGOs. As Carlsson and van de Walle conclude from their analysis of country experience: “In all the cases studied, the need for greater coordination of aid is noted by both donors and recipients alike. However, coordination of aid remains recognized in principle, but rarely practiced.”

**Box 3. THE BURDEN OF FRAGMENTATION IN AFRICA**

Many countries in Africa attract aid from numerous donors. Zambia, for example, receives aid from several dozen official donors as well as at least an equal number of NGOs and the lack of coordination on the donor side duplicates effort and waste of resources. As several case studies note, the lack of coordination “can lead to severe waste of resources, while also complicating the aid management function of the government.” In the northern region of Ghana, a few communities had two or sometimes three water and health projects from different organizations while other regions had none. As the Tanzania case shows, the actual composition of aid under these circumstances is largely the result of ad hoc local processes, combined with the policies of individual donors and their willingness to finance specific activities.

A direct result of the failure to coordinate aid and integrate it within a coherent government development strategy is the proliferation of aid activities. This has increased as the number of donors has risen. In the mid-1980s, “around 600 projects from some 69 official donors were operating in Kenya, and 614 projects from 69 donors were operating in Zambia.” The case studies compiled by van de Walle and Johnston indicate that the numbers could actually be even higher. In Tanzania, while many of the development projects are undertaken by small NGOs, there were “more than 2,000 projects from some 40 donors and in Ghana some 64 government or quasi-government institutions as well as four private sector institutions, were receiving aid in the 1990s.” It is not unusual for each of the major donors to be present in 20-25 African countries and have 10-20 projects in each. Sectoral ministries wishing to devise and implement a coherent strategy often need to monitor several dozen projects, including those housed in stand-alone structures over which they have no leverage. Again and again, the case studies suggest that these sectoral ministries can have, at best, only a very imperfect understanding of the full gamut of aid activities in their own sector.

With the lack of managerial and administrative capacity, the stress that these practices place on governments and their ailing institutions is tremendous. The reporting and monitoring requirements alone are considerable. It has been observed that “a conservative estimate of 600 projects translates into 2,400 quarterly reports submitted to different oversight ministries; as well as more than 1,000 consultancy missions a year to appraise, monitor, coordinate and evaluate the activities.” All these consultancy meetings take the time of the already overstretched key officials. Aid undoubtedly imposes a serious administrative burden on already fragile administrative systems.

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e. *Ibid* 49
f. *Ibid* 50
While there is a consensus that enhanced aid coordination is essential to a true partnership for development effectiveness, attempts to move in that direction have been hindered by lack of capacity within countries, as well as conflicting interests among government agencies, among donors and within institutions. Several country assessments conclude that a combination of institutional weaknesses and a lack of leadership compromise the ability of recipients to take the lead in aid coordination. Others argue that the dominant role played by donors in this area has discouraged recipients from assuming responsibility for coordination activities. In other words “although aid agencies have argued that the government should have the leading role in the aid process, they have usually held it themselves.”

In many instances, governments are reluctant to openly challenge donor positions and initiatives, preferring instead to withhold support from donor activities that they do not entirely favor. While withdrawal is attributable to many factors, the feeling that the recipient’s view will probably make little, if any difference, is said to be the principal reason. This view is consistent with one expressed in the recent ESAF external review. The Bank is also sometimes criticized as having enormous self-confidence because of its superior manpower and resources and thus able to be inflexible when it chooses.

The duplication of efforts and low aid effectiveness lend added urgency to the need for a partnership approach to development assistance. Studies suggest that coordination of development assistance is most effective when it is undertaken, at the country level, by capable recipient governments which are best placed to integrate actions from numerous donors into a national development strategy, and make appropriate links with national budgeting processes. This echoes views expressed by representatives from developing countries (Box 4). The study on Tanzania and its donors also confirms this point in its focus on the failure to match individual donor programs with government agencies’ interests. The report recommends shifting the central coordinating role from the donors to the government. The point is also made in the conclusions from a Forum of Development Partners recently organized by DAC, which noted: “Donors should stimulate and help strengthen recipient partner-led coordination of development cooperation.”
Box 4. COUNTRY PERSPECTIVES ON PARTNERSHIP

In 1995, the Secretariat of the Task Force on Multilateral Development Banks (MDBs) met with 32 African participants from 12 countries representing government, civil society, and the private sector. The objective of the meeting was to elicit developing country views about how to enhance the effectiveness of the MDBs. Participants characterized the existing development process as a train—with the donors and the MDBs “deciding where the train goes and how fast it moves.” They also felt that more of the responsibility for defining development needs as well as the ways to address them should rest with the people. They envision an equal partnership with the MDBs in a manner that would enable their countries to forge a development vision with MDBs’ support.

In 1998, the Development Assistance Committee (DAC) organized a Forum of Development Partners to discuss with representatives from five developing countries a common framework for improving partnerships. The forum recommended a set of measures to foster country ownership, notably through improved coordination of development assistance, and simplification of donor procedures. Recommendations in this respect included actions:

- To encourage recipient partners to formulate their own development strategies—setting out the local priorities, plans and instruments for implementing such strategies, while systematically involving the civil society, as well as consultation with external partners. Where such locally-owned strategies are compatible with internationally agreed goals, donors should work to implement their aid programs in a coordinated manner on the basis of such locally-owned strategies and accept their discipline.
- To stimulate and help strengthen recipient partner-led coordination of development cooperation; including holding Consultative Group (and Round Table) meetings in the capitals of the recipient partners concerned.
- To consider agreeing in principle to adjust more to local procedures, where necessary, helping recipient countries to bring their procedures and management capacities up to international standards.

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E. MOVING BEYOND THE DISCOURSE

40. The lessons from development effectiveness studies—and the consensus on the importance of country ownership and donor coordination—already enter the discourse, and sometimes the practice, of development agencies. With differing speeds and differing commitments, they have adopted approaches to increase country ownership for the projects they support. The dialogue with governments has intensified, and some donors have developed a structured approach to reflect commitment to this partnership relation. Civil society is now more involved in a variety of settings in the design and implementation of projects.
41. Progress has also been considerable in making donor interaction with governments and their peoples more participatory. Many donor agencies now have significant consultations with recipient governments in designing their country assistance programs. Some go further and involve broader sections of society. Participation in the design and implementation of projects is spreading. The Bank's own attempts to work with client countries in expanding participation in projects and in Country Assistance Strategies (CAS) have also gained momentum in recent years.

42. This momentum needs to be maintained. But it also needs to be channeled. Each agency is now moving to demonstrate "partnership" with the host government by developing separate agreements and engaging in consultation processes with the same groups of overstretched civil society groups. If this trend continues, it would increase even more the administrative burden on the recipient government, making it more difficult for the government and its agencies to design its national development strategy.
III. A VISION AND STRATEGY FOR PARTNERSHIPS

A. THE VISION

43. Our vision of partnership to put the country at the center of its own development is a partnership approach to development assistance—which is a process, rather than a series of events. It is convened and managed by the country rather than any one institution or donor. It requires the government of the country, and its people, to develop their own national development strategy. It calls for the development community to assist the country in implementing its strategy. And it brings together at various stages all the major actors—government, private sector, civil society and aid agencies—to discuss, debate, and agree on the development assistance component to support the national development strategy. This is clearly an ideal, and there are many ways of describing what it is, and what it is not. But, most importantly, such description can only set the parameters upon which the approach is based, and the main stages of the process it involves. It will belong to governments of the development countries to adapt it to their national circumstances. There is no single model for its successful implementation.

44. The process consists of continual dialogue between the partners, assisted by advances in new technology but involving at least one major meeting a year, convened by the government, which may be referred to as the Development Partners Coalition (DPC). Its output is a development assistance strategy—the government's strategy, developed in consultation with its development partners. There is consultation but no requirement for unanimity. Each partner formulates its own action plan for development assistance based on the national development strategy, and in consultation with the other partners.

45. The agreements that emerge from the meeting of the Development Partners Coalition are not treaties with the force of law—avoiding the "inflexible partnership" trap. But they do have the force of a mutual agreement made transparently and in public, one to be evaluated and monitored in the ongoing DPC, thereby avoiding the "hollow partnership" trap where only one side of a partnership is held up to scrutiny. As the circumstances of the country change, the DPC will throw up evolving strategies on the part of the country, and complementary strategies and actions, including changes in relative responsibilities and roles of the donors and other actors.

B. THE STRATEGY

46. Several elements of the vision put forward here are already in action in Pakistan, Ghana, El Salvador, and are being developed in the case of Vietnam (Annex 6). Bolivia’s recent experience in developing a national strategy, building consensus around it, mobilizing the support of the international community to help finance its implementation, and agreeing on mechanisms for monitoring and evaluation, provides a good illustration of the way the approach might be implemented (also Annex 6).

47. Our proposed strategy for attaining this vision recognizes the great strides that have already been made and the need to build on existing mechanisms—for it makes no sense to create yet another superstructure of donor-country relations. The approach is based on five core building blocks:
(a) First, the consultative processes within the country (possibly at the national and subnational levels), between the government, private sector, civil society and aid agencies must be enhanced. To the extent that these are happening already, they should be supported and to the extent that such fora need to be created, donors must support the government in doing so. These consultations would yield a national development strategy, broadly owned by the country.

(b) Second, these processes need to culminate in an overarching meeting (or set of meetings) at which donors' assistance strategy, in support of the national development strategy, is debated and discussed—the meeting of the DPC. It is vital that private sector and civil society play a full part in this meeting.

(c) Third, the bulk of these consultation processes, and the final meeting, should take place in-country, to allow greater representation of government officials, private sector and the civil society, as well as fuller press coverage. The country has to have the sense that this is its process, not one driven by outsiders.

(d) Fourth, donors and development institutions will need to recognize the primacy of the country's strategy, and adjust their roles and actions accordingly. They should move to a situation whereby the national development strategy presented by the government at the meeting of the Coalition becomes the guiding light for each actor's actions, even though ultimately they will have to draw up separate action plans for their own constituencies.

(e) Fifth, agreements on Partnership Frameworks between development actors which recognize comparative advantages at the country level and develop a set of *modus operandi* for efficient collaboration will help in providing more effective support to the country’s development strategy, and in realigning patterns of assistance as circumstances change.

48. The proposed partnership approach to delivering development assistance has the country at the center of the decision making, with donors providing assistance and pledging their support to the national development strategy (Chart II). This significantly contrasts with the current approach to delivering development assistance which heavily reflects the current fragmentation of the system (Box 5).

49. These goals should not of course be turned into a vehicle for creating yet another layer or mechanism of interaction between donors and recipient governments. A key part of our proposed strategy is to use and modify existing mechanisms to build up this vision. Since we have identified the basic problem as being lack of a country-led strategy around which the partners can coalesce, attention naturally turns to national aid coordination mechanisms. In many countries, the existing Consultative Group or Round Table process can be revitalized and modified to serve the objectives pursued. But it is important to stress that there is no singular, rigid way to implement the various elements of the proposed approach. Instead, it would be adapted to country-specific circumstances and choices.
Chart II: Partnership Approach to Development Assistance

- **PROCESS LED BY COUNTRY**

- **PARTNERSHIP FRAMEWORKS**
  - Division of labor among Stakeholders

- **DEVELOPMENT PARTNERS COALITION**
  - Alignment of assistance strategies

- **JOINT ANALYTIC WORK**
  - Preparatory work to support assistance

- **CONSULTATIVE PROCESS**
  - Participation of all Stakeholders

- Financing the Strategy
- Assessing Needs
- Building a National Development Strategy
- Implementing and Evaluating
Box 5. THE PROPOSED PARTNERSHIP APPROACH TO DEVELOPMENT ASSISTANCE

Stage 1: Assessing Country Needs

Current Approach. Typically, separate providers of aid undertake parallel studies in the same sector in the same country. Even sharing these studies and learning from the analysis of each other is far from systematic. The irony is that partnership at this stage could have the greatest payoff—in terms of both harmonizing different institutions’ assistance strategies and laying the ground for later cooperation.

Proposed Approach. Coordination of country analyses—by all involved—falls naturally with the government, which takes the lead in assessing the country’s needs. A consultative process, again led by the government, would be launched within the country at the national and subnational levels. Involving the private sector and the civil society to achieve the broadest country ownership of the development agenda, the process would provide a basis to define the national development strategy. At this stage, donors and development institutions would make every effort to support the government in conducting this national debate through capacity building.

Stage 2: Building a National Development Strategy

Current Approach. Each official aid institution develops its own country strategy which typically includes its own vision of the country’s development needs. While there has been a general trend towards more consultation with other actors, these documents remain institution-specific, with limited interaction with the government and across actors.

Proposed Approach. The focus is to assist the country in designing its own national development strategy. Individual institutional strategies would be developed on the basis of this national strategy and describe each institution’s assistance strategy. The government would seek the support of external and internal partners as needed.

Stage 3: Financing the Strategy

Current Approach. Currently, each official aid institution pledges financial support at donor-focused Consultative Groups or Round Tables. There is often little coherence among these pledges, duplicating efforts in one area while neglecting others, with different timeframes and procedures—making it almost impossible for the country to assemble them into a coherent overall assistance strategy. Nor do these meetings involve civil society or the private sector as integral players.

Proposed Approach. A Development Partners Coalition, convened by the government, would hold a meeting in the national capital, with each development partner expected to pledge its support to the national development strategy. Building on the preparatory stages, this would provide an opportunity for development partners to align their assistance strategies in support of the national development strategy.

Stage 4: Implementing and Assessing Programs and Projects

Current Approach. Countries are often inundated with a myriad of activities, all with different parties, each with its own procedures. This makes it difficult for the country to manage and own the activities being implemented. Moreover, even when projects and programs have been cofinanced by different parties, there is often little collaboration on assessing their success in reaching agreed objectives and contributing to overall development effectiveness.

Proposed Approach. Partnership Frameworks would be designed on the basis of the assistance strategies agreed at the meeting of the Development Partners Coalition. These would enable partners to agree on principles for collaboration, and to harmonize their activities and procedures in line with country requirements. Partnership Frameworks would also indicate approaches to joint assessments and mechanisms to improve collaboration.
C. THE CHALLENGES

50. Despite the success of a few countries to move in the direction of a partnership approach to development assistance, implementation of the approach at a broader scale will require facing up to major challenges. Some of the challenges are inherent to the change process itself. Others, however, would necessitate structural and organizational changes—including within donor agencies and institutions—regarding the nature of the development assistance, and the established mechanisms for its delivery.

51. On the country side, government agencies are not monolithic and competition for donor funds could frustrate efforts toward a more rational allocation of resources. Typically, there is a lack of clarity within governments regarding the locus of responsibility for aid coordination and, therefore, in the channels of communications with donor agencies. In Africa, Botswana is often cited as a good example of a country where one ministry (Finance and Development) has the sole responsibility for aid coordination activities. In contrast, the more typical situation is probably closer to the situation of Mali where the recent aid review found that “…there is no functioning overall coordination by government of aid flows and uses.”

52. But there are other obstacles to countries embracing the partnership approach to development assistance including:

(a) Governments may be wary of an approach that brings stakeholders closer together, out of concern that it could lead to stronger pressures from the donor community especially with respect to reform. This is the concern about “ganging up.”

(b) Governments may wish to maintain the freedom to play one donor off against another, to influence which donor does what, to introduce an element of competition in lending terms, and greater choices across donors.

53. On the donors’ side, experience suggests that greater partnership in delivering development assistance can pose the following problems:

(a) Political and commercial interests could be factors in aid decisions; however, even where these are not necessarily prominent, aid agencies sometime share common objectives which lead to competition among them.

(b) The incentive system within aid agencies, closely tied to achieving transfer of resources, in a way that can be accounted for within their institutional frameworks, could also encourage competitive, rather than collaborative behavior.

(c) Long, historical relationships between some donors and particular recipient countries can lead to some degree of unresponsiveness to the concerns of the broader donor community.

(d) Successful collaboration can crucially depend upon the participation of the donor with the most funds at stake, or the largest local presence. This is the concern about “take-over.”
54. These challenges are not easy to overcome. Ultimately, however, it comes down to building trust among all stakeholders around the resolve to address the failures of the current system of development assistance. It also comes down to a judgment on whether the costs of the current system are worth paying for. And whether the wasteful competition that characterizes it is tenable. This paper argues that the Bank’s partnership agenda should be addressed toward putting the country at the center of its development process—as a way of enhancing the sustainability of the system, and its ability to deliver development, and eradicate poverty. The Bank needs to take the first risky step to break the deadlock. Ultimately however, this agenda can only succeed if all stakeholders come together, motivated by the same urge to move ahead in a real partnership for development.

D. IMPLICATIONS

Selectivity

55. A major challenge in implementing the proposed approach is the country’s ability, and willingness, to develop its own national development strategy, and to take the lead in implementing it. Indeed, the keys to country ownership are its institutional capacity and its political willingness to manage its own development and to implement the specific projects and programs supported by its external partners. This also includes the capacity of the governments to identify, design, coordinate, and evaluate individual aid projects and programs—and integrate these into the national expenditure and revenue plans for broad coherence, feasibility and policy consistency. As Carlsson and others conclude from their country experiences: “As important as institutional capacity, however, is the related ability and willingness to integrate aid resources into a coherent national development strategy. Capacity by itself does not matter if aid resources are managed in isolation from national development efforts, or in the context of incoherent economic policies.”

56. Adoption of the proposed approach will undoubtedly transform the nature of the relationship between the development community and most countries, increasing effectiveness of development assistance, and the efficiency of the support it provides. It may also result in a slowing of the external financial assistance to some countries, at least in the short run, while increasing the support to capacity-building, and nonlending services. In other words, intrinsic to the approach is the notion of selectivity—thereby bringing to the fore an issue which the Bank is already committed to address.

57. The logical link between country ownership and selectivity is also part of a growing consensus in the development community. A report commissioned by OED and drawing from the experience of nearly 100 adjustment operations implemented in 42 countries recommends that: “In cases of vacillating ownership during a program, it may be prudent for the Bank to hesitate in proceeding with follow-up operations until the concerned government authorities demonstrate a genuine and continued interest in pursuing those reforms.” Another report on “Dilemmas in Donor Aid Strategies” presented to the international development community at a workshop in Rotterdam (may 1996) raises similar points, arguing that donors should give priority to pursuing aid in ways that build countries’ capacities to design and implement their own development agenda.
58. For countries to take the lead in designing and implementing their development strategy, there would have to be not only ownership and institutional capacity, but also the political willingness to accept responsibility for both the process and the results. Equally, however, donors would need to demonstrate both understanding and tolerance, as expressed in the recent Mali Aid Review: “The donors will have to agree to interface systematically with Malian institutions even if this means slowing down disbursements and adapting practices to local institutional capacities. Local development actors need political, practical and intellectual time and space to develop their own agendas for development. This includes the right to make decisions, make mistakes and change course.”

59. Where countries cannot take the lead in designing and implementing the national development strategy, different types of assistance could be contemplated—through narrower sector-specific assistance, or assistance for capacity building, or even more narrowly defined assistance to specific target groups. And as the nature and composition of assistance changes, the actors best suited to deliver this assistance would also change. This would clearly require a partnership between the different actors, recognizing the different circumstances, and the strengths of different actors to contribute. Selectivity cannot, therefore, be implemented effectively without partnership. Even the criteria which are used to determine broad shifts in assistance need to be transparently debated and discussed—including, of course, with the country itself.

60. Selectivity and partnership are thus inseparable conceptually and operationally. Consider two dimensions of selectivity: (a) developing countries and their strategies along one dimension; and (b) the different actors in development assistance along the other. Agreement on the development agenda—the priorities as between countries and between development strategies—cannot itself emerge without a dialogue and agreement between the development partners, including developing countries. And selectivity, as between different development actors in delivering an agreed development agenda, cannot be implemented without partnership among them.

61. Regarding selectivity along the first dimension, there is now a broad consensus that generalized financial support is not effective without an appropriate policy framework. There is also a broad consensus on certain key elements of this framework—in particular, macroeconomic stability, exchange rate policy, efficient public expenditure oriented toward social investment. An immediate implication of this is that the allocation of financial support by the international community should reflect the adoption of this policy framework. At the same time, there are indeed development issues (e.g., financial sector reform) where consensus is not strong, and further dialogue and discussion are needed—different allocations from different donors may simply reflect different assessments of policy performance. Finally, research also shows that without country commitment, allocation formulas from donors are of little use. But for this, there has to be an agreement with the country on the general direction and core elements of the development strategy.

62. For the second dimension of selectivity—that among the different actors—there is also a broad consensus that collaboration based on comparative advantage (implying both complementaries and synergies) would reduce wasteful competition and increase the combined impact of development actors. Even if financial assistance to a country is reduced because of poor policy performance, other types of assistance should continue, and perhaps even be intensified. But, such a shift is likely to modify the division of labor between different development actors—and this requires overall agreement in the framework of a partnership.
63. For these reasons, efforts to improve the Bank’s selectivity cannot be seen independently of the role of other actors in development—including the government and the people of the country. Furthermore, selectivity as a solution to the misallocation of aid is linked to solutions to the other problems in the management of aid.\textsuperscript{50} The misallocation of aid is only one of the weaknesses in the aid system. Selectivity thus needs to be part of a comprehensive change in donor-recipient relations. The approach proposed here provides a credible and transparent way for stakeholders to select countries—and within countries, the sectors where their development resources would be put to most productive use. Such an approach could be one step that the Bank could take to give more credibility, in substance and in form, to its claim that it is pursuing selectivity in its operations—because selectivity does not make sense independently of partnerships.

**Preparatory Analytical Work**

64. Extensive preparatory analytical work is conducted by donor agencies, development institutions, and in some cases, by the country itself. This involves work on economic analysis to determine development priorities, as well as sector analysis to determine appropriate policies for a particular sector. Preparatory analytical work is essential in defining the nature and scope of action needed in the formulation and implementation of the country’s development strategy.

65. There is already some collaboration among development agencies in this area. In this regard, the Zambia Poverty Assessment study is a good example of collaboration between the Bank and the European Union. But the bigger challenge will be for the donor community to accept the need for undertaking such preparatory analysis in a true spirit of partnerships among themselves, and most importantly, with the country. Interestingly, foundations may be leading the way in this respect. For example, with several foundations in Kenya, Jamaica, and Bulgaria, among others, there has already been substantial collaboration in sector and project work in the education area. There is already evidence of some collaboration between the Bank and other donors in such preparatory activities. However, this needs to be greatly intensified.

66. The Bank’s economic and sector work (ESW)\textsuperscript{51} has contributed to policy discussions at Consultative Groups and other aid coordination fora in a major way. It is ESW which often forms the basis for structural adjustment lending. In some instances, there is a direct link between ESW and an aid coordination meeting for a borrower.\textsuperscript{52} But, this is not always the case.

67. There have also been concerns that Consultative Group documentation does not always adequately cover the social dimensions of reform programs.\textsuperscript{54} This argues for stronger country involvement in analytical preparatory work, both to strengthen ownership and build more productive partnerships. The case rests on the familiarity of the country with its own environment. Joint preparatory work would also seem to be particularly promising on governance and institutional issues which define the context in which lending activity takes place. The public expenditure review is a case where the country should take the lead, with technical assistance, where appropriate.
68. Donor collaboration in preparatory analytical work—working closely with the government and, where appropriate, with other stakeholders in the country is central to the implementation of the strategy proposed in this paper. Such collaboration would provide a unique opportunity for strengthening country ownership. It would also provide both additional skills and familiarity with the local environment. Collaboration across donor activities would also build stronger partnerships while avoiding duplication of efforts.

**Country Strategy Documents**

69. At present, several bilateral donor agencies, and most multilateral development institutions—including the Bank, the UNDP, the Multilateral Development Banks—each have their own country strategy document. As a result, there is now a plethora of such documents, albeit sometimes called by different names (Annex 7).

70. Country strategy documents also include the IMF’s PFP (Policy Framework Paper). When the PFP was introduced in the mid-1980s, it was seen as an instrument that would facilitate a three-way dialogue among the government, the Bank, and the Fund. The recent external review of the ESAF found that this objective remains elusive, and that there was “a general yearning for the realization of a potential that never was—a truly country-specific PFP, agreed on the basis of a government-led consultation process.”

71. Most country strategy documents—including the Bank’s Country Assistance Strategy (CAS)—typically pursue a dual objective: (a) outlining the institution’s view of the country’s development strategy, and assessing its performance; and (b) providing the institution’s “business plan” in that country. Despite this broad commonality of objective, country strategy documents are often developed “separately” with limited consultation across development actors. Improved coordination would be needed for such strategies to be consistent, and to add up into a coherent assistance for the country, and a sensible allocation of resources across sectors within that country.

72. The Bank CAS also pursues this dual objective. It includes the Bank’s view of the country’s development strategy, and an assessment of the performance of ongoing programs. In the absence of a country’s development strategy, and of a national process to build ownership for it, there are pressures on the CAS to fill this gap. It is in this context that country participation and ownership are particularly relevant. Indeed, consultations with governments, civil society and the private sector have significantly increased in the past two years. During the recent discussion of the CAS Retrospective and Outlook, the Board emphasized the need for even greater country ownership. Nevertheless, at present, even when the CAS document draws on an expanded consultation process, it may not fully reflect the country’s own development strategy—particularly when such strategy has not been formulated by the government.

73. In its dual role, the CAS also sets out Bank assistance programs, including both lending and nonlending activities in support of the development strategy described in the CAS, and over a specified timeframe. As such, it is a “business plan” for the Bank, providing a central instrument that enables the Board and Management to review the Bank’s country-specific programs, and to determine its business strategy in that country.
74. The approach we propose in this paper argues for the country’s development strategy to be designed by the country itself. The ultimate goal is to have a country-led development strategy that donors can help realize in accordance with their priorities and constraints. Our vision is one where the national development strategy would form the basis for each partner’s specific assistance strategy. At this time, many governments do not articulate their full-fledged national development strategy, and capacity to do so varies substantially across developing countries. As a consequence, actors in the development business—including the Bank—each attempt to help fill this gap through their country assistance documents.

75. Our proposal is for individual strategy documents to be firmly rooted in the country’s national development strategy, and prepared in consultations among stakeholders, under the leadership of the government. In this approach, the CAS process would build on the national development strategy, designed by the country itself, with broad national participation. This would enhance the focus of the CAS on its role as a business planning instrument—outlining the Bank’s view of this strategy, and defining Bank’s activities in support of the country’s own development agenda.

**Civil Society and Private Sector**

76. Partnership with civil society actors is increasingly necessary for the Bank to leverage its impact. With government approval, the Bank has been working with foundations as civil society interlocutors to enhance collaboration in sector and project work (Box 6). Foundations are unique organizations within civil society. In addition to having deep sectoral expertise and independent resources, they have a significant comparative advantage in working with other civil society actors. Furthermore, there is a growing recognition that the private sector has a direct stake—along with governments, the civil society, and donors—as a partner for development (Box 7).

77. Involvement of civil society and the private sector is essential in the proposed approach because their absence from the design and implementation of the national development agenda would severely erode both goodwill and country ownership. Moreover, the approach implies that interaction with the civil society and the private sector would best take place at the national and subnational levels, as part of the government-led efforts to design, and implement the national development agenda.

78. A key issue is how the representatives of private sector and civil society are to be selected—and by whom—when it comes to participation in the various consultative and decision-making processes, including Development Partners Coalition meeting. In some cases, self-selection of participants may be an effective mechanism. If this process is supported by government (e.g., as in the case of the Dominican Republic), such participation is the most productive (see Annex 6). In other cases, alternate means of selection may prove necessary. No template is likely to fit all cases, but it is important that processes be characterized by clarity and credibility. In some countries, an institutionalized forum for regular consultations between government and the private sector, including chambers of commerce, has been found to be very useful. New technology may present low-cost innovative means for encouraging broader participation.
Box 6. PARTNERSHIP WITH FOUNDATIONS: A FEW RECENT EXAMPLES

Since March 1996, when the Bank met with the heads of twelve major foundations to investigate potential for joint actions, there has been significant progress in partnership with foundations.

**Soros Foundation (Open Society Institute).** In Bosnia, to improve the legal environment for non-profit organizations and to increase public awareness of the role of NGOs in civil society. In the Ukraine, to work in the areas of pension reform, anti-corruption and public administration reform.

**C.S. Mott Foundation.** In Poland, with USAID, in supporting the Eastern and Central European Regional Center for Microfinance. In Latin America, with IFC and the IDB, in supporting the NGO Environmental Enterprise Development Project to assist eligible NGOs that wish to expand or launch income-generating activities in support of their work.

**Ford Foundation.** In assessing the experience and applicability of developing local community-based foundations, as a model for effective and sustainable development.

**Rockefeller Brothers Fund (RBF).** In creating the Solar Development Corporation (SDC) and preparing its business plan. The SDC’s objective is to accelerate and sustain the implementation of solar electrification in developing countries.

**Bernard van Leer Foundation.** In Kenya, with the Aga Khan Development Network, and the Government, in creating a partnership that has improved the lives of many children by promoting good practices in early childhood development.

**Aga Khan Foundation.** In Tajikistan, in developing a pilot poverty alleviation project that includes the rehabilitation and construction of irrigation channels.

Box 7. THE PRIVATE SECTOR AS A PARTNER FOR DEVELOPMENT

Expansion of civil society and advances in global communications technology have encouraged the private sector to be accountable to a growing group of stakeholders. In this context, many companies are learning that, as John Browne, Group Chief Executive of the British Petroleum Company, puts it “the ability to make a constructive contribution to society and to bring positive energy to the solution of its problems is the key to the development of genuine trust and to all the opportunities which flow from that trust.”

Speaking on the occasion of the 1997 Annual Meetings, Mr. Ratan Tata, Chairman of Tata Industries, expressed the importance of active private sector participation in social development partnerships: “It has helped us generate growth and, at the same time, moved us away from the general feeling of being a group that is run only for its own purposes.” It is this balance between improved development impact and perceived business benefit which provides the basis for business partnerships for development.

Both globally and locally, companies realize that in order to operate successfully, they need to persuade the community that their business brings mutual benefit. An increasing number of companies are thus reinforcing their engagement as a social actor. This mainly results from the realization that it is in their commercial interest that the community be vibrant and prosperous. There is increasing evidence of private sector willingness to invest in social concerns, as part of building success in their core business. For the first time, businesses are backing traditional philanthropic initiatives.
Partnership Frameworks

79. Our vision of a country-led partnership is one where different partners take on appropriate roles depending on the circumstances. For example, if a shift in the composition of assistance is called for by a change in circumstances or in strategy, this will mean reallocation of the type of assistance across different actors. Some might be better suited to technical assistance, others to financial assistance, and still others to working with the civil society. The details of these shifts will have to be, and should be, discussed and agreed at the Development Partners Coalition. But such shifts by individual donors would be easier if there were country-specific frameworks identifying the relative strengths and comparative advantages of different agencies at a point in time. Such frameworks could not be applied mechanically, but their existence could ease the turf wars that naturally arise at the ground level when allocation is called for. It could also help address the many issues that arise on the nuts and bolts of procedures of different agencies which place an enormous burden on recipient countries.

80. The proposal here is for partners to engage in a process—Partnership Framework—aimed at facilitating their interaction at the country level. Not limited to a single format, each Partnership Framework would be developed within the context of both the country’s national development strategy and the capacities of the partners to deliver assistance to this strategy. It would provide for an agreement on a division of labor, based on comparative advantage in delivering support to the country. It would provide for a mechanism to assess success in reaching the shared goals, and adjust the relationship accordingly. It would also provide for harmonization of procedures which are burdensome to the recipient country. But, most importantly, it would signal the commitment of partners to work together towards identified shared objectives, thereby providing institutional incentives for effective partnerships.

81. The Bank has signed many agreements with a wide range of partners, and most have proven individually effective in achieving their stated purposes. However, much of the context of these agreements so far focuses on financial cooperation (e.g., Trust Funds, cofinancing arrangements). While combining resources can be an important element in cooperation, it is but one aspect of the far wider perspective of partnership. And, when based on comparative advantage, partnership holds the potential to free up, rather than use, resources. Partnership Frameworks are intended to create the institutional commitment that allows for more effective collaboration towards shared objectives.
IV. CONCRETE SHORT-TERM ACTIONS FOR THE BANK'S PARTNERSHIP AGENDA

82. The Bank should work closely with others to develop a consensus around the proposed partnership approach to development assistance. On the face of it, there is already considerable agreement, among the other development actors, at least on the broad objectives. Key to building trust, and signaling resolve to move forward, will be adoption of a series of concrete actions in the Bank’s purview, and which can be undertaken in the short term. Based on successful experiences, the actions proposed here for discussion and debate are as follows.

83. National Conferences on Development Strategy. The Bank, with other partners, should support governments in convening a broad-based conference on national development strategy, and in developing appropriate consultative processes leading up to it. Such conferences have already taken place in a few countries—Ghana, Pakistan, Bolivia, the Dominican Republic—and the experience has been good. Most of these conferences have had more limited participation than envisaged. The government, private sector, civil society and aid agencies should all participate—this a big undertaking. So, the use of new technology should be explored to encourage broader participation in the build-up to the conference.

84. In-Country Consultative Group Meetings. The Bank should propose holding Consultative Group Meetings in the countries—as has already happened in Ethiopia, Vietnam, Haiti and Tanzania in 1997, with more planned in 1998/1999 (Annex 8). The experiences so far suggest that advantages of in-country CGs include: higher and broader participation by government officials; greater country ownership, especially if national stakeholders are actively involved in the preparatory work; involvement of the civil society and the private sector (the only practical way of involving them directly and substantively in the discussions); dissemination of information with greater transparency which enhances ownership and accountability for commitments. For some donor representatives, an in-country Consultative Group also offers an opportunity for acquiring first-hand knowledge about the country's challenges and opportunities—allowing for a reality check.

85. Putting a Consultative Group in the field is not a panacea, however. It will not generate greater ownership or participation unless the build-up has been appropriate—that is why the national conference and the processes leading up to it are important. There are also concerns about the logistical problems and possible additional costs—and about possibly lower donor representation. On costs, there are gains and losses, but funds can be set aside for this purpose. On representation, the Bank is moving to put its country management in the field, as are some other donors. And to the extent that a meeting in a donor country is needed to get high level donor attention, this illustrates the problem with the current system. Moreover, a pragmatic answer might be to initially rotate Consultative Groups at an agreed frequency.

86. Co-chairing of Consultative Groups Meetings. The Bank might explore the possibility of co-chairing the Consultative Group meeting with the government, as an intermediate step toward government chairing. Initially, this should have no major logistical implications—the hope, rather, is that this symbolic act will help to move the Consultative Group process, and national level aid coordination more generally, to having the recipient government in charge. Eventually, there is no reason why the chair should not be the government.
87. **Private Sector and Civil Society in Consultative Groups Meetings.** The Bank should develop ways of supporting significant involvement of the civil society and the private sector in the Consultative Group process. Once again, this is not new, and there are different ways of doing it. Representatives of the private sector are occasionally invited to make presentations to the Consultative Group plenary sessions. Sometimes, as in the Tanzania Consultative Group, an additional session is held with civil society. The crucial point is whether this is happening and, if so, how deep the involvement is. Certainly, involving the private sector and civil society fully and formally in a pre-Consultative Group conference on national development strategy, led by the government, should not pose insurmountable obstacles. Representation at the Consultative Group itself is easier if it is held in-country. Ultimately, the partners might consider formal inclusion of these actors in the Consultative Group and its successor, the Development Partners Coalition.

88. **Dialogue with Multilateral Institutions.** The Bank should share these experiences and open a dialogue on the Round Table process with UNDP—and with regional development banks on extending the approach to countries for which they convene equivalent fora. Collaboration among Multilateral Development Banks (MDBs) is already under way on selected operational policies and thematic concerns. However, a significant amount of work will be needed to bring MDBs to work closely together in adopting, and implementing the proposed approach.

89. **Partnership Frameworks.** To crystallize the resolve towards greater partnership at the country level, we propose that the Bank undertake to develop Partnership Frameworks with key partners (initially with pilot bilaterals and multilaterals to be identified). Preliminary discussions between OECD/DAC and the Bank on a Partnership Framework are underway. Moreover, early discussions with the German Ministry of Economic Cooperation and Development (BMZ) and the German technical cooperation agency (GTZ) already demonstrate the promise of such an approach (Box 8).
Box 8. PILOT PARTNERSHIP FRAMEWORK WITH GERMANY

In November 1997, the German Ministry of Economic Cooperation and Development (BMZ), the German technical cooperation agency (GTZ), and the Bank mutually agreed to explore a Bank/GTZ partnership extending beyond the financial relationship (e.g., cofinancing). This triggered a process through which both the Bank and GTZ have begun to examine how they can work together more effectively.

The Principle of Comparative Advantage: The examination of a Bank/GTZ partnership was facilitated by a paper prepared by Dr. Elshorst, former Director General of GTZ and Senior Advisor at the World Bank. This paper emphasized the importance of grounding partnership on the basis of each institution’s comparative advantage. In this context, the Bank could benefit from the experience of GTZ in working with civil society and in building capacity within local institutions. GTZ could benefit from the sectoral and economic experience of the Bank and the potential to leverage up activities. No doubt, as cooperation intensifies, so too will the Bank and GTZ’s understanding of each other’s capabilities. Yet, even at this early stage of the process, both the Bank and GTZ have already benefited in terms of each institution building a better understanding of each other.

A Focus at the Country Level: In early 1998, an examination of existing cooperation between the Bank and GTZ recognized that both institutions have now substantially decentralized operations. As a result, the focus of cooperation could most easily take place at the country level. The Bank and GTZ are now determining which countries and sectors would have the most potential for synergy of a joint action. As input, GTZ surveyed its operational staff as to past cooperation experience with the Bank, best practices, lessons learned and proposals for further cooperation. Based on this, the Bank and GTZ are narrowing down countries and sectors in order to concentrate on the most promising partnerships.

A Flexible Mechanism for Cooperating on Specific Activities: Once a core set of countries and sectors have been selected, both institutions will work closely at the country level to agree on a set of specific activities for cooperation based on the principle of comparative advantage. These activities will be pursued in concert with the goal of supporting recipient country capacity-building and ownership. This process need not result in a formal signed agreement. Rather, the aim is for the Bank and GTZ to build a flexible mechanism to capture this partnership, and an equally flexible process by which the two parties can assess their cooperation and revise it according to changing circumstances and country strategies.

An Enabling Environment: As the Bank and GTZ learn from experience in collaborating at the country level, it is anticipated that some cross-country principles of cooperation may be distilled that could foster mutual trust. Over time, it might therefore be useful to scale-up the partnership so that country level impediments and cross-country principles can be discussed at higher levels. Nevertheless the benefit of such scaling up would only be in its ability to further support and sustain country-based partnerships.
V. TRANSFORMING THE WORLD BANK’S PARTNERSHIP CULTURE

90. Two recent exercises with Bank managers and task managers have shown a remarkable consistency of views on the major institutional impediments for the Bank to move towards a partnership approach to development (Annex 9). These include lack of a consistent information and updated knowledge base with continual feedback from partners; need for additional staff time and efforts to build initial investments in partnerships; dominance of an inward-looking culture, reinforced by lack of an appropriate incentive system; and lack of guidance on applying partnership concepts to the Bank’s work and on evaluating their implementation.

91. Three measures are proposed to help develop an institutional framework that would transform the World Bank partnership practice:

(a) A Partnership Code of Practice—to help change the dominant partnership culture within the Bank to one focused on true collaboration with partners and based on recognized comparative advantage.

(b) A Knowledge Management System—to develop partnership modules that will collate and synthesize information on partnership activities and, most importantly, incorporate a feedback mechanism for partners making use of new information technology.

(c) A Set of Incentives—to allow stronger partnerships to grow as part of Bank work ethics and culture.

A. PARTNERSHIP CODE OF PRACTICE

92. Drawing on lessons about partnerships in development cooperation, and consistent with recommendations by the EDP focus group, a set of principles would be developed, validated by OED. These principles would be actively promoted within the Bank to permeate the prevailing culture and professional ethics. Some development agencies and bilateral sources have also established their own principles for good partnership (Box 9). Such principles would include:

(a) the objectives of the partnerships relation should be clear;

(b) full consensus for the goals and operations of the partnership should be secured within each partner institution;

(c) partners should demonstrate conviction and trust through concrete early actions that add value on the ground;

(d) partners should reach out to as broad a group as necessary to achieve the goals, bringing in new partners where necessary;
(e) capacity development should be built into the partnership to ensure that the weaker members are able to participate fully, while emphasizing mutual trust and respect, bringing the partners closer to an equal footing; and

(f) partners must systematically assess the quality of the partnership relation in a transparent manner, and its success in achieving shared objectives, and make appropriate adjustments.

93. Furthermore, systematic assessment of partnerships relations is needed to monitor their success in delivering the shared objectives, and to make any necessary realignments. Based on sound evaluation practices recommended (and used) by OED, four basic standards could guide the Bank in carrying out assessments of its partnership relations:

(a) **Relevance.** In assessing relevance, the goals must be assessed in relation to the priority objectives of the partners. In an effort to meet the needs of all the partners, the assessment must be participatory if it is to be owned.

(b) **Efficacy.** Is the arrangement capable of delivering on its goals? The goals may be broad or generic—or highly specific—and the partnership requirements may be modest or demanding. Operating procedures may leave little autonomy to the partners or be deliberately flexible.

(c) **Efficiency.** Is the partnership producing benefits in excess of costs? Care must be taken to distinguish monetary and non-monetary cost and benefits. An efficient partnership uses resources with economy and achieves substantial results at limited cost.

(d) **Sustainability.** Are the benefits of the partnership likely to endure? Are partners deliberately learning and taking corrective actions to ensure the sustainability of the partnership benefits?

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**Box 9: SWEDEN’S SIX POINTS TO BETTER PARTNERSHIPS**

In 1995, Sweden consolidated five separate aid agencies into the Swedish International Development Cooperation Agency (Sida) to increase internal efficiency and enhance clarity for recipients. Since then, Sida has been sharpening its focus, as articulated in its new mandate “Sida Looks Forward.” Within this mandate, it has identified six points to change the aid relationship and create a clearer division of roles:

- An open and unambiguous policy dialogue is conducted with the partner country.
- The aid-supported programs are put into their national contexts, with program support becoming a more common form of cooperation.
- Active donor coordination takes place under the leadership of the partner country.
- Aid mobilizes local resources—both human and financial.
- The financing is shared by the partners in cooperation, with Sida’s and the partner’s shares clearly stated.
- Clearly defined project and program goals are set up, as are fixed time limits and end dates for the projects.

B. KNOWLEDGE MANAGEMENT

94. As part of its knowledge management system, the Bank should develop a knowledge base on partnerships. A key aspect would be to receive information from partners across the world—the country, private sector, civil society and aid agencies—with the collated information available to all partners. This would also provide an overview of ongoing partnerships, along with external feedback on the success of these partnerships. Periodic syntheses would be developed, based on agreed evaluation criteria. A first step towards this end will be taken through a partnership with the Bertelsmann Foundation. One product of the partnership will be piloting of a database summarizing foundation programs and Bank-financed activities in the Region.

95. Experiences with the revitalized Consultative Group process—and the emerging Development Partners Coalition—will be shared. The Bank should also consider developing, in concert with other partners, the use of new technology to improve the processes of consultation and consensus building for development strategy. As noted earlier, this is one way of overcoming the natural concerns about perhaps too narrow a representation of civil society and private sector at the conferences and at the in-country Consultative Groups.

C. INCENTIVES

96. Preliminary interviews with experienced Bank staff identified the following actions as effective means of providing incentives for collaboration with partners:.

(a) The Country Directors should send strong signals to staff: (i) that partnerships are important in achieving greater development impact; (ii) that products (lending and nonlending) should have a strong partnership component; and (iii) that these priorities will be reflected in performance assessment, and budget allocation.

(b) The Bank should make available tools that assist with development of partnerships. These include up-to-date knowledge of partners’ activities, and resources allocated to liaison with partners, especially in the resident missions.

(c) The Bank should give credit where credit is due, by disseminating information about specific task teams on best practices—through publication, training, and seminars—as well as recognizing excellence in partnership work.
VI. NEXT STEPS

97. This discussion paper should form the basis for consultations on the Bank’s partnership approach to development, and on the set of actions it intends to undertake. The next steps we envisage are as follows:

(a) Conducting some broader consultations on the approach and the associated actions for the Bank’s partnership agenda. Such consultations would cover audiences including the private sector; officials from governments, international institutions, and donor agencies; academics and the civil society at large. These would take place in June and July, and include visits to donor countries and developing countries in Africa, Asia, the Americas and Europe.

(b) Eliciting expressions of interest from a few developing countries about their willingness to take leadership in the design and implementation of the partnership approach proposed in this paper. Preliminary discussions have already started with Uganda to proceed on this basis. Vietnam may also be an early candidate.

(c) Eliciting the support of bilateral donors, and a few multilateral institutions, for this partnership approach and their full participation in implementing it on a pilot basis. Discussions on Partnership Frameworks are already underway with Germany and the OECD.

(d) Reporting to the Board on progress in moving ahead with the Bank’s partnership agenda, in the context of the next semi-annual Compact Progress Report.
PARTNERSHIPS AROUND MULTI-COUNTRY AND GLOBAL ISSUES:
A FEW EXAMPLES OF SUCCESS

• Partnerships among development actors coming together to address issues that transcend national boundaries include:
  - African Programme for Onchocerciasis Control (APOC)
  - Consultative Group on International Agricultural Research (CGIAR)
  - Global Environment Facility (GEF)
  - Special Program for Tropical Disease Research (TDR)
  - Special Program of Assistance for Africa (SPA)
  - Partnership between the J. Paul Getty Trust and the Bank to Sustain Cultural Heritage

• **African Programme for Onchocerciasis Control (APOC).** It is estimated that some 17.5 million people in Africa have been infected with Onchocerciasis or river blindness, a disease which causes unbearable itching, skin discoloration and disfigurement, and which can cause blindness. The newly created APOC, a program to prevent river blindness throughout the continent of Africa where the disease still exists, offers a promising model of time-limited, collaborative development based on the activities of NGOs in cooperation with Ministries of Health, the World Health Organization, the private sector, the Bank (on a non-lending basis) and other partners. The intention of this effort is to enable NGOs working with national government ministries to expand their distribution of **ivermectin**, the drug used to protect against the disease, to reach even more people. A private company (Merck&Co.) has agreed to provide the drug free of charge for “as long as needed.”

• **Consultative Group on International Agricultural Research (CGIAR).** CGIAR is an informal association of 53 public and private sector members that supports a network of 16 international agricultural research centers. FAO, UNDP, UNEP and the Bank are co-sponsors of the CGIAR. CGIAR contributes, through research, to promoting sustainable agriculture for food security in developing countries, with a focus on increasing productivity, protecting the environment, saving biodiversity, improving agricultural policies, and strengthening agricultural research capacity in developing countries.

• **Global Environment Facility (GEF).** The Global Environment Facility was launched in 1991, to provide grants and concessional funds to recipient countries for projects and activities that protect the global environment. The facility focuses on climate change, biodiversity, international waters, and depletion of the ozone layer. GEF obtains funding in the form of direct contributions from donors, but cofinancing of GEF projects comes from the private sector, bilateral and other multilateral agencies, national governments, local sources, NGOs, Foundations, and endowment income. Close to 20 percent of all funding for major projects from the GEF is channeled through 116 different NGOs. The GEF is jointly implemented by UNDP, UNEP, and the World Bank. Responsibility is shared among the three agencies as follows:
  - UNDP is responsible for technical assistance and capacity building, helps to identify GEF projects and runs a small grants program for NGOs and community groups.
  - UNEP is responsible for scientific and technical analysis, advancing environmental management in GEF-financed activities, and management of an independent panel (STAP) that provides scientific and technical guidance.
The Bank acts as the repository of the Trust Fund, is responsible for investment projects, and seeks to mobilize private sector resources consistent with GEF objectives.

- **Special Program for Tropical Disease Research (TDR).** The Special Program for Tropical Disease Research (TDR) evolved as an effort to stimulate and coordinate goal-oriented research in tropical disease. The primary cosponsors of the program are the WHO and UNDP; the Bank became a noncontributing co-sponsor in 1977 and started to contribute financially in FY 1981. The program identified six diseases to focus on: malaria, schistosomiasis, filariasis, African and American trypanosomiasis, leishmaniasis, and leprosy. One of the most successful TDR programs has been the Multilateral Initiative on Malaria (MIM), where international institutions have come together with developing countries, including the National Institutes of Health, research institutions and scientists in the South, pharmaceutical firms in industrialized countries, laboratories in the North, the World Bank/WHO Malaria Initiative for Africa, the Dakar/National Institutes of Health initiative, the Welcome Trust and the Private Sector Malaria Initiative. TDR has invested grants in the building up of laboratories in many of the malaria-endemic countries. These institutions have helped build a solid human capital basis for South to South and intercontinental collaboration.

- **The Special Program of Assistance for Sub-Saharan Africa (SPA)** is often cited as an example of a successful partnership. The SPA, essentially an informal forum of donors, was launched in December 1987. Its partners include bilateral donors, the African Development Bank, the European Union, UNDP, the IMF, OECD/DAC and the Bank. The SPA has been a major source of balance of payments support for Africa, in addition to the partnership’s efforts to improve the quality of quick-disbursing aid. It has also been a policy-level learning forum on broader development issues facing Africa in order to improve aid effectiveness. To date, just over 30 countries have been eligible for support under the SPA. In recognition of the need to adapt to changes in the African environment since the inception of the SPA, the partnership launched a renewal process and commissioned OED to do an evaluation of the SPA mechanism as a major input for that process. The OED evaluation report of 1987 concluded that, while the SPA helped arrest Africa’s economic decline, its structure and practices did not keep pace with its mandate. More importantly, the evaluation found that while the SPA had succeeded in forging partnerships among donors, it now needed to strengthen partnership with Africa. This view was not contested in the three donor workshops organized in Europe, Africa and the Pacific Rim (Japan, Canada, and the United States) to consider the OED report and elicit fresh perspectives on issues relating to the way forward for this partnership. A meeting of donor representatives held in the Bank in April 1998 agreed that a major challenge facing the SPA in the coming years would be how to strengthen the African voice in its deliberations. This issue is expected to be taken up at the next SPA meeting scheduled to be in Abidjan, Cote d’Ivoire, in June 1998.

- **Partnership between the J. Paul Getty Trust and the Bank to Sustain Cultural Heritage.** In 1997, the two organizations entered into a partnership agreement with the J. Paul Getty Trust regarding cultural heritage. The Getty Trust would evaluate and advise on a range of issues concerning cultural heritage, capitalizing on its rich international expertise in this area while the Bank would encourage conservation of cultural heritage and broader access to it. Joint actions include identification of projects where the two organizations could use their respective strengths to support countries, cities, and communities to protect and sustain their cultural heritage.
BUILDING COALITIONS AROUND GLOBAL ISSUES

• The emerging development agenda has multi-country and global issues. Financial flows and globalization, trade and labor standards, rainforests and climate change, water management and riparian rights, refugee flows and migration, narcotics and infectious diseases—all are issues that require joint action across countries and by widely divergent sets of actors. In addition to these cross-border issues, there are a range of development concerns for which attention and resources need to be mobilized internationally (e.g., child labor, girls' education). These too require partnerships at the global level.

• In fact, many of the most successful partnerships in development are to be found around well-focused multi-country or global concerns (as may be recalled from Annex 1). In the area of partnerships for multi-country and global issues, we see the Bank's role as being alert to evolving issues, and to new opportunities for tackling old issues—following the lead of others where appropriate, but taking the lead where necessary. The HIPC initiative is a good example of an issue on which the Bank and the Fund forged a partnership to address a crucial issue.

• Are there issues on the table on which the Bank can and should take the lead in forging international partnerships? We put forward two such issues for consideration. The first is primary education. This is an issue on which there is now broad international consensus on its importance in development, and yet progress is slow—as reflected by outcome measures and by input measures, such as donor lending (including the Bank's). What are the impediments to a major acceleration of investment in primary education? Much of these are ground level implementation and cultural issues, best tackled at the country level through the kind of partnership described in the body of the paper. Should the Bank take the initial lead in strengthening this partnership? We believe so, but definitely jointly with an agency like UNICEF and UNESCO. Such an initiative could be a natural complement to the international adoption of the DAC goals and targets for primary education. The Bank is committed to increasing its activity in primary education, and the objective of its Human Development Network is to become an "international connector," particularly on education issues.

• A second global issue put forward for consideration is an old issue—commodity price risk. Indeed, this area is littered with failed partnerships based on models of the past, including the stabilization programs and the commodities funds of the 1970s. But the new century, with globalization of private flows, presents new challenges and new opportunities. The greatly increased mobility of capital has the potential to destabilize the macro-economies of developing countries. At the same time, however, greater private sector interest in developing countries opens up the opportunities of developing instruments for coping with the traditional (commodity price) as well as new (capital flow) risks.

• It is clear that after more than a decade of increasing capital flows to developing countries, the private sector risk management instruments available to the poorest countries are few and far between, while an analysis of the risks faced shows that the demand for this instrument is, if anything, even greater. The private sector clearly needs to be encouraged to develop such instruments, and to experiment with them. This calls for a partnership between the private sector, the governments and international agencies, to develop market instruments which will be operated by the private sector—a far cry from the "global government" vision of the commodity fund schemes of the 1970s.
• Should the Bank take the lead in forging this partnership? While the Bank should clearly act in
court with the EU, the ACP, UNCTAD and the private sector, leadership from the Bank may
well be needed to get this partnership off the ground. This was one of the conclusions from a
one-day Roundtable with world experts, held April 28, 1998, to discuss these issues. Equally,
this will require a partnership within the Bank Group as well—between DEC, Treasurer’s, IFC,
and the Regions. These ideas are not new, and past efforts have not succeeded partly because of
fragmentation within the Bank Group. Whether the Bank Group can respond to this clear need of
its clients will be a test of its own move to a partnership mode of operation.
TOWARD COORDINATION OF DEVELOPMENT ASSISTANCE

• The Bank-Fund Development Committee’s Task Force on the future of the Multilateral Development Banks (MDBs) also addresses this issue in its report *Serving a Changing World*.

While acknowledging the value of the pluralism that exists among the MDBs, the report emphasizes that the contribution of the family of MDBs should “be more than the sum of its parts.” It further states that while “a predetermined division of labor among MDBs across all countries of operation could lead to rigidity and inertia, breeding, in turn, inefficiency and obsolescence, increased coordination and building on related strengths would avoid duplication and overlap, and increase effectiveness and responsiveness to country needs.”

Furthermore, the Communique of the 1998 Spring Meeting of the Development Committee “urged MDBs to continue to work closely with member governments to implement practical measures designed to ensure more effective in-country coordination based on a shared strategic view, and enhanced development impact.”

• Similarly, the recent reform package proposed by the Secretary General of the United Nations includes steps designed to increase coherence within the family of UN development funds and programs, as a first step to improving UN coordination with other development actors. Key coordination reform measures include the appointment, at headquarters, of a Deputy Secretary General with responsibilities cutting across operational programs; the establishment of a UN “development group” to manage existing programs to facilitate joint policy formulation, programmatic cooperation and management efficiencies; and the establishment of common premises at the country level to bring separate funds and programs under the direction of a Resident Coordinator.

• Finally, the OECD/DAC, in its report *Shaping the 21st Century*, commits its donors to making improvements in donor coordination as part of a comprehensive effort to increase aid effectiveness by changing the way the aid system functions. This report, like those of other agencies, notes the importance of the devolution of authoritative responsibility to the field and proposes a set of measurable goals around which the development community might coordinate its efforts and measure its effectiveness.
**SECTOR PROGRAMS**

- Sector Programs (sometimes referred to as Sector Investment Programs or Sector Development Programs) represent an emerging approach to development assistance that emphasizes the importance of agreement between donors and recipient on sector-wide strategies and the coordination of donor activities under the management of the recipient government to achieve these strategies. To this end, a typical Sector Program comprises: (a) a government expenditure program; (b) a management framework providing for common implementation procedures; and (c) funding commitments from donors and recipients.

- A review carried out for the Special Program for Sub-Saharan Africa (SPA) in December 1996 emphasized that, while Sector Programs largely embody what is good aid practice, there are two basic pre-conditions—macroeconomic stability and local institutional capacity to implement the program—which will determine the speed at which they can be carried out effectively. It also noted that an important factor in the most successful cases was a high level of commitment from a small group providing leadership within the lead sectoral ministry, supported by a group of key donors.

- Examples of such partnerships include:
  
  - **Health Sector Program Support Project in Ghana.** Under this Sector Investment Program (SIP), donors (including CIDA, DANIDA, DFID, the Dutch government, EC, GTZ, JICA, OPEC Fund, USAID, WHO and IDA) support the government’s sector reforms, through implementation of its Medium Term Health Strategy as described in its five-year Program of Work (POW) covering 1997-2001. The main goal of the sector program is to provide universal access to a basic package of health services, and improve the quality and efficiency of health services. The POW describes a sector-wide reform program, which includes all activities financed from the combined Government, donors, and internally generated funds (IGF) collected from patient fees. The details of the program are expected to change from year to year as reflected in annual work programs and budgets. Over the medium-term, IDA will provide a known level of IDA financing (US$7 million for 1998), adjusting the financing annually by up to 50 percent per year as capacity utilization and performance increase. Prior to the initiation of annual budget preparations, the assessment of the sector performance would be conducted by the Government and the donor consortium, to provide indicative ceilings and budget guidelines for the following year. It may be said that the donor consortium resulted partly from the ongoing IDA-assisted Health and Population Project (CR 2193-GH), where IDA relied on agencies such as WHO, DANIDA, UNICEF and UNFPA on implementation matters.

  - **Donor Collaboration for Bosnia and Herzegovina.** In Bosnia and Herzegovina, donors moved quickly after conclusion of the Dayton accord. NATO forces provided logistical support for donors at the outset. A series of donor conferences were organized by the European Union and the Bank, to mobilize resources and establish a structural framework for aid, which led eventually to a successful Consultative Group meeting in Bosnia. A “program” approach to projects was adopted, whereby the Bosnian authorities prepared a program addressing priority needs within sectors, for financing by donors including the European Union and the Bank. Key donors in each sector participate in a sector task force, which are under the guidance of the Economic Task Force: this provided the framework for information sharing, and reduction of duplication and overlap among donors.
In principle, coordination of development assistance is the responsibility of the developing country government. This is the position of the Bank, as reflected in Operational Directive 14.30, which spells out in some detail the Bank’s responsibilities in the area of aid coordination. It is also the view taken by donors represented in the Development Assistance Committee (DAC). In practice, however, an important feature of aid coordination—the forum where donors and development institutions meet with government officials to pledge their contribution to financing the country’s resource gap—is generally led by either the Bank or the UNDP. The Bank organizes, and generally chairs, aid coordination meetings at the request of a developing country government and after consulting the major donors active in that country to confirm that coordination will lead to substantial aid flows.

The Bank has been active in such aid coordination activities since the 1950s, when the first aid consortia were established. There is a wide variety of aid coordination mechanisms which the Bank either organizes or participates in, including the Consultative Group Meetings (typically led by the Bank) and Round Table meetings (typically led by the UNDP). Initially, the main purpose of these meetings was to provide a forum for resource mobilization. More recently, however, some Bank-led aid coordination meetings have served as fora for discussing a country’s development strategy without necessarily expecting pledges (e.g., the 1998 Pakistan Development Forum) or meaningfully engaging the private sector (e.g., the India Development Forum). The ongoing review of the aid coordination process being done by OED is expected to lay out more systematically the evolution of the CG mechanism. In the absence of specific pledges, which in any case do not always translate into commitments and therefore disbursements, the country is given assurances by the chairperson of the international donor community’s support provided the reform effort stays on course.

The division of labor between the Bank and UNDP in aid coordination activities is institutionalized in the World Bank/UNDP Aid Coordination Cooperation Agreement, initially concluded in 1986 and renewed in 1996. For countries whose aid coordination mechanisms are not led by the Bank, UNDP organizes Round Table meetings at the request of recipient governments. The World Bank/UNDP Agreement also states clearly that it is the borrower’s prerogative to choose whether to be a Consultative Group or Round Table country and that once the decision is made, both the Bank and UNDP should respect it. In addition to the main macroeconomic Round Table—which is generally held in Geneva and co-chaired by the UNDP and the recipient government—there are thematic or sectoral Round Tables, usually held in the field and chaired by the recipient. The aid coordination mechanisms led by the Bank and UNDP are mutually supportive: the Bank supports the Roundtable process on macroeconomic policy issues while UNDP supports the CG process or traditional assistance issues.

There are also regional coordinating groups, including the Caribbean Group for Economic Cooperation in Development, the Club de Sahel, and the Southern African Development Coordination Conference. Aid coordination meetings for Central America and the Pacific Island States are organized and chaired by the Inter-American Development Bank and the Asian Development Bank, respectively, with participation from the World Bank.
• The World Bank organized 34 aid coordination meetings during 1997 and the first quarter of 1998. Several more are expected to take place later this year. Bank-led aid coordination meetings are generally held in Paris (19 during this period) and sometimes in other donor capitals such as Brussels (6) and Tokyo (5). More recently, however, they have also been held in the field and several in-country aid coordination meetings are planned for 1998. Experience thus far suggests that, while an in-country Consultative Group poses certain challenges, it offers a unique opportunity to involve a much larger number of government officials, especially those from the spending Ministries who will not normally participate in a Consultative Group. The interaction with donor representatives, and greater familiarity with their concerns with respect to the country’s development efforts can only broaden the constituency for reform.

• The Bank’s Operations Evaluation Department (OED) is currently undertaking the first phase of a review of the Consultative Group process with a synthesis report expected in mid-1998. Similarly, UNDP also plans to undertake a review of the Round Table process in the near future. These planned reviews should help in devising ways to ensure that aid coordination mechanisms are responsive to current concerns about country ownership and participation. Without prejudice to the outcome of that review, it is clear that, while the country is in principle responsible for aid coordination, in practice its role has been quite limited.

• Experience has shown, time and again, that there have been two issues with most existing Consultative Groups: (a) participation of the government in defining the development agenda is uneven; and (b) the private sector and civil society are typically excluded from formal participation in this forum. A review by the Bank’s Strategic Planning and Review Department in 1989 concluded that, while there had been a number of innovations to accommodate changing circumstances, the basic structure of the Consultative Group had not changed since the 1950s. There is a growing sense that aid coordination fora, in their current form, have outgrown their initial purpose.

• In the past, aid coordination meetings have focused on resource mobilization. More recently, however, as in the case of the last Consultative Group for Bangladesh (1997) and the proposed Development Forum for Pakistan (1998), there is a shift toward policy discussion rather than seeking pledges from the donor community. Increasingly, even countries with a low aid dependency, or where the Consultative Group process may have lost its relevance, sometime find it useful to have some form of “aid” coordination mechanism. Bank-led coordination mechanisms are oriented toward macro-economic and major sectoral issues, such as adjustment and development policies, and offer a forum for officials of the recipient government to interact with virtually all its development partners collectively.

• Concerns have also been raised about limited participation of the civil society and the private sector in aid coordination meetings. While the Bank increasingly accommodates both groups in the meetings which it leads, the practice, in terms of their participation, varies according to country circumstances. In some aid meetings (e.g., the 1997 Vietnam Consultative Group), civil society was given a seat at the table. Similarly, with respect to the planned 1998 Development Forum for Pakistan, civil society and the private sector are expected to participate in the formal plenary sessions during the second day of the meeting. For other Consultative Groups, a day is often informally set aside for separate discussions with civil society and the private sector.
BOLIVIA

- **Building a National Development Strategy.** A new government assumed power in Bolivia in August 1997. Two months later, the Government embarked on an effort to assess the country’s development challenges and prepare a National Action Plan to address them. A major step in preparing the National Action Plan was an intensive, consultation process involving all stakeholders. To facilitate this, the government launched the “National Dialogue–Bolivia Towards the XXI Century” to discuss the challenges facing the country and agree on a strategy for addressing them. The Dialogue which lasted 12 days, included representatives from civil society and the private sector and its results were presented to the Government as an input in formulating the National Action Plan.

- **Financing the Strategy.** Using the National Action Plan as the basis for discussion and resource mobilization, the government took the lead in organizing external assistance with the formation of Government/donor working groups in La Paz. The process also coincided with the Bank’s preparation of its own CAS. A workshop was held in Washington (November 1997) and resulted in a preliminary CAS matrix based on the National Action Plan. A joint Bank/Government workshop, followed by a Government/Donor workshop, both held in La Paz, allowed for a full discussion of the strategy, the basis for individual donor support and mechanisms for coordination. Consultative Group (CG) meeting was held in April 1998 and resulted in pledges of US$940 million, representing a 45 percent increase over 1997 (excluding HIPC debt relief). The Bank Country Assistance Strategy was agreed with the government on the eve of the CG.

- **Implementing and Assessing Programs and Projects.** The Bank/Government workshop held in La Paz (November 1997) had agreed that, in implementing the CAS, adjustments would be made to take into account evolving circumstances. Such adjustments are to be made on the basis of the strategy matrix and applying criteria that had also been defined and agreed. Furthermore, it was agreed at the CG meeting that progress in implementing the National Action Plan and coordinating external assistance would be monitored through bi-monthly meetings of the donor working groups, as well as a mini-CG in six months, to be organized by the Government and held in La Paz.

DOMINICAN REPUBLIC

- **A National Dialogue.** The President of the Republic issued a decree (November 1997) calling for a National Dialogue to discuss in an open and participatory manner development proposals by all stakeholders of the Dominican society. The objective was to promote a national accord about the priorities for addressing the serious problems facing the country in the short, medium, and long terms. All organizations, and individuals, interested in participating in this effort were invited to register, and more than 3,400 persons participated throughout the country. To carry out the National Dialogue, the President established an organizing commission, made up of people of unquestionable credibility, and chaired by the President.
• **A National Development Strategy.** The organizing commission established working groups to address the major themes of the National Dialogue: Economic Policy; Social Policy; Community and Union issues; Political Reforms; Legal Issues; Cultural Policy; International Policy; Infrastructure and Energy; and Agriculture, Environment and Natural Resources. Each working group included representatives of professional associations, political parties, non governmental organizations, farmers, women organizations, unions, business organizations, universities, community organizations, religious groups, and others. The National Dialogue took place during a one-month period, with participation of all interested parties, and spurred a national dialogue about the proposals submitted for discussion in the working groups. Agreements were reached for each of the themes during a three-days Plenary National Dialogue. The civil society participated fully in this event, and the President and his team listened and discussed the various themes with representatives of organizations and individuals. More than four thousand proposals were submitted and debated and nearly 500 persons participated in the plenary.

**EL SALVADOR**

• **Partnership for Development.** Following Congressional elections in March 1997, President Calderon Sol appointed a National Development Commission to propose a country vision on which all Salvadoreans could agree. This decision represented a home-grown desire to search for long term agreement on national goals based on priority needs, and signaled that the country should embark into a renewed post conflict phase—one relying on national consensus which would endure beyond a single political cycle.

• **Building a National Development Plan.** The composition of the Commission aimed at bringing together a group of “notables” which could be seen to transcend the political spectrum. The Commission handed its report to the President on January 1998, six years after the signing of the Peace Accords that put an end to El Salvador’s civil war. The report lays out the basis for a Nation’s Plan, addressing key issues including poverty elimination, participation, social stability, the legal and judicial system, a competitive economy, and environmental protection. In carrying out its work, the Commission sought to learn from other countries that have pursued a national vision. Specifically, the Commission studied Malaysia’s experiences with the roles of Congress, the President and civil society leaders on developing a national vision, and consulted with outside experts on a strategy for communicating its proposals. The Commission’s work is not finished and is gearing up for the next phase of consensus building, consultation, and dissemination.

**GHANA**

• **Developing the Reform Agenda.** Ghana had embarked upon an ambitious economic reform program in 1983. By 1993 however, there were persistent calls for a review of the program following signs of a reversal of the gains that had been made earlier. In response, the Government took the initiative of inviting the private sector, public sector agencies, members of Parliament, academic/research institutions, as well as the Bank and the IMF, to a workshop on inflation management held in Akosombo, Ghana in mid-May 1996. The workshop was then followed, in end-May 1996, by a National Forum on the State of the Economy, which brought together all national stakeholders and representatives of donor agencies to exchange views on the problems and prospects of the economy. This culminated in a National Economic Forum, held in Accra, September 2-3, 1997. As with the earlier conferences, the National Economic Forum was structured in such a way as to accommodate the participation of a wide spectrum of Ghanaian society. The Forum was also to examine such policy choices as may be open to Ghana, and had the following key features.
Ownership. The initiative to take stock of Ghana’s economic performance came from within the country with the government, the private sector, and civil society playing key roles. While the National Economic Forum had been convened by the government, the private sector (the Private Enterprise Foundation) organized in March 1997 a Forum for Policy Dialogue “Toward a Re-Energized Partnership for Rapid Economic Growth.” The involvement of all stakeholders was also seen by the organizers of the Forum as an important requirement for consensus building on the policy agenda. The key criteria referred to in terms of ownership were: locus of the initiative; intellectual conviction of key policy makers; evidence of support from the top political and civic leadership; and the government’s efforts to build consensus among stakeholders.

Action Orientation. The National Economic Forum was not only about exchanging ideas on Ghana’s economic situation and prospects. It was also about developing measures for concrete action. The Forum drew action plans on macroeconomic stability (with targets for reducing inflation and the budget deficit, to cite two specific examples); as well as sectoral policies on agriculture, manufacturing and employment and human development. A Post-Forum Committee comprising of eminent Ghanaians and a cross-section of Ghanaian society was appointed to consider and approve the Forum Report along with the action plans.

PAKISTAN

Development Forum to be held in the Field. The aid coordination meeting for Pakistan is held annually, and usually in Paris. The most recent meeting, now transformed into the Pakistan Development Forum (from the Pakistan Aid Consortium), was held in Islamabad, May 12-13, 1998, at the request of the government and under the chairmanship of the Bank. Three main features of this meeting are worth highlighting: focus on development issues; broader country participation; and preparatory analytical work.

Focus on Development Issues, not Commitments. In the past, and more or less following the tradition of aid coordination meetings generally, the Pakistan meeting was a forum for seeking pledges from the donor community to close the country’s balance of payments gap. A distinguishing feature of the May 1998 meeting is the shift away from seeking pledges from donors, to discussing the country’s development problems and prospects. This continues a practice started in 1997 when the Pakistan Consortium meeting did not seek pledges as such. In the 1997 meeting, the Forum’s chairperson, the Vice President for the Bank’s South Asia Region, made a comprehensive summary at the end of the meeting with assurances to the government of the support of the international community provided the reform efforts stay on track. The 1998 meeting focused solely on development policies and did not deal with aid pledges. In preparation for the Forum, the Bank completed an update of the Economic Memorandum for Pakistan, and the Government also circulated several documents prepared specifically for the meeting on the economy and on the social action program.

Stronger Country Participation. A major advantage of an in-country donor meeting is the opportunity it offers for stronger participation by both government officials and the civil society. The Islamabad meeting allowed for much more robust participation of government officials including the additional chief secretaries of three provinces and other officials. It also enabled the participation of some groups that would not normally participate in an aid coordination meeting, thereby enriching the quality of the debate. A good example was the inclusion of representatives of NGOs providing non-formal education to the poor when the topic of education, an agenda item, was discussed on the second day of the meeting. To help
build consensus around the policy agenda, civil society and the private sector had seats at the table for the formal discussions on the second day. The agenda also included an item on the business environment and the private sector, with the inclusion of representatives of NGOs providing nonformal education to the poor and 38 representatives of trade, industry, finance, capital markets, and power gave industry’s views at the formal plenary session.

**Processes Leading up to and Flowing from the Forum.** An aid coordination meeting is part of a process which is generally preceded by economic and sector work (the update of the Economic Memorandum for Pakistan referred to above), consultations with the government concerned, and other donors and is followed by coordination at the country level. But, the participatory CAS, an important instrument in terms of defining the nature and scope of the Bank’s intervention, is not necessarily sequenced with an aid coordination meeting. In the case of Pakistan, the last full CAS was discussed by the Board in December 1995, and a CAS Progress Report was also considered by the Board in April 1997. Another CAS Progress Report is scheduled for early FY99 while the next full CAS is scheduled for Board consideration around February 1999. In preparation for that event, Bank staff have already initiated a process of consultations with the civil society and the private sector. For follow-up activities, the local donor group, with the active involvement of the government, is expected to focus on a specific theme, flowing from the meeting, such as capacity building in the case of the I997 meeting.

**VIETNAM**

**Aid Coordination and Consensus Building.** One of the major themes of the new Vietnam CAS is the need to build broader and deeper partnerships between the Governments, civil society, and donors, including the World Bank. The Bank chairs the Consultative Group meeting and it has been moving steadily to increase ownership of the aid coordination process and to widen the groups of stakeholders involved in the dialogue on Vietnam’s development agenda. The 1996 CG Meeting was held in Hanoi and the Government proposes that the 1999 meeting be held in-country. The last CG meeting in December 1997, held in Tokyo, was centered around the new Government’s 6-point development agenda, and the next one in December 1998 to be held in Paris will aim to gain support and assistance from a wide range of stakeholders for the Government’s proposed Rural Development strategy. A representative of the international NGO community has attended the last three Vietnam CG meetings and it is planned that the private sector will be invited, for the first time, to participate in a similar forum to be held in June 1998 to review progress since the last CG, and also subsequently to the next CG Meeting in December, 1998. In the coming years, we will seek to pilot other elements of the Bank’s Partnership Agenda in Vietnam.
# A Plethora of Country Assistance Strategies

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<thead>
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<th>Donor or Creditor</th>
<th>Country Strategy Document</th>
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<tbody>
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<td>IMF *</td>
<td>Policy Framework Paper</td>
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<tr>
<td>United Nations Development Program</td>
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<td>Country Assistance Strategy</td>
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<td>US</td>
<td>Strategic Plan</td>
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* The PFP is intended as a three-way dialogue among the government, the Bank and the Fund.

### ANNEX 8

#### AID COORDINATION MEETINGS IN 1997 AND 1998
(as of March 1998)

<table>
<thead>
<tr>
<th>Venue</th>
<th>Convener</th>
<th>Type of Meeting</th>
<th>Countries</th>
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<tbody>
<tr>
<td>Paris</td>
<td>Bank</td>
<td>CG</td>
<td>Armenia, Georgia, Kyrgyz Republic, Macedonia, Moldova, Tajikistan, Egypt, West Bank/Gaza, Ghana, Malawi, Mauritania, Mozambique, Senegal, Sierra Leone, Zambia, Zimbabwe, Cambodia, Philippines, Bolivia</td>
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<td>Bank</td>
<td>Development Forum</td>
<td>India, Pakistan</td>
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<td>Bank</td>
<td>Aid Group</td>
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<td>Bank</td>
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<td>Roundtable</td>
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<td>Bank</td>
<td>Informal Donors Meeting</td>
<td>Haiti, Congo, CAR</td>
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*a. CG: Consultative Group; SC: Special Consultation.

Source: Compiled by World Bank staff on the basis of information in Country Departments and UNDP.*
The Executive Development Program’s (EDP) Strategic Partnerships Group examined in detail current Bank partnerships practice (June 1997) and concluded that there were several barriers to implementing the institutional transformation required to meet the Bank’s partnerships commitment. The report specifically flagged the following five issues:

- There is no appropriate way to record agreements with partners about expected activities and outputs, ownership, accountability, and cost-sharing. There are various ad hoc modalities: for example, relationships with NGOs are largely conceived as service vendor contracts, and relationships with bilateral agencies as Bank services for which overhead must be reimbursed.

- The Bank’s culture is still inward-looking with staff seeking approval for managing internal processes rather than contributing to overall development objectives. In this culture, partnerships are seen as additional burdens to process, rather than expeditious value-adding means of meeting development objectives.

- Bank processes, designed primarily for large public sector infrastructure projects, are not aligned well with the ways many potential partners operate. The project cycle is too long for private sector partners; and procurement is too complex for small local partners and too restrictive for those engaged in fast-changing sector.

- Apart from individual units, such as one in the Africa Region, potential partners do not have ready access to staff and information and do not always obtain consistent responses.

- The Bank commitment to partnerships does not yet have high visibility. Apart from the Africa Region, the Bank has not dedicated substantial operational staff time or financial resources to partnerships.
ENDNOTES

1 Civil society encompasses all associational activity outside the orbits of government or the for-profit sector. Civil society organizations include academic and technical bodies, research institutes, professional associations, business associations, religious bodies, labor unions, farmer’s organizations, cooperatives, women’s organizations, minority right organizations, and rural development organizations (see “NGOs and Civil Society—Definitions and Classifications,” Committee on Development Effectiveness, 1996, cited in “The Bank’s Relations with NGOs: Issues and Directions,” SecM98-150, March 2, 1998).

2 During 1987-96, total net flows to developing countries more than doubled in real terms and important changes took place in the composition of the flows, which have profound implications for development partnerships. First, private flows have become dominant, increasing their share in total net flows from 28 percent to 66 percent, but heavily concentrated on a small number of countries (26 well-performing countries received 95 percent of private investment in 1996, although it is expected that the financial crisis in Asia in 1997 will alter this trend, at least temporarily). Second, Official Development Assistance (ODA) has decreased in real terms by 7 percent over the period, causing its share in total net flows to drop significantly from 63 percent to 28 percent. Third, an increasing proportion of funding for development assistance is now channeled through NGOs, representing on average 4 percent of total net financial flows to developing countries over the last five years (amounting to some US$6 billion annually during this period).


5 The UK government, in a major policy paper at the end of last year, put building partnerships at the center of its strategy for eliminating world poverty. It pledged to work closely with other donors and development agencies to build partnerships with developing countries, to strengthen the commitment to the elimination of poverty, and use its influence to help mobilize the political will to achieve the international development targets. The paper argues that it would expect partner governments to:

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

6 In May 1996, DAC issued the report “Shaping the 21st Century: The Contribution of Development Cooperation” which elaborated on the following principles for partnership development:

   (a) in a partnership, development cooperation does not try to do things for developing countries, but with them;
   (b) partnership-based development cooperation must be seen as a collaborative effort to help developing countries increase their capacities to do things for themselves;
   (c) paternalistic approaches have no place in this framework; and
   (d) local actors should progressively take the lead while external partners back their efforts to assume greater responsibility for their own development.

7 Simon Maxwell and Roger Riddell “The Concept of Partnership in the White Paper,” Overseas Development Institute, London, 1998, p.2. Maxwell and Riddell make the point that the road to partnership “is littered with potential pit-falls” and that “genuine partnership involves a greater degree of formal reciprocity than currently appears to be on offer from DFID”; however, formal reciprocity also raises a number of questions including the terms of the contract and the procedures to be followed.

Development effectiveness is defined, for the purpose of this paper, in terms of the ability of the project or program to achieve its set goals and objectives; and the degree to which such achievements are sustainable over an extended period, even after resources from external sources cease, or are considerably reduced.


This conclusion is consistent with approaches adopted by bilateral agencies (e.g., Sweden, UK), as well as members OECD/DAC which all define the notion of “partnership” in terms of their relationship with aid recipients.


Drawing on these findings, DAC members have agreed to a set of recommendations for actions by donors which include, among others, strengthening the strategic role of civil society; country level dialogue among donors, the host government and civil society; adaptation of donor management styles and techniques; and revising donor practices that may undermine public administration. See OECD/DAC *Development Cooperation Report*, 1997, OECD/DAC, “Final Report of the Ad Hoc Working Group on Participatory Development and Good Governance” (Paris: OECD, 1997).

“The World Bank and Participation,” Washington, DC, World Bank, Operations Policy Department, September 1994. This report further states that, in addition to improvements in the quality of implementation and sustainability of the projects, participatory approaches resulted in community members acquiring new organizational skills and strengthened community organizations applicable to other undertakings; and there was marked evidence of increased uptake of project services, decreased operational costs, and increased rates of return. The report also notes that there are both costs and benefits to using participatory approaches in lending operations. Quantifiable costs to the Bank are largely incurred during the preparation and early supervision phases. However, overall time from project identification to the signing of a loan was not found to be necessarily longer for participatory projects. Other perceived costs take the form of partial relinquishing of donor control over agenda and processes. Still, the study showed that the benefits far outweighed the costs.


Ibid., p. 39.


Ibid. p. 12.


27 For example, Walter Arensberg, Camila Jottz and Lawrence Hausman, “Coordinating International Development Aid Assistance,” World Resources Institute, 1997. This study includes six country cases.

28 Stephen Lister and Mike Stevens, *Aid Coordination and Management* (mimeograph), 1992, p. 27.


30 This is said to be true of some of the African countries. See Carlsson, Somolekae and van de Walle, *Foreign Aid in Africa, op. cit.*, p.219.

31 *Ibid.* p.218


36 The governments of Denmark, Finland, Norway and Sweden jointly entered into a “partnership agreement” with the government of Tanzania in September 1996. The agreement spells out the “fundamental factors” of partnership, including democratization, human rights, combat against corruption and prudent macro-economic policies, and emphasizes that: “Tanzania fully owns the development cooperation programs in terms of planning, design, implementation, monitoring and evaluation.”

37 In the case of NGOs, collaboration with the Bank began to grow in the 1980s, especially in the social and rural sectors. By 1990, NGOs were involved in about 12 percent of projects being implemented; by FY97, 47 percent of all approved projects had some NGO involvement to some degree albeit not always in a substantial way. See World Bank, “The Bank’s Relations with NGOs: Issues and Directions” (Board Paper, March 1998).

38 Stephen Lister and Mike Stevens, *Aid Coordination and Management, op cit.*, p. 20.


41 Stephen Lister and Mike Stevens, *Aid Coordination and Management, op. cit.*, 1992, p. 43.


44 A recent example of this approach is the Ukraine. When the policy environment was judged not to be conducive to large scale lending, the Bank embarked on a program of public education for government and civil society. The media, reformers within government, parliamentarians, NGOs and the private sector were engaged in a series of seminars and town meetings throughout the country to discuss policy reform. A weekly roundtable meeting with the media to discuss key economic and institutional reform issues was also organized. While this was essentially a World Bank initiative, it was strongly supported by a number of key players, including the governor of the Central Bank.


59 Bank Economic and Sector Work (ESW), now called analytical and advisory services, includes public expenditure reviews, poverty assessments, country economic memoranda, private sector assessments, sectoral studies, and other related work.

51 For example, the Vietnam Consultative Group usually includes a major theme, linked to the country’s Five-Year Development Plan, for which a document is prepared by the Bank. The Vietnam Poverty Assessment Study in 1995 was prepared in connection with the Consultative Group for that year.

52 Looking at the 32 countries for which Consultative Groups or Round Tables have been held in 1997, two findings clarify the extent of the links between aid coordination meetings, and ESW performed by the Bank during the preceding period (1995-1997). First, holding an aid coordination meeting does not always lead to more ESW in preparation for the meeting. Second, the size of the lending program (and hence the level of donor support, including that of the Bank) was not the dominant factor in determining the amount of ESW conducted in the run up to a coordination meeting.


54 There is already some collaboration among donor agencies in the area of economic and sector work. The Zambia Poverty Assessment Study is a good example of collaboration between the Bank and the European Union. Recent joint work by the Bank and the EU on the Country Economic Memoranda for some accession countries (e.g., Estonia) is another promising example. But by far the bigger challenge, especially given current concerns about borrower ownership and selectivity, will be for the donor community to accept the need for ESW jointly undertaken with recipients. This is an area that promises high dividends for all stakeholders.


58 The Report “Country Assistance Strategies: Retrospective and Outlook” (SecM98-242), recently discussed by the Board, provides an assessment of FY97-98 CASs and made recommendations for changes in CAS policies. It also discusses partnership in the CAS process. It also identifies 10 features of a good CAS including greater client focus to ensure substantial country ownership. Indeed, according to the review, one of the three most common lessons learned from the CAS process, thus far, is the need for enhanced in-country consultation and participation. Recent CASs have begun to consider partnerships in a strategic manner, driving selectivity and influencing the mix of the Bank’s actions in the country. There is also now a deliberate effort in some cases to identify specific areas of complementarity with other donors. The 1997 CAS for Poland is a good example: the Bank will concentrate its activities in those areas where there is a coincidence between the institution’s comparative advantage and Poland’s
priorities, taking into account the activities of other donors. Similarly, the 1997 CAS for Ghana identified areas of complementarity and collaboration with other donors.


60 At the ground level, the staff of the different development agencies have considerable latitude to establish working arrangements, and we find many at the project level. But there is a strong tendency among staff to assert the role and dominance of each agency, to the detriment of development effectiveness. This is what sometimes results in support for projects and policies that may not address development priorities in a coherent manner, or that work at cross-purposes undermining the effectiveness of overall development efforts. The incentives for individual staff to engage in such practices are present and sometimes are strong, and one does not find cross-institutional arrangements that creates appropriate incentives. Furthermore, one finds inadequate attention at the ground level to reach out and build stronger partnerships in designing and delivering projects or programs jointly with the private sector and civil society.

61 The Bank already has formal agreements with many agencies—particularly for cofinancing. These agreements are very specific in nature, laying out procedures for trust funds, for example. The Bank currently has a number of agreements with bilateral financing partners. These existing Framework Agreements primarily spell out the technical aspects that will be required to enable a specific donor to financially cooperate with the Bank through cofinancing and trust funds to jointly support a given project or activity. Framework Agreements are not required for a donor to provide cofinancing or trust funds but, where they exist, provide a core set of understandings which eliminates the need to renegotiate specific agreements as cases come up for financing. Currently 25 Framework Agreements exist with development agencies in 19 countries (some have more than one agreement) including: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, IFAD, Italy, Japan, Korea, Netherlands, Norway, Nordic Investment Bank, Spain, Sweden, Switzerland, and the U.K.

Most existing framework agreements typically include: agreement to hold annual cofinancing consultations; sharing information and participating in missions on cofinanced projects; model Trust Fund Form; general disbursement and procurement rules governing trust funds; specific rules governing disbursements, procurement and country/thematic allocation of consultant trust funds; reporting requirements for trust funds; and fees on different kinds of trust funds.

The Bank also has agreements with other development agencies, including agreements with multilateral institutions, such as with the MDBs and EU, UN agencies, foundations, and civil society organizations (NGOs). The emerging partnership, focused on accession countries between the Bank and the European Union, is another example.

62 The last Consultative Group for Tanzania was held in the country’s capital, Dar-es-Salaam, in December 1997. Assessment of this experience highlights some of the advantages and challenges:

(a) **Borrower Ownership.** About 70 ministers and senior officials, mostly from the spending Ministries and agencies attended, as compared to the 23 who took part in the previous Consultative Group held in Paris (1996), and mostly from non-spending Ministries. Donor concerns about the macroeconomic policy environment (especially the need for fiscal restraint) and governance, were heard by a much wider audience. Local press billed the Consultative Group as a government meeting which contributed towards ownership. Greater participation by government officials leading the discussion on some issues also have strengthened ownership.

(b) **Donor Participation.** On the donor side, participation was at a slightly lower level, possibly because the Consultative Group was sandwiched between an SPA meeting in Paris and the Christmas recess. However, more robust participation by local donor representatives allowed for meaningful follow-up.

(c) **Civil Society.** The entire third day of meeting devoted to civil society and the private sector. Strong representation from both groups but not enough representatives from the government side.

63 An EDP Focus Group on Partnerships (June 1997), and interviews with experienced staff provided the basis for this diagnosis.

64 The need for such a partnership code of practice has also been recognized by OECD/DAC, whose work program for 1998 includes the assembly of a set of principles for partnerships.

65 The Bank’s OED could be invited to assess periodically the quality of Bank’s partnerships and report to senior management and the Board on its findings.

Ibid. p. 23.


Development Assistance Committee, Increasing the Effectiveness of Development Cooperation through Improved Coordination at the Country Level (Paris, 1983).

In accordance with the requirements of Operational Directive 14.30, the Bank must also have an operational program in the country if it is to chair a Coordination Meeting.

Ghana, Malawi, Mozambique, Vanuatu, and Pakistan.

OED is currently undertaking a study entitled “Process Review of World Bank Aid Coordination Activities” to seek to clarify the lessons and experience, focus on emerging issues and inform future discussions on the Bank’s aid coordination strategy and operational policies. Refer to Approach Paper: “Process Review of World Bank Aid Coordination Activities,” March 18, 1996, CODE98-16.

Stephen Lister and Mike Stevens, Aid Coordination and Management, World Bank, 1992, p. 27.
