PARTNERING FOR RESULTS

A USER'S GUIDE TO INTERSECTORAL PARTNERING

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by

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PREFACE

This document reflects a synthesis of ideas from the USAID New Partnerships Initiative (NPI) Resource Guide and work by Dr. Steve Waddell, director of intersectoral services at the Institute for Development Research. Dr. Waddell's in-depth analysis of intersectoral partnering in the USAID context is forthcoming. To find out more about intersectoral partnering or to access this handbook electronically, go to: *http://www.info.usaid.gov/pubs/isp*.

Cathryn Thorup, Norm Nicholson, and Dan Friedheim of PPC/DP; John Grant and Greg Perrier of BHR/PVC; and Dr. Waddell have provided valuable insight for the development of this handbook.

I. INTRODUCTION

Purpose of the Handbook

Intersectoral partnering is emerging as an increasingly important development strategy in response to current development trends. These trends include a decline in international development funding, a devolution of national government power to local entities, heightened involvement of the private sector in social issues, and an increasing number of civil society actors. Government, business, and civil society actors are realizing that globalization not only brings countries closer together, but also makes it necessary for different sectors within societies to collaborate. Without collaborative action, the sectors often work at cross-purposes; with collaborative action, they can take advantage of creative synergies and achieve outcomes that are impossible for any one of them to achieve acting alone. Intersectoral partnerships (ISPs) strengthen individual organizations within each sector, offer a mechanism to resolve specific development issues, and can lay the foundation for broader, systemic change.

Collaboration among sectors is challenging. While significant research has been undertaken to explore this approach, practical guidance is needed on how best to implement intersectoral partnerships. This handbook provides a concise framework for how to get this process underway. It is the result of a collaborative effort, with most of the information drawn from USAID's New Partnerships Initiative (NPI) Resource Guide, recent reports from the field, and ongoing research and documents by Steve Waddell, director of intersectoral services at the Institute for Development Research, for USAID's Private and Voluntary Cooperation office.

Organization of the Handbook

The handbook is divided into six sections. The first section defines intersectoral partnering and discusses the form and function of intersectoral partnerships. Section two identifies the benefits of forming a partnership and highlights some of the potential results of intersectoral partnerships. Section three discusses factors to consider when forming a partnership. The fourth section presents steps for developing partnerships. Section five discusses general challenges to the intersectoral partnering process and specific challenges and opportunities stemming from USAID policies and procedures. The final section highlights key elements and lessons learned from intersectoral partnering. It also discusses the role a USAID mission director could play in the development of a partnership.

II. DEFINITION OF INTERSECTORAL PARTNERSHIPS

Intersectoral partnering is the process of creating joint inter-organizational initiatives across two or three sectors. This strategy generates sustainable solutions to development challenges by combining the distinct interests and resources of different actors. The three sectors of society are:
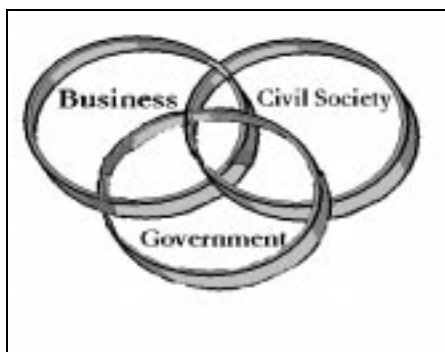
Business: private, for-profit entities that produce private goods and services.

Civil Society: private, nonprofit organizations that express community beliefs and values through service provision and advocacy, and contribute to collective goods and services.

Government: general and specialized governance institutions at the local, national, and international levels. ISPs are usually formed with representatives from local democratic governance institutions.

While ISPs do not require the involvement of donors, the latter often play important roles in stimulating and providing resources for institutional change and organizational development. Because of the development results and systemic changes ISPs can foster, donors are experimenting with them across the world. In particular, ISPs can reinforce the decentralization efforts that donors are increasingly supporting.

Form and Function

A fundamental premise of an ISP is that it involves key stakeholders. This enhances the prospects for success by mobilizing a wider base of resources and support, and generating greater commitment through participation in defining solutions to development issues.

Intersectoral partnering can address local issues that no one sector has the resources

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Box #1: TWO EXAMPLES OF INTERSECTORAL PARTNERSHIPS

Example 1 - Bulgaria: A Trisectoral Partnership
The Local Government Initiative has established, in concert with intermediary service organizations, a process that joins local government, the burgeoning NGO community, the business sector, and news media in learning and applying the tools of community partnership and problem solving. Direct grants from USAID to the Foundation for Local Government, the National Association of Municipalities, and five regional associations were critical to getting these organizations in place, being responsive to their constituents, and developing action plans supporting local government reform (USAID/Bulgaria R4 2000).

Example 2 - Philippines: A Bisectoral Partnership
As a result of a major power crisis in the late 1980s and early 1990s, the Philippine government sought private sector support in the form of a partnership. The private sector was needed to provide capital for additional power capacity, assistance in achieving project development and implementation goals more rapidly, and training and technical assistance to local government units and implementing agencies. The government provided fiscal incentives, such as tax breaks and access to free land and fuel, and cost-sharing of those projects deemed the most difficult to finance. These provisions enabled private sector firms interested in investing in the electric power infrastructure sector the opportunity to do so under attractive commercial and financial terms. Thus, such a partnership produced results consistent with both the investors' financial and commercial objectives and met the government's main need: additional power capacity. Today, the private sector has a significant role in the Philippines electric power infrastructure sector (Marks et al. 1997).

and ability to manage alone. This model is based on the understanding that sectoral differences are beneficial in creating innovative solutions. Cross-cutting challenges that require this type of approach often include community economic development, the environment, human rights/labor, and social welfare issues such as health and education.

Box #2: SYNERGISTIC AGENTS

The Centre for Technology Development (CTD) is an example in India of an economic development synergistic agent that is strengthening specific industries. This includes food production, where CTD is coordinating with universities, local farmers' organizations, women's business incubators, government programs, and large food and agribusiness corporations. CTD strengthens the entire production chain from the quality of seeds and trees planted through production, marketing, and sales. It has a sustainable strategy that includes generating revenue from its own activity (Waddell 1998b).

Partnering involves sharing visions, capacities, and power to build something different from the individual visions of each partner. The key element is that actors collaborate across sectors, ideally in ways that capture synergies from the interaction of their complementary strengths and weaknesses, and find institutional arrangements that foster openness, honesty, and commitment. As the partnership progresses, trust is built, and partners explore new opportunities in a more open way.

ISPs induce a wide range of linkages in diverse settings. Tailoring the strategy to a particular country and problem context is critical. Linkages may vary in duration, scale of activity, and form. A partnership may be either permanent or semi-permanent. It could be short term, such as a taskforce-like coalition with only the resources that partners bring on an ad hoc basis from their organization, or it could be a more

permanent organization with its own staff and income. The developmental impact occurs when a new institutional arrangement becomes widespread as a solution to significant problems, but is flexible in adapting to local conditions.

Donors can play a variety of catalytic roles in fostering ISPs. For example, a "synergistic agent" is one specific type of ISP that USAID has successfully sponsored in a number of missions. This type of ISP is a central coordinating body with representatives from each sector.

Process and Result

Intersectoral partnering is both a process and a result. Partnerships in themselves are a valuable result since they provide a strong foundation for future collaborations. ISPs also complement decentralization efforts. They build upon the growing consensus within the donor community that development cooperation is most effective when it reinforces local initiatives. As a process, ISPs increase social cohesion and can produce both sustainable structural and social change.

Box #3: A TESTIMONIAL

Now, and for the foreseeable future, it is in the best interest of the U.S. and other Western countries to stay engaged in Russia and to provide targeted support to continue the momentum. Sustainable partnerships are among the mechanisms most likely to cement the U.S.-Russian relationship into the new century (USAID/Russia 2000 R4).

III. REASONS TO ENTER INTO AN INTERSECTORAL PARTNERSHIP

Recent development trends have provided a strong foundation for innovative partnerships. Most developing countries have begun to liberalize their markets, reform state regimes to ensure some basic tenets of democracy, and take advantage of increased capacity on the part of civil society. While the three sectors are becoming more effective and efficient in achieving their sectoral goals, no one sector can solve every local or national issue. Collaboration and coordination among the sectors can lead to the production of some essential collective goods and services still not provided by individual sectors, and a more efficient use of resources in addressing a number of issues of local importance.

The ability of ISPs to address a wide range of particularly difficult issues is making the formation of ISPs an increasingly important development strategy. ISPs have demonstrated substantial success—often following poor results of one-sector strategies—in spurring economic development; building water, road, and other infrastructure systems; addressing environmental degradation; and in helping to provide health and education services.

Donors are particularly interested in this strategy as it often contributes to a reduction in the transaction costs and risks associated with alternative institutional arrangements. Donors can access and share an important resource—information—that contributes to the overall decline of these costs and risks. Donor organizations often provide resources and technical expertise that facilitate the partnership process. Finally, donors are particularly valued for their ability to engage in policy dialogue with other governments.

Benefits

By entering into an ISP, potential partners can create a win-win situation. The basic power of ISPs comes from their participative and multi-stakeholder nature. An ISP is based on the premise that all key stakeholders in a development issue should be mobilized to develop and implement plans to address the issue. The participative nature of ISPs means they can build greater commitment to address the development issue and enhance the chances of creating a sustainable solution. The multi-stakeholder aspect means ISPs are forums for participants to exchange their resources, combine their competencies and coordinate their activity in new ways. ISPs can, for example, combine the power of government to create laws, the resources of the market sector's system to produce goods and services, and the unusual ability of civil society to access volunteer energy or tap in-depth grassroots knowledge and expertise. Because ISPs combine such different perspectives and resources, they can also give rise to innovative approaches that address long-standing problems.

Although the differences between the sectors are the source of the strength of ISPs, they are also the source of particular challenges. Bringing together organizations with diverse goals, values and perspectives means there is plenty of ground for disputes and conflicts. Therefore, creating ISPs requires building structures, skills, and processes that can use the differences to encourage exchange and creativity.

Members of an ISP can benefit from partnering by being able to:

• Increase the scale of their activities

• Raise their credibility

• Take advantage of each partner's strengths

• Mobilize resources

• Reduce transaction costs and risks

• Address externalities

• Exchange technical or other forms of information

• Develop undefined opportunities, based on the understanding that collaboration among different, and frequently opposing, sectors creates new ideas and solutions to common problems

• Capitalize on the political advantage or power derived from coalition building

• Achieve a mutual goal that would be unattainable if each sector were working alone

Potential Results

Based on the assets that each sector brings to the table, ISPs can produce the following results:

• *A new range of outcomes that would not have emerged without the ISP.* That is, the different interests of the sectors should lead to "creative tensions" that foster innovation in product development and delivery, governance, and expression of local values.

• *Transformation of partner's capacities.* For example, the Orangi Pilot Project in Pakistan, an ISP formed to construct low-cost latrines and sewage systems, led to improvements in the local sanitation system and to new activities by the neighborhood associations that provided the labor for the construction.

• *A better understanding of each sector's constraints.* Without cross-sectoral inform-ation sharing, partners may misinterpret a real constraint for a lack of commitment or obstructionism. Some Philippine local government units, for example, have invited civil society actors to take part in their annual budget planning. Armed with a realistic understanding of budget limitations, these actors are then better prepared to collaborate with local governments in defin-ing priority activities.

• *Creation of bridges among different communities.* Because ISPs tend to be highly diverse collaborations among people of different class, geographical, and racial backgrounds, a dialogue is initiated among groups with different values and aspirations.

Box #4: BENEFITS AND RESULTS

The Bekobay Plain, Madagascar: An Example of Synergistic Impact
Bekobay is a rural center located 100 km from Mahajanga in an agricultural area that produces approximately 4,000 tons of rice per year. Given the important agricultural potential of the Bekobay plain, the Commercial Agriculture Production Project (CAP) implemented a strategy to rehabilitate a major feeder road in order to transport commodities from this area and to establish a shorter physical link between Bekobay and the Mahajamba valley, one of the richest regions in the Mahajanga province. While building the road, the CAP team helped to set up 14 user associations and created a union of those associations with the participation and financial contributions of local authorities, collectors, and agribusinesses. For the first time in that area, the private sector, local government, and small farmers were working together, sharing the same goals, trusting each other, and putting resources toward common objectives. The export potential provided the incentive for partnership. The partnership produced the road, which in turn should stimulate new incentives for local action (NPI Resource Guide 1997).

• *Address large-scale issues that no one sector has the resources and ability to manage alone and in which every sector has a stake.*

• *Provide the foundation for broader change.* Through the creation of new structures and relationships, a sustainable mechanism can be put into place to help address issues that go beyond the original one.

IV. FACTORS CONDUCIVE TO INTERSECTORAL PARTNERSHIPS

Ideally the country context will provide a positive enabling environment for the ISP strategy. This environment refers to the political, legal, social, and economic context within the country. However, few USAID missions work in countries with an ideal enabling environment already in place. The absence of such an environment does not preclude the possibility for ISPs to exist or succeed. It may require, however, that the mission dedicate time and resources to both goals: improving the enabling environment and facilitating ISPs. Each mission, as well as the individual partners, must analyze the costs and benefits of the ISP strategy in their local context. This section offers some factors to consider when deciding if ISPs are an appropriate option. These factors combine to create the overall context that affects the ISP's chances for success.

Factors to Consider When Starting an Intersectoral Partnership

• *Common issue*: The issue to be addressed through the partnership must be important to all partners. Potential partners need to determine why forming an ISP is necessary to address the problem, how key actors are

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> **Box #5: POLITICAL AND LEGAL CONTEXT**
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> **Ecuador: Creating Conducive Factors**
> Through its policy dialogue initiatives, Fundacion Ecuador (FE), Ecuador's premier think tank, continues to work with the government of Ecuador to improve the political and legal context by establishing laws, policies, and institutions that support the creation and growth of micro and small businesses (e.g., with NGOs such as Fundacion Alternativa, ASOMICRO, and the chambers of small industries). With financial support from international donors, FE is working to reform the banking and financial sector by improving the prudential supervision capability at the Superintendency of Banks and the Superintendency of Companies (NPI Resource Guide 1997).
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> **Guinea: Overcoming Barriers**
> Until the death of President Sekou Toure in 1984, social change in Guinea was impeded by traditions that discouraged individual initiative and encouraged a privileged class with vested interests. Most Guineans were ignorant of their legal rights and public officials' responsibilities or were reluctant to risk the displeasure of the ruling elite by protesting when these rights were violated. Since 1984, however, Guinea's government has implemented widespread economic and political reforms. These reforms have included the re-establishment of civil rights and freedom of expression, adoption of a new constitution, creation of new political parties, and holding of multi-party elections. In Guinea, ISPs have led to increased school enrollment, improved maternal child health care, AIDS prevention, and environmental safeguards (NPI Resource Guide 1997 & USAID/Guinea 2000 R4).

affected by the problem, and to what extent resources from the different stakeholders are required.

• *Belief in ISPs as a strategy*: Each actor must believe that this strategy can improve outcomes compared to the status quo. They must be willing to treat each other as equal partners.

• *Presence of a convener*: A convening party must have the capacity to bring the key stakeholders to the table. Donors may play

this role. USAID, for example, has facilitated and instigated numerous partnerships.

• *Resources*: Financial and human resources to support the process must be available. Each partner must be willing to commit the particular resources that it is able to share. One of the surprises of ISPs is the degree to which new resources are discovered and traditional resources are made more effective when combined cross-sectorally.

• *Willingness to explore opportunities*: While the ideal political and legal context may not exist, it is important for partners to be willing to explore ways to work creatively within the system and encourage the adoption of factors leading to a more enabling environment.

V. START-UP OF AN INTERSECTORAL PARTNERSHIP

Most ISPs go through similar start-up processes. This section describes seven steps that each partner can follow in order to begin.

Preparing the Ground

Step 1: Identify the Goals and Aims

Brainstorm. Describe in writing each sector's stake in the issue. Identify goals without getting bogged down in resources, personalities, and histories. This is the time to clarify the vision of the ISP. Generally, the partner that is instigating the ISP (sometimes a donor) will initiate this step.

Questions to consider: What is the nature of the problem that an ISP might solve, and why is it necessary to bring together actors from different sectors to solve it? How are these stakeholders affected by the problem?

To what extent are resources from different stakeholders required? What skills, human and/or material resources does each sector have that could help address the problem?

Step 2: Identify Realities and Partners

Evaluate each sector's development. The success of an ISP is related to the relative development of the various sectors themselves. Sometimes the first task of one sector is to actively support the development of another. Donors have a special role to play in strengthening the capacity of all three sectors.

Identify allies within each sector. There are almost always some alliances already present. In the public sector, coalitions are a common working form. Collective initiatives based upon resources, interests, or power are numerous. In business, joint ventures, chambers of commerce, and federations are common. And in civil society, coalitions are often formed around common issues or relationships to more effectively utilize resources of the sector. The number and quality of these alliances are indicators of the potential for intersectoral development.

Questions to consider: Are there actors in each sector who have the organizational capacity to become involved in a partnership? Do all the key stakeholders have effective organizations? What are the key organizations and who are the key players in each sector?

Step 3: Understand the Potential for Working Together, Anticipate Problems

Historically, potential members of ISPs often have not interacted and may even view one another with some apprehension. Each

partner should do some research to overcome this initial distrust.

Interview people in the organizations you have identified. Ask them about their histories, attitudes, and personal networks.

Test your vision through questions. For example, ask "Could you imagine working with 'X' to solve that problem or take advantage of this opportunity?"

Investigate particular sources of potential problems. A key reason for the traditional lack of productive interaction is that the missions and cultures of the sectors are different. To form successful partnerships, sectoral representatives must be able to address the focal issue of the partnership from the viewpoint of their constituents, even while they may have substantial disagreements over some related issues.

Assess typical sector-specific strengths and weaknesses. Government strengths include the ability to create laws, improve the enabling environment, and in a democracy, improve public accountability and adjudic-ative functions. Major hindrances within the government sector can include inertia, micro-management, exhaustion from an ongoing tension between demands and resources, and a bureaucratic culture. Local business strengths include access to production facilities, technical expertise, and in the right policy environment, a market culture that promotes efficiency, innovation, entrepreneurship, competition and a strong client orientation. Problems within the private sector can include a distrust of collective action, an inability to deal with externalities, a lack of transparency, and an overemphasis on short-term results. Civil society strengths include voluntaristic actors who are sensitive to members' needs and values, and organizations that tend to be smaller and more flexible than the other partners. Within the civil society arena, however, there is often a cycle of underfunding, a focus on process rather than product, parochialism about working with outsiders, and a concern with various management and organizational challenges. It is important to realize that effective organizations learn how to deal with these issues, but may never really get over them completely. However, effective organizations manage to assert the collective interest and provide a base for action with other sectors.

Questions to consider: What is the history of the issue and relations among stakeholders? How much tension must be overcome to make cooperation possible? What present or potential coalitions exist among key actors? To what extent is the issue so widely perceived as a crisis that otherwise reluctant parties might be willing to try something new? Which stakeholders are ready for collaboration? Which are not? What are the impediments to strategic partnering?

Setting Directions

Step 4: Convene Partners and Define Problems

After analyzing the data from step 3, identify a strategy for bringing the sectoral representatives together. At this point the vision will start to become reality. In cases where partnerships begin with a history of interaction and interpersonal ties, problems with stereotypes and intentions are less significant. In these cases, the questions of who, where, and what can be guided by historic experience. In cases where there is no historic interaction, these questions take on additional importance. One important task is to foster an environment of equal

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Box #6: CONVENING PARTNERS

Dominican Republic
During a recent USAID-supported fundraising training session for a large group of NGOs in the Dominican Republic, the issue of collaboration arose frequently. This was a difficult concept for groups accustomed to competing for resources to accept.

During a simulation exercise, the participants learned more about each other and began to see that each had different strengths and comparative advantages in pursuing the hypothetical project identified by the trainers. Initially, the groups had focused on the threats posed by each of their competitors in the room, as well as on strategies on how to win. During the course of the exercise, however, a different perspective developed as the NGOs realized that only by sharing information and working collaboratively could they achieve their objectives as defined within the exercise. The debriefing session afterwards was exhilarating as the NGOs came to understand the incredible strength they had enjoyed when united. The feeling in the room pre- and post-simulation was markedly different and turned into a very real, tangible force. As a result of the training sessions, real-world alliances were formed.

While the simulation exercise was conducted among NGOs only, it is a technique that is easily adapted to encourage local actors from different sectors to examine the potential pay-off from cross-cutting linkages among civil society, business, and institutions of democratic local governance (NPI Resource Guide 1997).

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partners, and all partners should be involved in this step.

The first meeting is exploratory. Its goal is to build enough trust and commitment to meet again. Particular attention must be given to the following issues:

Who convenes? It is important to identify an individual or organization that is well regarded by all parties to call the meeting. The convening individual or group needs to have credibility with all the major stakeholders.

Where? The actual meeting location must also be considered. For an initial meeting, it is best to identify some neutral ground, most often a rented facility. This prevents the meeting from being perceived as under one organization's control.

Who moderates? When choosing a moderator for the initial meeting, find someone who allows participants to raise issues without replicating past unproductive discussions.

What to discuss? An agenda for the first meeting might simply focus upon two things: personal and organizational introductions and a sharing of viewpoints about the key issues. If the players have not had a history of interaction, the meeting might end right there with a summary of different viewpoints written for distribution. If the meeting members already know each other, they might move directly to the collective vision, which would otherwise be a topic for a second meeting.

Often a new organization will be created to facilitate the formation and perpetuate the linkages of an ISP. This organization can take different forms, depending on the nature of each sector and the parties that come together. As the stakeholders meet, they can begin to think about whether this specific type of ISP would serve the interests of the different parties, and if so, what it should look like.

Step 5: Set Directions

An essential quality of ISPs is their ability to take a new approach to old problems, bringing new energy and creativity to the

development of a vision. This happens most easily if the different parties begin with a shared understanding about the nature of the problem and ideas about possible solutions.

The commitment of each partner to the following elements must occur during this phase of the ISP development.

Establish a climate of hope and a willingness to work together. Joint investigation of the issue, building visions, and developing leadership through forums such as meetings, brainstorming sessions, task forces, committees, and conferences will foster this climate.

Define the problems and concerns of the stakeholders. Successful problem definition involves identifying the intersection of the interests of the three sectoral players and including all of the stakeholders in a meaningful way. While USAID can play the role of coach, facilitator, and team supporter, this can be a shared responsibility.

Achieving Results

Step 6: Develop an Action Plan

A series of joint forums allows people to share ideas on a particular issue and gradually develop them into an action plan. Such plans are often composed of a series of small steps that build the relationships and make larger steps possible.

When identifying the action plan, keep in mind some of the ground rules of partnerships. These include: the right to say no, honesty, accountability, and a commitment to help address other parties' perspectives as well as one's own. Key questions that every partner needs to answer at this point are:

How should action strategies be implemented? The implementation of major action plans can bring back old problems and tensions that were less visible during the more abstract discussion of values and strategies. Implementation also often involves new actors, who may not have been part of earlier discussions that led to specific problem-solving activities. Open lines of communication are vital; as are clearly defined rules of the game that facilitate communication, reduce transaction costs, and protect empowerment.

How can stakeholders implement detailed plans in ways that respect their particular interests? At this point, sectoral differences may become even more apparent. It is important to respect them at all times. They are a necessary component of successful ISPs.

Who will mediate the inevitable tensions and conflicts that arise when new actors come into the picture? Long-term success requires that the participants continue to manage their conflicts and tensions effectively. In most cases, by this time in the relationship, internal processes and traditions will be sufficiently developed to address any issues that might arise. However, since the relationships are based upon shared power, outside mediators may need to be brought into the process at different points in time.

What kinds of capacity-building activities are necessary for different actors to carry out their parts of the process effectively? Capacity building activities may be necessary. Donors can play a critical role in strengthening each sector. Partnering among donors may lead each to focus on that sector with which they have the greatest expertise, working to ensure those efforts reinforce one another.

How will resource sharing take place? Each sector has distinct financial capabilities. This issue often becomes a sticking point during the implementation process. Partners need to discuss resource sharing continuously in order to ensure that the issue remains well understood from the outset.

Step 7: Institutionalize and/or Expand Successful ISPs

This is the toughest step of the process. The most successful ISPs generate the human, social, material, and financial capital to maintain or even expand themselves. In the long term, success may involve expanding the program's reach to more people and/or to tackle new issues, as well as institutionalizing its arrangements to ensure that it continues after outside resources have been withdrawn or reallocated.

When continuation or expansion is desirable, the partnership may need to generate new resources and wider participation in its activities. One possibility is to scale-up the agency or partnership that has been implementing the program. Another is to involve other organizations whose interests might be served by participating in a successful partnership. Linkages to external partners are often essential to the successful functioning of ISPs and therefore, vertical linkages to broader national institutions or even to society-to-society networks can be critical. Also important to sustainability is the spread of successful ISP institutional models within the society and their adaptation to new conditions.

Donors have access to many resources that can assist this scaling-up process. They can disseminate information to other regions that are struggling with similar issues, or coordinate with other donors and host-

countries to leverage resources and stimulate wider participation. However, outside dependency can threaten sustainability; thus, access to local resources is critical.

VI. CHALLENGES TO INTERSECTORAL PARTNERSHIPS

It is not easy to develop ISPs. Challenges are likely to emerge at different moments. Because these are part of the nature of ISPs, it is useful for each partner to prepare for them in advance.

Challenge #1: *Acknowledging that partnerships are incremental*

Building institutional arrangements and improving organizational capacity is an incremental process that evolves over time. The initial time commitment is relatively intense as key players attend meetings, learn about each other, and develop strategies. It is important to establish milestones that can be monitored and ensure that results are viewed as commensurate with the costs incurred at each step of the process.

The speed of building partnerships can be significantly influenced by effective rules, strong participating organizations, a low level of conflict among partners, a commitment to the partnership, past experience with partnering, and knowledge of the problem at hand. Delays involved in building new institutional arrangements are affected by an inadequate enabling environment or a failure to ensure local ownership.

Challenge #2: *Committing resources*

Resources include finances, time, labor, materials, and ideas. At least at the beginning, the process requires senior-level

participation and commitment. Staff time must be freed to implement ISP plans.

Challenge #3: *Learning about diverse goals and values*

Organizational culture will vary among and within different sectors. The lack of one sector's understanding of the other sector's culture can result in wasted efforts, misunderstandings, and tensions. Each sector has its own vocabulary, resources, strengths, and weaknesses that must be understood by all partners in order to work together successfully. This demands time and effort dedicated to getting to know each other and building long-term bridges.

Challenge #4: *Managing risks*

Knowledge about ISPs is expanding rapidly as the importance of institutions that combine market, governance, and voluntaristic characteristics is recognized. However, this new concept is still evolving and few precise evaluation tools exist. Partnerships may produce unanticipated outcomes. People initiating ISPs are responsible for ensuring support and communication among stakeholders in order to reduce risks involved in the process. It is important to disseminate lessons learned and best practices throughout the local and international development communities. At the same time, it is important to experiment and explore new ways of partnering.

Challenge #5: *Overcoming systemic barriers*

A commonly cited problem is the lack of an enabling environment to encourage corporate giving, or other factors over which each partner has little control. Structural barriers may inhibit innovation, constrain resources, reduce information flows, warp incentives, and encourage corruption. These barriers need to be identified early in the process. Working towards eliminating them will assist in the formation of future ISPs.

Challenge #6: *Avoiding dependence on individuals*

ISPs are often formed under the leadership of a charismatic "champion." Such ISPs become highly personalistic. While this leadership is good for the ISP in the short-term, problems may develop over the longer term when the individual leaves or if (s)he loses interest. Mechanisms must be put in place in order to prevent the collapse of the partnership upon the departure of a charismatic leader. Institutionalize rather than individualize.

Challenge #7: *Building accountability and transparency*

Mutual trust must grow in order for an ISP to thrive. Hence, operating rules must facilitate accountability and transparency, clarify performance goals, and clearly delimit authority and commitments in order to encourage trust over time.

There are no quick or easy solutions to these challenges. One must make an informed decision to undertake an ISP, gather as much data as possible, commit to a long-term process and constantly evaluate progress. Case after case shows that hard work and dedication pay off as the ISP becomes a sustainable mechanism to solve development issues.

Challenges and Opportunities within the USAID Framework

Donors will have different roles throughout the ISP process. Often USAID missions have initiated the formation of ISPs. Some have helped ISPs overcome obstacles

through technical assistance and grants. However, because of declining program budgets, USAID officials face specific challenges when trying to implement or initiate an ISP. This section presents some of these opportunities and challenges within the USAID framework.

Reforms: Intersectoral partnering translates the Agency core values—customer focus, results orientation, empowerment and accountability, teamwork and participation, and valuing diversity—into practice. ISPs assist in institutionalizing a results orientation among partners, contribute to sustainability by providing the organizational capacity for participation and local ownership of development efforts, increase the impact of development programs, introduce cost efficiencies, and build intersectoral and society-to-society linkages that will outlive graduation.

Managing for Results: The requirements that go along with a results orientation make intersectoral partnering seem daunting. Partnerships seem difficult to capture in a results framework. But it can be done. Partnerships require clearly articulated agreement on goals, the distribution of costs and benefits, performance indicators and mechanisms for measuring and monitoring results, the delineation of responsibilities,

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Box #7: RESULTS FRAMEWORK

Bulgaria
Over 50 official partnerships resulted from the most recent grant round of the Democracy Network Program. Wherever such a partnership exists, there is on file a signed letter of commitment from the partnering institutions about their contribution and role in the project. This number of verifiable partnerships is more than two and a half times the originally set target number for the Intermediate Result (IR 2.1.2), "Projects involving consensus-building partnerships" (USAID/Bulgaria 2000 R4).

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and a process for adjudicating disputes. Members of ISPs can participate in the process of defining objectives and results. Missions report that they are better able to adapt to local conditions, leverage donor and local resources, and enhance program impact through these partnering arrangements.

USAID Processes: Some of the requirements that came with the reforms have led to an unintentional emphasis on short-term over long-term results. The incremental evolution of ISPs challenges this emphasis. Delays or a lack of clarity about interim markers increase the risk of disillusionment and/or defection. The critical brokering task is to move things along, to keep costs and benefits to partners in balance, and to demonstrate visible progress against intermediate benchmarks. Partners want to see results; it is one way they can demonstrate to their customers the benefits of reform.

Another common source of delay that missions face is the time it takes to obligate funds. Many of the delays in USAID partnering attempts are due to USAID's own bureaucratic processes or others imposed by circumstances outside the Agency's control. Budgetary or legislative constraints and design or contracting delays inhibit the partnering process by leading to uncertainty, false starts, and interruptions. Finally, when the donor is the critical catalyst, it can easily bias the institutional development in unsustainable ways by superseding consensus processes or substituting for local resources.

Cost Efficiencies: While the costs are never clear from the outset, missions attest to the fact that ISPs can increase program impact and efficiency. Adaptation to the diversity of local conditions has traditionally been a significant constraint on the impact of donor

programs. ISPs unleash an entrepreneurial spirit by bringing together other donors, local stakeholders, U.S. partners, and the host government in a collective effort. The missions' role is to encourage institutional change and policy reform and provide technical services.

Exit Strategies: Partnerships have been an important facet of past exit strategies. Ideally, an exit strategy has two components: first, ensure that sufficient institutional capacity is left behind to sustain USAID's contribution to development; and second, ensure that society-to-society linkages facilitate continuing access to U.S. expertise and technology and support long-term cooperation on issues of common concern such as the environment, disease control, and trade. ISPs address both objectives.

Community Empowerment as an Assistance Strategy: To a much greater extent than other donors, USAID's commitment to local participation and ownership includes a commitment to community empowerment. ISPs facilitate assistance strategies that move beyond consultation with stakeholders to the development of institutional arrangements that guarantee that stakeholders have standing, formalized participation in decisions and the capacity to hold their own governments accountable.

Moving Beyond Stovepipes: Development programs have traditionally been organized around agriculture, economic infrastructure, education, and health. Although there have been some dramatic development successes produced by this approach (e.g., child survival and the green revolution), there has always been concern that such stovepipe programs may mean that opportunities to build synergies across sectors are lost. ISPs

provide an opportunity to move beyond the stovepipes.

VII. LEARNING FROM EXPERIENCE

Key Elements to Intersectoral Partnering

Flexibility: Intersectoral partnering must be structurally flexible for successful participation. The partnership should be a network rather than a hierarchy. Networks should apply when working both externally with collaborating organizations and internally with project activities. It is important that partners feel free to opt in and out of specific initiatives within the framework of the partnership and to match involvement with sector strengths.

Resilience: Intersectoral partnering must be operationally resilient to overcome crises. Key factors in ensuring resilient collaboration include having the right leaders, participants willing to learn, and long-term commitment of both leadership and finances. Progress will be more rapid where leaders have experience working in more than one sector and participants are willing to embrace multiple viewpoints. Furthermore, the resilience of ISPs is dependent upon their ability to make their own rules, adapt goals, and engage new partners.

Creative Strategies: Intersectoral partnering can deliver creative strategies to define new solutions. As mentioned many times before, differences between sectors are a primary reason for collaboration. As a partnership grows, tensions caused by these differences set the groundwork for uncovering unrecognized assumptions and hidden institutional strengths, and discovering creative strategies.

Box #8: CREATIVITY

ISPs lead to innovations by identifying assumptions in traditional approaches to development issues, and challenging them with new approaches. A road-building approach pioneered by USAID/ Madagascar, for example, involved legally transferring traditional government authority over roads to local, newly organized road user associations. These assoc-iations are responsible for road maintenance and have the authority to set tolls to finance their activ-ities. By involving user associations, the costs of maintaining the roads have been dramatically reduced and their management has substantially improved (Waddell 1998a).

Productive Outcomes: Intersectoral collab-oration can deliver productive outcomes for each sector. Productive outcomes are gener-ated when each sector's goals are identified and partners build mutual commitment to these goals. This is difficult since each sector enters the partnership with a different mindset. Identifying each sector's goals is important in understanding how to approach the collaboration.

Lessons Learned

ISPs can address large-scale and diverse issues: Because each sector brings specific concerns and resources to the table, inter-sectoral partnering can address broad issues that impact each partner. These issues are ones that no individual sector has the resources and ability to manage alone and in which every sector has a stake.

Recognize what the partnering process entails at the outset: Prepare for a long-term commitment and proceed in small steps. How slowly a partnership evolves will depend on the broader enabling environment as well as the specific rules and incentives adopted. Remain open to new partners as the ISP evolves. Issues may redefine themselves over time.

Maintain distinctiveness of each sector: Intersectoral partnering does not mean a merging of roles by the different sectors. It should not be expected, for example, that the private sector take over responsibility for things that the government used to do. Business solutions may help with problems such as job creation, employee health, and education, but government solutions are still needed for national programs of education and health services.

Partnerships require a sincere commitment from all partners: Partners must develop a commitment to respect their differences. Partners should also be prepared to commit time and resources before the collaboration takes off. Furthermore, partners must be committed to make their motives clear to each other and be willing to hold each other mutually accountable.

Help build and maintain a vision: Partners need to remember the reasons for undertaking the initiative. This means not just keeping people sensitive to the problem, but also keeping people focused upon the unique win-win situations that ISPs produce.

Convene key stakeholders from each sector: Engage and identify the stakeholders in each sector, determine their capacity as partners, and ensure that all key interests are represented. Identify those partners that could bring the most to the table and distinguish them from partners that may need assistance in developing their organizational capacities.

Share information: Partners need to disseminate best practices and information about ISPs to the local and international development communities in order to pro-mote the formation of successful ISPs in the future.

ISPs encourage creativity: ISPs develop innovations by identifying assumptions in traditional approaches to development issues and challenging them with new approaches.

Partnerships are between organizations, not individuals: The people directly involved in the project have to continually reach out to actors in the other sectors to ensure that they know about and are involved in the project in as many ways as possible. There must be broad-based support to ensure sustainability.

Adapt partnerships to local context: Although there are important gains in social capital when partnership models can be institutionalized broadly, each partnership will be unique and adapted to fit the particular needs and resources of each sector involved in the partnership.

The more local ownership, the greater the chance of success in fostering partnerships: Ensuring local ownership requires that partners have a stake in resolving the issue, be involved in all phases, and have the authority to make decisions and implement activities.

Role of the Mission Director

Mission directors play an important role in any USAID-facilitated ISP process. A mission director can serve as the in-country champion for this important approach. This can be done through discussions based on issues raised in this handbook, brain-storming issues and activities that would benefit from ISPs, pushing the idea through bureaucratic entanglements, and holding workshops and training sessions to make sure mission staff is best equipped to implement ISPs. Successful ISPs need energetic, dedicated leaders to make the vision a reality.

The following actions can be implemented at the mission level:

• Disseminate information about ISPs around the mission.

• Hold training sessions and briefings about ISPs.

• Facilitate brainstorming sessions in order to find appropriate issues to tackle through ISPs and incorporate country-specific issues and realities into the paradigm.

• Document and circulate best practices and lessons learned.

• Establish mission-to-mission TDYs in order to learn from each other's experiences.

• Sponsor bilateral or regional workshops; invite USAID partners and other donors.

• Talk with missions that have experienced success in this area and learn why and how this approach was implemented.

• Partner a mission experienced with ISPs with one that is less experienced but interested in exploring this approach.

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