



**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

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**POOR PERFORMERS: WORKING FOR DEVELOPMENT IN DIFFICULT PARTNERSHIPS
-- SUGGESTED BASIC APPROACHES --**

(Note by the Secretariat)

This note is circulated for DISCUSSION at the DAC meeting on 6th November 2001. It will then be revised for submission to the DAC Senior Level Meeting on 12-13 December 2001.

The note draws on the background paper by the Secretariat which is being circulated informally and which will be provided as an annex to this document for the Senior Level Meeting.

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**POOR PERFORMERS: WORKING FOR DEVELOPMENT IN DIFFICULT PARTNERSHIPS
– SUGGESTED BASIC APPROACHES –**

1. This note sets out some basic approaches through which development agencies can continue to promote development even when they have a difficult partnership with the government of a country (a so-called “poor performer”).

2. Rather than setting the problem in terms of insufficient efforts, poor outcomes or weak public sector capacity, the note defines “poor performers” as a partnership issue, where the usual model of country-led approach will not lead to effective use of aid. Thus, it casts the problem in more constructive terms:

- It focuses on the active role donors can play in both addressing this difficult relationship and ensuring that development assistance, subject to the constraints associated with difficult conditions, continues to reach out to the poor.
- It emphasizes a shared responsibility and the desirability of seeking ways to gradually build partnership and address it at a broader level, and to maintain development effectiveness as much as feasible, even where government-to-government aid is curtailed.

3. There are options, which vary with the context and country, for maintaining development support for economic and social development, and for the involvement of civil society and other steps to encourage addressing the underlying issues that lead to difficult partnerships. In some cases, agencies may need to be more pragmatic, more focused on outcomes and sustaining existing capacity – while at the same time taking steps, particularly regarding support to civil society and training, that are feasible to build longer-term capacity.

4. Possible ways of nurturing the conditions in countries that are expected to lead to more pro-poor commitment and more effective partnerships include the following.

A. Promoting pro-poor change

- There are no simple rules or dividing lines that distinguish difficult partnerships, although this paper notes the most common underlying factors. Ultimately, agencies need to determine, in close co-ordination and based on intensive on-the-ground experience in a given country, whether it is a case of a “difficult partnership” where the DAC’s usual country-led approach generally does not apply. In making this judgement they should pay close attention to understanding commitment and assessing partnership potential over time. In doing so, agencies should take a medium term perspective and use as decision criteria trends more than absolute standards of performance.
- In maintaining support to economic and social development, donors need to involve change advocates from both inside and outside the state. Civil society plays a key role in filling the gap between government and the people. When it is not possible to engage with the central government, it may be feasible in some cases to work with sub-national governments, as well as with civil society, to provide short-term support for poverty reduction and to support agents for change as well.

- However, the necessary change options require time and some of the most powerful influences may well be intergenerational. There are development penalties from entirely withdrawing from a country, including, for example, intergenerational consequences if education and health systems fall apart. But the modalities for engagement need to be assessed in each case.

B. Maintaining development activities in support of the poor

- Maintaining dialogue with governments in difficult development partnerships – even in the most difficult cases – is vital. It can help promote change which will eventually lead to pro-poor policies and help prevent the sense of isolation and despair that provides a fertile breeding ground for support for terrorism. This does not mean that all donors need to stay involved, or at the same level of intensity, in any given situation. Rather donors should co-ordinate closely on these questions.
- Donors are aware that aid is less effective in countries with a poor policy environment. When considering allocations to difficult partnerships, agencies should keep in mind the opportunity costs on the margin measured by poverty reduction foregone in countries that use aid effectively. Nonetheless, in some cases difficult partnerships require significantly more aid than efficiency criteria alone would suggest, for example to help prevent conflict or state collapse.
- In selecting aid instruments, donors need to remain flexible and focus on the poverty reduction outcome. They may consider the adoption of a graduated response to difficult partnerships by adjusting their choice of instrument.
- In their engagement, donors need to consider the role of other actors involved in the partnership, including the private sector, civil society and other non-state actors.

C. Adapting donor co-ordination and enhancing policy coherence

- Donor co-ordination is key to improving difficult partnerships. Often ad-hoc steps need to be taken when usual aid fora do not exist or have been suspended. Effective co-ordination requires more efforts in sharing analysis and assessments, concurring on the most appropriate conditions for engagement and tasking focal lead agencies. In many cases co-ordination on difficult partnerships needs to take account of regional dimensions, including spillover to neighbouring countries.
- All policy instruments (e.g. foreign policy, trade, investment, environment, drugs control and national security issues, arms sales, etc.) need to be taken especially into account so as to ensure greater coherence of the donor relations with countries in difficult partnerships.

5. Areas for further DAC work might include:

- *Donor co-ordination*
 - Building on existing country case studies, best practice examples could be developed for donor co-ordination in situations of difficult partnerships. **Are Members interested in drawing lessons on innovative approaches to encouraging change processes by engaging with state and non-state actors?** This exercise would require further collaboration between the concerned DAC subsidiary bodies: the DAC Networks on Good Governance and Capacity Development (GOVNET), Conflict, Peace and Development (CPDC); Poverty Reduction (POVNET), and the Working Party on Aid Evaluation (WP-EV).

- Looking at mechanisms for ongoing sharing of assessments and information regarding difficult partnerships, especially where formal co-ordination mechanisms do not exist or have lapsed and regional dimensions are important. **Are Members interested in also looking at arrangements for speeding up response times by the donor community to favourable local trends or events, when quick collective support could help to achieve or consolidate a breakthrough?**

- *Evaluation strategies and instruments*
 - Agency experience of operating in difficult partnerships has not yet been evaluated explicitly from the perspective of strengthening partnerships and maintaining development effectiveness. **Are Members interested in an evaluation study to draw lessons about the effectiveness of different strategies and the pros and cons of different aid instruments?** Such study could be conducted in collaboration with the Working Party on Aid Evaluation (WP-EV). It would draw on existing evaluations done in situations of difficult partnerships and draw out commonalities that relate to relative success or failure of different types of interventions (e.g. factors that increase chances of success of non-governmental organisations (NGO) projects in service delivery or of the sustainability of institutional strengthening in the public sector).