



OWNERSHIP IN PRACTICE

The politics of partnership:

How donors manage risk while letting recipients lead their own development



Oxfam
America

Development is not a smooth or easy process. Just ask Kenyan activist John Githongo: Appointed to head the government’s newly created anticorruption commission in 2004, he soon uncovered fraud at the highest levels of the Kenyan government. Risking his life, Githongo resigned from his post and went public with his denouncements, implicating senior Kenyan officials. After a few years in exile, Githongo returned to Kenya, dedicated to educating and mobilizing citizens to stand against corruption.



In 2010, Githongo spoke to a group of US government policymakers on how donors can improve the aid they provide. When asked how donors could best let countries lead, Githongo replied, “*Ni sisi*,” Swahili for ‘it is us’; “It is us who own our problems, it is us who will come up with the solutions.”

Ni sisi is more than an ideology—it’s a recognition that development is ultimately about the decisions,

behaviors, and visions of people in developing countries. No amount of aid will “deliver” development. Aid is not a solution to poverty; it is a tool that people and governments can use to create solutions to poverty. *Aid is ultimately useful to the extent that recipient citizens and governments can use it effectively.* Increased efforts by donors to maintain tight control over aid often end up making aid less useful to recipients, and the converse also is true. Genuine partnerships with people and their governments makes aid more effective over the long term. This reality is well known to donors and recipients alike, yet donors consistently find it politically difficult to trust recipients to share in the design and allocation of aid.

This paper provides recommendations for the US government as it continues grappling with ways of improving foreign aid, taking lessons from successful donor partnerships with recipient countries. The underlying field research comes from Ethiopia, Guatemala, Haiti, Malawi, and Tanzania.¹ Our research findings suggest that aid works best through genuine partnerships, partnerships that truly support the visions and efforts of people and their governments.

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Executive summary

Decades of providing foreign aid have taught donors that aid is more useful to people living in poverty when aid supports the visions and efforts of the impoverished people and responds directly to their needs. Donor willingness to partner with local leaders in government and civil society has shaped development successes in a wide range of areas, including agriculture and health.

Building true partnerships with recipients does mean taking risks, and for most donors this requires a radically different way of thinking that embraces both the greater risks and the greater rewards. Furthermore, donors need to acknowledge that development decisions are political decisions; when donors attempt to circumvent the local political decisions of recipient countries, even with the best of intentions, they fail to support efforts of governments and citizens to reach their own consensus about how development resources should be invested, and they often end up simply imposing the outcomes of donors' domestic political debates on recipients.

This report argues that instead of trying to avoid risk, donors should accept and manage the risks associated with building more-effective partnerships. The report does not aim to provide a blueprint or roadmap for donors. There is no blueprint for effective partnership, and what's "best" practice depends on the context. As the US government adopts the partnership model for more-effective aid, however, it can learn from the experience of other donors in how to place more trust in recipient leadership.

Our field research across Ethiopia, Guatemala, Haiti, Malawi, and Tanzania illustrates the real challenges donors confront when they trust and support local leaders, as well

as concrete ways donors have managed risk across different contexts. From that research, we have identified nine steps the US can take to pursue partnership and manage risk, instead of seeking to avoid it:

Manage the corruption risk:

1. Identify and support promising leaders, agencies, and public efforts inside and outside government that are seeking to change things for the better.
2. Work to support political and civil rights that let citizens hold their governments accountable.
3. Pair investments in government capacity with investments in civil society "watchdogs."

Manage the low-capacity risk:

4. Commit to support promising in-country partners for longer periods of time.
5. Make direct, long-term financial and technical investments in the success of local institutions.

Manage the "spending it wrong" risk:

6. Partner to strengthen existing local rules and systems and resist setting up burdensome and duplicative rules and systems.
7. Fund the priorities that recipients have identified.
8. Demand performance.
9. Encourage and support transparency.



This bridge spanning the Sekong River, shown in 2007, is slated to be part of a highway connecting Laos and Cambodia. The bridge and highway will help Cambodians engage in trade with their neighbor. *Brett Eloff / Oxfam America*

Abbreviations

AGEXPORT	<i>Asociación Guatemalteca de Exportadores</i>
CAADP	Comprehensive Africa Agriculture Development Program
DAC	Development Assistance Committee
DINEPA	<i>Direction Nationale de l'Eau Potable et de l'Assainissement</i>
FISP	Fertilizer Input Subsidy Program
GAO	Government Accountability Office
GHI	Global Health Initiative
GoM	Government of Malawi
HLF	high-level forum
IAF	Inter-American Foundation
IHRC	Interim Haiti Recovery Commission
MCC	Millennium Challenge Corporation
NEPAD	New Partnership for Africa's Development
NGO	nongovernmental organization
NSP	National Solidarity Program
OECD	Organization for Economic Cooperation and Development
OTA	Office of Technical Assistance
PBS	Protection of Basic Services
PEPFAR	President's Emergency Plan for AIDS Relief
PRSP	Poverty Reduction Strategy Papers
USAID	US Agency for International Development
WASH	water, sanitation, and hygiene
WFP	World Food Program

1. Introduction

Decades of providing foreign aid have taught donors that aid is more useful to people living in poverty when aid supports the visions and efforts of the impoverished people and responds directly to their needs. After all, donors do not create well-being, economic opportunity, and respect for laws and human rights; these results emerge when government officials, entrepreneurs, and community activists take action to improve themselves and their communities. The practice of letting countries lead—“country ownership”—is most effective when donors work in close partnership with both citizens and government in defining what to fund and how to provide that funding. When donors are not willing to partner in this way, their aid is much less effective.

In general, donor willingness to partner with local leaders in government and civil society has shaped development successes in a wide range of areas, including agriculture and health. For example, media reports of global health success will often highlight a specific technical fix, such as a new vaccine or micronutrient supplement. But, what goes underreported are the stories of local leaders who set up the institutions to deliver health goods and services. In a similar vein, local experimentation and innovation, with community involvement, often has been behind the long-term success of production practices that have made a world of difference to farmers and their countries.²

Nevertheless, building true partnerships with recipients in the lead is hard to do. For one reason, partnering with recipients means donors allow recipients to decide how aid is used in their countries—what development priorities for what target populations, how the aid is delivered, and so forth. For most donors, this means a radically different way of thinking that embraces both greater risk and greater rewards.

This paper argues that instead of trying to avoid risk, donors should accept and manage the risks associated with building more-effective partnerships. This report does not aim to provide a blueprint or roadmap for donors. There is no blueprint for effective partnership; what’s “best” practice should depend on each particular context, the opportunities and constraints in each country, where donors could possibly make a difference in supporting people’s efforts to improve their countries and their lives. The aim instead is to suggest that true partnership is possible and, indeed, possibly the best alternative as donors seek to make foreign aid a better tool for alleviating poverty in the long run.

The challenges and risks of sharing control in a way that builds real partnerships with aid dollars are real, but they’re not insurmountable. Yet too often donors are paralyzed by the risks and justify the status quo behind trite cop-outs: the rest of the world is corrupt, aid recipients don’t have the capacity to do development, and donors know best what they need.

There are undoubtedly corrupt governments that are not concerned with the needs of their citizens. In countries where governments are not working to help their people

Figure 1. Aid needs to strengthen the “compact” between states and citizens—a government’s commitment to fulfill its responsibilities and the people’s efforts to hold their government accountable.



Too often, however, the US and others don't do what it takes to build true partnerships, even in countries where governments have been doing the right thing and citizens have been gaining ground.

have better lives, donors are right to question local governments' commitment. Too often, however, the US and others don't do what it takes to build true partnerships, even in countries where governments have been doing the right thing and citizens have been gaining ground in keeping their governments in check.

Furthermore, the opportunities to build true partnerships do not depend on governments alone; even when governments lack commitment, donors can work to build strong partnerships with actors outside the government, such as business leaders, community activists, journalists, and citizens. Moreover, governments are large, heterogeneous institutions; somewhere within the large labyrinths of government, someone is trying to do the right thing—a particular minister, an auditor, a researcher. Donors could spend more time trying to support those officials trying to change things for the better. Importantly, developing countries as an overall trend have been doing more of the right thing.³

Some donors have been trying to build deeper partnerships with their aid, hoping to make more of a difference to people living in poverty. Over the past decade, several major donors have changed how they define what to fund with aid, what they actually fund, how they provide their funding, and how they measure results. Their investment in building partnerships is beginning to pay off, both for them and for recipients. For example, some donors have increased their use of budget support as a tool for building development partnerships⁴; in Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda, and Vietnam, governments responded by spending more on social services, such as health and education.⁵

The US has also been gradually working to build true development partnerships. Under President George W. Bush, the US created the Millennium Challenge Corporation (MCC), which commits to five-year “compacts” with select countries. In Honduras, the roads built under the MCC compact doubled income for nearby farmers, from \$1,800 to \$3,550 per year. In Lesotho, the prospect of partnership with the US government led the parliament to pass a law allowing married women to own property.⁶

As the US government adopts the partnership model for more-effective aid, what can it learn from the experience of other donors about placing greater trust in recipients' leadership? Field research across Ethiopia, Guatemala, Haiti, Malawi, and Tanzania illustrates the real challenges donors confront when they trust and support local leaders, as well as concrete ways donors have managed risk across different contexts.⁷

The balance of this paper is organized as follows:

- **Section 2** begins with the reality check that donors, including the US, have not always viewed aid recipients as true partners and have thus failed to support the local leadership necessary for development.
- **Section 3** explores the risks that underlie donors' reluctance to trust partners in developing countries and shares research findings about how donors are increasingly starting to “manage” risk rather than seeking to avoid it altogether.
- **Section 4** explores how the political realities in donor countries lead donors to be overly risk-averse, which impedes true, effective partnerships for development.
- **Section 5** describes recent reforms in the US that, if fully implemented, can enable the US to engage in deeper partnerships with better development results.
- **Section 6** presents nine recommendations for US policymakers for embracing partnership and considers the US's closing window of opportunity to stand apart as a leading donor on the global stage.

2. Haven't donors always sought to build partnerships with recipients?

Partnership is not a novel concept. Ask Americans how the US should invest its aid and many will cite the old proverb, “Give a man a fish, feed him for a day. Teach a man to fish, feed him for a lifetime.” With donors now having decades of experience in providing foreign aid to developing countries, haven't donors learned that partnering to help countries help themselves yields the best results? Hasn't that been the primary purpose of aid for the last six decades, since the Marshall Plan?

The short answer to both questions is “no.” Neither the purpose of aid nor how donors have provided aid have contributed enough to helping countries help themselves through partnership. Part of the problem is that donors have often prioritized aid to political allies—countries that are strategically poised in supporting donors' geopolitical interests—regardless of those countries' commitment to development. Donors have also “tied” their aid to use of services and products from the home country to build a constituency for aid with domestic interest groups. The purpose of this political aid has always been more about providing aid as an incentive for short-term political choices of favored governments (or profits to their own shipping or farming industries), rather than enabling long-term investments in development.

Even when aid has not been driven by such short-term political motivations, however, too often donors have acted as if they've known how to resolve other countries' political, economic, social, or other problems.⁸ This hubris that “donors know best” how to solve problems in other people's countries has given aid much of its bad reputation. For example, a US Congress earmark that mandated aid funds be spent on clean water for human consumption meant the US Agency for International Development (USAID) mission in Kenya couldn't support investments in water for agriculture—at a time when Kenya was facing its worst drought in over a decade and one in 10 Kenyans was relying on food aid. As explained by a USAID officer, “One of the greatest needs here is water for agriculture, but if you can't address this key piece, then all of our work on agriculture suffers.”⁹

The hubris that “donors know best” how to solve problems in other people's countries has given aid much of its bad reputation.

In fiscal 2009, the US government gave Haiti \$64 million in food aid—five times what the US gave to help Haitians feed themselves through agricultural development.

Another part of the problem has been how donors provide aid. Even when the purpose of foreign aid has been to promote development, donors have more often provided that aid by directly providing goods and services instead of helping people in countries source and deliver their own goods and services. Despite the old saw about “teaching a man to fish,” the reality has been that donors more often focus on “handing out fish,” when in fact people in countries know their waters better than any outsider. For example, in fiscal 2009—before the devastating earthquake—the US government gave Haiti \$64 million in food aid commodities procured from American harvests. By contrast, less than one-fifth of that amount—just \$12 million—helped Haitians feed themselves through agricultural development.¹⁰ Box 1 gives similar examples of inappropriate assistance in the humanitarian response to the Indian Ocean tsunami in 2004.

Box 1. The Asian tsunami: When donors give what they have, people don't always get what they need

When countries surrounding the eastern Indian Ocean were devastated by a tsunami in 2004, donors attempted to respond quickly to the urgent humanitarian needs created by the disaster. In some cases, however, undue haste, combined with inflexible mechanisms—and some equally rigid preconceptions—led to aid that was not helpful to local communities.

When the Asian tsunami hit, both Sri Lanka and Indonesia were in the middle of excellent harvests. However, in both countries the World Food Program (WFP) reported making only small purchases of local food or planning such purchases post harvest. Even though Sri Lanka produced a majority of its own food needs, and Indonesia exported food, donors imported the bulk of food aid (rice and wheat) from the US, Europe, and elsewhere. In response to the WFP appeal, the US responded with 33,000 tons (30,000 metric tons) of food aid “in kind,” despite the availability of sufficient food in the region. This “flood of food” risked destroying prices—and livelihoods—for farmers who otherwise would not have suffered from the tsunami. The US response was not surprising, since US law largely blocked cash food aid and local and regional procurement, forcing US officials to choose between sending wasteful assistance that damaged the regional economy or sending no assistance at all.

Source: Oxfam International, “Making the Case for Cash: Humanitarian Food Aid Under Scrutiny,” Briefing Note (April 8, 2005: 2), www.oxfam.org.uk/resources/policy/conflict_disasters/downloads/bn_cash.pdf.

In Thailand, US government agencies responded to the tsunami rapidly with humanitarian relief, and the response was praised as a model of efficiency and cooperation; yet when it came time to rebuild, villagers in Phang Nga Province were plied with unsolicited boats from US and other aid agencies. A group of villagers who were day laborers, not fishermen, before the tsunami felt obliged to become fishermen to put the boats to use. One villager told a team of researchers from the Listening Project, “We got too many boats and there are not enough people or fishing spots to go to.” A fisherman in the village quipped, “I think there are more boats than fish.”

Source: Listening Project, “Field Visit Report: Thailand” (March 2007: 15), www.cdainc.com/cdawww/pdf/casestudy/lp_thailand_field_visit_report_english_Pdf.pdf.



That donors should partner with people in aid-recipient countries is precisely the idea behind the Paris Declaration on Aid Effectiveness (2005). The Paris Declaration has had surprisingly strong traction in stimulating debate, self-reflection, and incentives for donors to reform their ways of working, including many of the reforms underway in how the US government delivers aid.¹¹

Behind the partnership movement is the recognition that across aid “successes” there’s always some element of partnership where recipients have ownership and influence over how aid is spent. Consider, for instance, how partnership has shaped effective aid investments in health and agriculture. With health successes, the technical “fix,” be it a new vaccine or a micronutrient supplement, was only part of the story¹²; having local leadership and the institutions to deliver those goods and services was key in taking those innovations to people living in poverty. With agriculture, aid successes have been a result of partnerships that allowed local experimentation and community involvement to identify long-term use of particular production practices, which has made a world of difference to farmers and countries (see “The elements of partnership,” page 10).¹³



Almaz Kebede fetches water at a small dam in Tigray, Ethiopia, which was built in part by the Tigray regional government. This expansive earthen dam across a gulch in the hills of Boye Gararsa in the Raya Azebo district of Tigray, and the small lake behind it, now provide a nearby source of water for more than 5,500 people and 26,500 animals. Before the dam, women and children would have to walk up to 11 miles (18 kilometers) during the dry season to find water for their families. *Eva-Lotta Jansson / Oxfam America*

The elements of partnership

True partnership relies on the principle that developmental gains are achieved by recipients, not donors, therefore donors cannot achieve lasting developmental gains without leadership from recipients. If donors want aid investments to be most useful to recipients, they need to construct partnerships that give recipients greater influence over how aid is invested.

Ideal partnerships strengthen the relationship between effective governments and active citizens.

Country ownership means that both people and their governments are at the helm of their development. Donors should partner with governments in a way that helps the governments be more responsive to their own citizens. Likewise, donors should partner with nongovernmental actors (e.g., entrepreneurs and citizens groups) in ways that strengthen their ability to hold their government accountable. Donors need to balance their interactions to strengthen this relationship.

Partnership requires that donors be willing to let recipients set priorities and define success. Consultation alone does not equal partnership. Instituting “consultations” with recipients along the way of an aid-funded program may open the doors for much needed dialogue between governments, stakeholders, and donors, but it does not actually give recipients control of how aid is invested. What matters is how donors engage with recipients in ways that actually guide and shape how donors provide their aid to countries.

Partnerships mean that both parties share the risk of failure.

To reap greater development rewards, donors must be willing to trust aid recipients to know their local context better than the donor. Empty promises of partnership, with all decision-making power remaining in donor hands, will lead to ineffective aid.

Partnerships respond to unique local circumstances and context.

There is no partnership “blueprint” or “silver bullet.” Being more responsive to recipients means that donors will have different responses to different recipients. In addition, there should be a direct relation between the effectiveness of a government and the extent to which donors rely on that government to define the aid agenda.

Partnership requires that donors share control with recipients over how aid is invested.

Ultimately, poverty is a function of power imbalances that leave some people with fewer resources and less input over their future. True partnerships need to shift power to those living in poverty so they have the tools they need to build a better future.

3. How donors can build better partnerships

Despite the compelling rationale for donors to be more responsive to the development visions and efforts of people in recipient countries, donors continue to be reluctant to share with recipients the control necessary to build real partnerships. This reluctance often rests on the risks that aid recipients might be corrupt, may not have the capacity to design and manage development investments themselves, or might use aid money for the wrong things, as well as the risk that voters back home might demand that aid be spent in particular ways—or on particular things—that are less useful to development.

Ultimately, donors have two options: either acknowledge the risks inherent to the development process but manage them to pursue lasting development gains, or stick with business as usual and risk forgoing investments that could have a more lasting impact. Fortunately, donors have developed a number of ways to manage inherent risks to get greater rewards for poor people. This section outlines three key risks and how donors have pursued policies to manage them.

I. The risk of corruption, and how donors can manage it

A fear of corruption tends to be front and center among those reluctant to trust recipients to partner in good faith. Transparency International's 2010 Corruption Perceptions Index shows that nearly three quarters of the 178 countries in the index score below five on a scale of 10 (think Denmark) to zero (with Somalia at 1.1).¹⁴ Also, the headlines are dominated by the worst offenders (for instance Robert Mugabe or Hosni Mubarak), making donors even more wary of trusting people in developing countries to manage aid dollars.

Yet corruption isn't rampant or debilitating everywhere. High-profile stories of corruption drown out the thousands of lower-profile change agents working in government ministries and local civil society, often without sufficient funds, who are striving to do their best for a world where corruption becomes less the norm. Afghanistan is one example; despite ranking second from the bottom in Transparency International's 2010 index, the Afghan Ministry of Finance is largely regarded as competent, with strong public financial management systems in place. In part this is because the ministry had strong leadership early in the last decade, which allowed it to convince donors to fund an effective and demand-driven technical-assistance program to

strengthen the ministry. Because of this approach, the ministry is now the lead agency in designing a plan to place many of the non-military US personnel being brought to Afghanistan in the “civilian surge.”

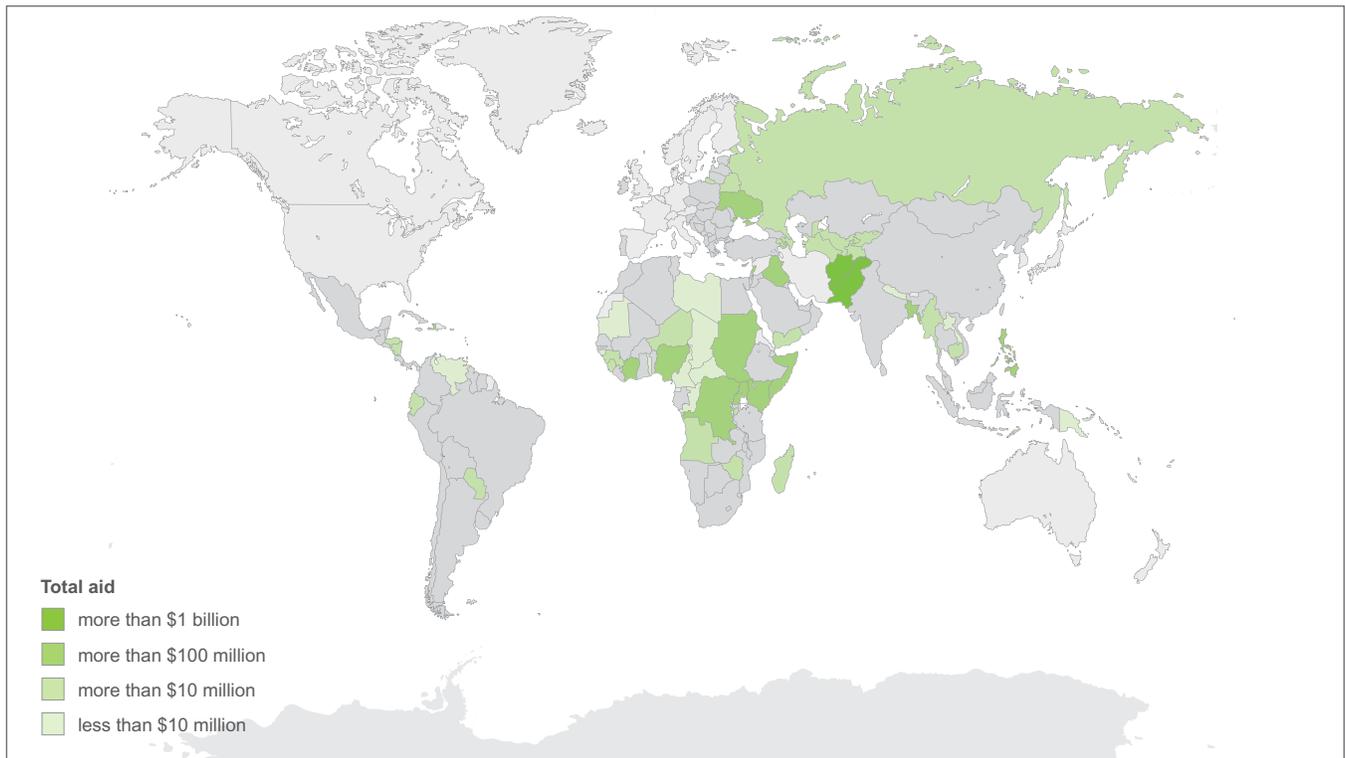
For a subset of 17 African countries, including Botswana, Rwanda, Tanzania, and Uganda, the control of corruption has improved considerably over the past decade.¹⁵ Though below the global median (which considers countries from Sweden to Somalia), these countries have seen improvements in corruption even as other countries in Africa have seen rising corruption over the same period.

Also, corruption isn’t a fixed state of affairs. While scandals often dominate the headlines, progress in reducing corruption, improving freedom of speech, and other measures of good governance emerge more quietly. What should matter most to donors are the trends, the demonstrated efforts by governments to instill checks and balances, including through increased transparency and the respect of citizen space.

What’s more puzzling about donor behavior is that donors are often more generous to corrupt governments.¹⁶ The US is particularly guilty on this count, even though there are piecemeal policies to the contrary: the MCC does have a policy of disqualifying for compacts those countries that do not pass their corruption hurdle.¹⁷ Scandinavian donors (the most generous donor governments per capita) tend to give more aid to less-corrupt governments, while the US (the stingiest in aid per capita) stands out for giving more aid to more-corrupt governments (Figure 2).¹⁸ This trend reflects the simple fact that more often than not, the US government provides foreign aid as a political instrument, rather than a tool for development. When politics trumps development as a rationale for aid, the question on corruption becomes a moot point.

Figure 2. US foreign aid to highly corrupt countries.

Source: Center for American Progress, “Interactive Map: Foreign Aid Analysis Made Easy,” www.americanprogress.org/issues/2011/02/foreignaid.html. Corruption indicators come from Transparency International’s 2010 Corruption Perception’s Index.



Note: “Highly corrupt” refers to countries falling in the highest third by which countries were ranked.

Instead of using corruption as an excuse for not trusting all recipients, donors are starting to use it as an opportunity to identify and invest in those recipients who want to clean up the status quo. Corruption is yet one more reason for donors to deepen their partnerships with recipients—not by providing funds directly to corrupt officials, but by working more closely with those parts of the government that have proven more resistant to corruption and more active on development, such as by supporting sound budget oversight agencies. Furthermore, in many cases the risk of corruption is an opening to invest in citizen efforts to hold governments accountable. Donors can incentivize good governance by rewarding those recipient government agencies doing the right thing with more input over how aid is invested; likewise, they can discourage corruption by investing in the long-term capacity of citizen groups to demand more accountability from their own governments.

Ironic as it might seem, in a number of instances donors are attempting to manage the risk of corruption by directly funding recipient government agencies; not blindly, of course, but by identifying opportunities to strengthen government accountability and then making direct investments in those parts of the government. In Afghanistan, the National Solidarity Program (NSP) is held up as an example of successful community-led development. Donor support for the NSP is provided through the Afghan Ministry of Rural Rehabilitation and Development. Because of the appropriate mix of technical support (demand-driven), joint international and national oversight of funds via the World Bank's Afghan Reconstruction Trust Fund, and the ministry's direct management of the program, the ministry "learned by doing" and is now regarded by many experts as one of the most capable government bodies in Afghanistan.

Perhaps more challenging for donors is drawing the line on supporting governments when governments may be committed to their citizens' well-being in some respects (say investing in education or agriculture) but not others (such as refusing to reform land laws in ways to benefit women farmers or blatantly abusing human rights). In these cases, donors can identify the promising leaders, agencies, and public efforts that are showing particular promise and then can make effective partners. In Haiti, the government's water and sanitation authority, *Direction Nationale de l'Eau Potable et de l'Assainissement* (DINEPA), is one such agency. The Red Cross announced in July that it will transfer back to DINEPA all of its water-distribution efforts in Haiti, a testament to the agency's capacity in a country where some government agencies remain under rubble.¹⁹

Nevertheless, fighting corruption depends on more than government integrity. Even responsive governments cannot represent the needs of the poor without an active civil society keeping them honest. This means supporting citizen groups and efforts to demand more-responsive governance, such as investing in advocacy groups, community organizations, farmer cooperatives, and other such collective efforts meant to improve the livelihoods of people and communities.

Take the case of how donors support the budget in Tanzania. Over the last 10 years, donor support to the government of Tanzania helped increase primary school enrollment from 59 percent to 95 percent of the population, decrease mortality of children under five from 136 to 91 per 1,000 live births, and expand the road network 20 percent, from 17,150 miles (27,600 kilometers) to 20,500 miles (33,000 kilometers).

Fighting corruption depends on more than government integrity. Even responsive governments cannot represent the needs of the poor without an active civil society keeping them honest.

Yet, the extension of services and recent economic growth in Tanzania has not meant a decrease in the number of people living below the poverty line. Donors praise the government for extending social services, but they also criticize the lack of quality within these services. Donors see a lack of political will from the government to reform public institutions effectively due to the strength of the ruling party.

Box 2. Transparency through public audits

When newspapers pick up on a public audit report detailing what's gone right and wrong with public finances, it may seem like a negative moment, but it's actually a sign that the system of accountability is working. Consider the laudable progress of Mozambique's Administrative Tribunal, the country's public auditing agency, which is responsible for overseeing and monitoring public funds. Sweden first supported efforts to develop the tribunal in the mid 1990s. Finland, Germany, Norway, and other donors have since supported the tribunal as part of their efforts in the donor coordinating group on technical assistance. By 2008, the tribunal was conducting 350 audits, covering about 35 percent of the government budget. Not only has the Mozambican Parliament been acting on information from these audits, but so has the public media. Following the release of the tribunal's 2008 annual report, the state-owned newspaper, *Noticias*, bore the headline, "State Accounts With Fewer Discrepancies." Focusing on the fact that many firms still hadn't repaid their debts to the state, the opposition newspaper, *Zambeze*, instead stressed, "Public Funds in Corrupt Hands." Public scrutiny from different perspectives, just like we have in the US, is a sure sign that donor support for the tribunal is paying off.

As a result, donors to Tanzania have started to increase their support to civil society groups as a means of strengthening domestic accountability. Rather than supporting single civil society organizations, donors instead have pooled funds to the "Foundation for Civil Society in Tanzania." This Tanzanian-run foundation supplies grants to other Tanzanian organizations as a means to build up local civil society organizations in a manner that is one step removed from donors. This way, civil society is funded to respond to issues emerging from Tanzanians themselves, rather than from donor-driven agendas.

When people organize to demand better public services, they can improve the quality of teaching in classrooms,²⁰ the availability of health care services in their local clinic,²¹ and the reach of public services to marginalized groups.²² Donors can work closely with think tanks, civil society groups, the media, more-traditional local groups, and communities to figure out how aid can best support them in their efforts, be it to gather budget data, educate the public about public expenditures, monitor public services and investments, demand transparency from their governments, or advocate for policy changes.²³

In Ethiopia, the World Bank is leading the Protection of Basic Services (PBS) program, a multi-donor initiative designed to support local governments' efforts to provide agriculture, education, health, and water, sanitation, and hygiene (WASH) services through block grants delivered directly to district-level government. Designed in the aftermath of the disputed 2005 elections and corresponding halt of direct budget support to Ethiopia, PBS also includes a component piloting the use of social accountability tools like citizen report cards or community score-cards. The program also funds efforts to increase budget transparency, which are starting to improve relationships between citizens and service providers. Though gains in accountability and transparency take many years to achieve, participants point to an already useful process for dialogue where there was none before. For example, at a school in the town of Jimma, parents, students, teachers, and local government officials together identified issues on which to focus school-improvement investments, including separate toilet facilities for girls, school supplies, and discipline.

Similarly, in Malawi donors are supporting groups like the Malawi Economic Justice Network and Plan Malawi to educate citizens about their rights and help communities hold their governments accountable. Working through the already existing Village Development Committees, these groups essentially ask people in communities to assess the quality of services received across agriculture, health, education, infrastructure, and district development institutions. Aside from fostering more-active citizenship, these efforts have contributed to very tangible improvements in communities, from implementing water boreholes closer to schools to community members being more willing to make in-kind contributions, such as sand and bricks for construction projects.

These specific efforts, of course, can only have an impact if the broader system allows communities some kind of voice to begin with. Ethiopia and Malawi provide two cases where governments are seeking to restrict the space for citizen advocacy. In Ethiopia, the Charities and Societies Proclamation, also known as the nongovernmental organizations (NGOs) law, prohibits any organization that gets more than 10 percent of its funding from outside Ethiopia from engaging in a wide range of advocacy and development activities, including human rights (particularly women's rights), legal reforms, governance, and conflict resolution. The legislation, ostensibly designed to limit foreign intervention in domestic politics, has effectively eliminated any avenue for civil society dissent. The legislation has also affected how donors fund civil society within these countries: a donor government official in Ethiopia said they had to "rejigger our democracy and governance" work and shut down projects that were designed to empower the local media or to improve transparency around the 2010 national elections.

Meanwhile, in Malawi the government has been using force to restrain public demonstrations on rising fuel costs, rising food prices, and the erosion of civil liberties. In response, the UK Department for International Development, as well as other major donors, suspended budget support to the government, and the US has put a \$350 million aid package to on hold as the MCC revisits its relationship to the Malawi government.

Box 3. Supporting space for citizen engagement in Cambodia

At the time this paper went to press, the government of Cambodia was proposing controversial legislation that, if passed, would threaten to severely restrict freedoms of association and speech and could negatively impact organizations that work to represent marginalized citizens, including farmers, labor unionists, land activists, students, sex workers, and disabled persons. This proposed law would violate rights enshrined in the Cambodian constitution and the International Covenant on Civil and Political Rights, of which Cambodia is a signatory.

As currently drafted, the law would give far-reaching power to the authorities to control the rights of citizens to organize and express themselves. NGOs and associations would be obligated to register with the government and adhere to excessive and cumbersome reporting requirements. Unclear provisions in the law would make it difficult for NGOs and small, community-based organizations to work to help Cambodia's poor.

With local NGOs managing a quarter of development assistance coming into Cambodia,²⁴ the law would significantly compromise effective delivery of aid. Moreover, the possible dismantling of government watchdog advocacy groups could potentially open windows for corruption, a step that would hurt Cambodia's ability to attract foreign investment, the overall business environment, and economic growth. It is, of course, the average Cambodian—who relies on these associations and NGOs for access to health, education, social justice, and a better life—who would pay the highest price.

Donors have a role to play here. As donors strive to trust and support local leadership, their efforts should include helping support space for citizens to voice their concerns and needs, including through associations and NGOs.

As governments close off space for citizens to advocate for their rights, donors are reacting in different ways, from advocating on behalf of human rights through diplomatic channels, to actually cutting off aid, such as recently in Malawi (as described above). Donors have a responsibility to consider certain criteria before a country receives budget aid, such as its record on protecting human rights; a commitment to poverty reduction, including gender equality; and mechanisms in place to tackle corruption and strengthen domestic accountability. These criteria need to be monitored, and breaches may result in a phased reduction of budget support or, in extreme cases, cutting off budget aid. However, donors should limit their conditions to accountability requirements (especially those that strengthen domestic accountability within recipient countries) and to outcomes based on poverty reduction, tackling inequality, and helping people achieve their human rights. Donors are never entitled to attach economic policy conditions, like trade liberalization and privatization, to their aid.



II. The risk when countries have low capacity, and how donors can manage it

Another rationale sometimes given against donors deepening partnerships with aid recipients is the weak capacity of governments to effectively plan, manage budgets, and/or provide services.²⁵ If governments don't have the capacity to do the basic things a government should do, goes the logic, why should we trust them?

When donors try to circumvent national governments, however, it seldom leads to better results. For example, after the earthquake in 2010 the international community encouraged the creation of the Interim Haiti Recovery Commission (IHRC) to coordinate reconstruction because of Haiti's long history of both corruption and capacity constraints. Although the IHRC includes representatives of the three branches of the Haitian government and civil society, as well as international NGOs and the country's largest bilateral and multilateral donors, it clearly is a deviation from the Paris principle of country ownership. Many Haitians—inside the government and from civil society—go so far as to call it an unaccountable assault on national sovereignty. Although the commission was established by the Haitian parliament, it is not subject to government audits. There are also questions about whether the commission has improved coordination of aid or merely added to the multiplicity of development actors in the country.

Meanwhile, examples of effective leadership and capacity do exist within the Haitian government. Donor representatives, including officials of USAID, point to the effective leadership role that Haiti's Ministry of Public Health and Population played in responding to that country's 2010 cholera outbreak.



The development organization RACHANA helped farmers in Cambodia using System of Rice Intensification (SRI) practices to develop a special weeder tool to reduce the labor needed to weed between rows of SRI rice. *Patrick Brown / Oxfam America*

Evidence suggests that governments across the developing world have gradually improved their capacity to govern. Not at the same rate, not in the same ways, not everywhere, but in a closer look at aid-recipient countries, many stand out for all the right reasons: more mothers surviving childbirth, more kids in school and staying in school, less political instability, greater civil liberties—and the list goes on.²⁶ Behind these trends are more governments doing more of the right things and with their own talents, institutions, and resources. Similarly, civil society organizations are emerging as stronger development stakeholders—holding their governments accountable through direct and indirect means—and are gaining the skills to advocate effectively.

At least two additional pragmatic reasons for donors to invest in partnerships to support greater recipient capacity exist. First, donors need to be cognizant of the risks that aid, given in the wrong way, can actually undermine institution building.²⁷ Here's where the principle of "do no harm" kicks in. Governments that rely on donors for much of their revenue, for instance, may become a lot more accountable to faraway donors than to their own citizens.²⁸ Another danger to aid being given the wrong way is the well-known phenomenon of donors offering disproportionately high salaries, which attract competent workers away from public-sector posts, other local organizations, and even businesses that could use that valuable local talent.²⁹

Second, if the ultimate goal of foreign aid is to help countries help themselves, then bypassing local organizations and governments in delivering aid defeats the purpose of aid. Aid as a development resource provides an opportunity for recipients to plan, negotiate, implement, manage, and evaluate investments. Aid can also complement the constrained budgets of governments and civil society groups, allowing them to scale up services, experiment with new interventions, and reach a broader target population.

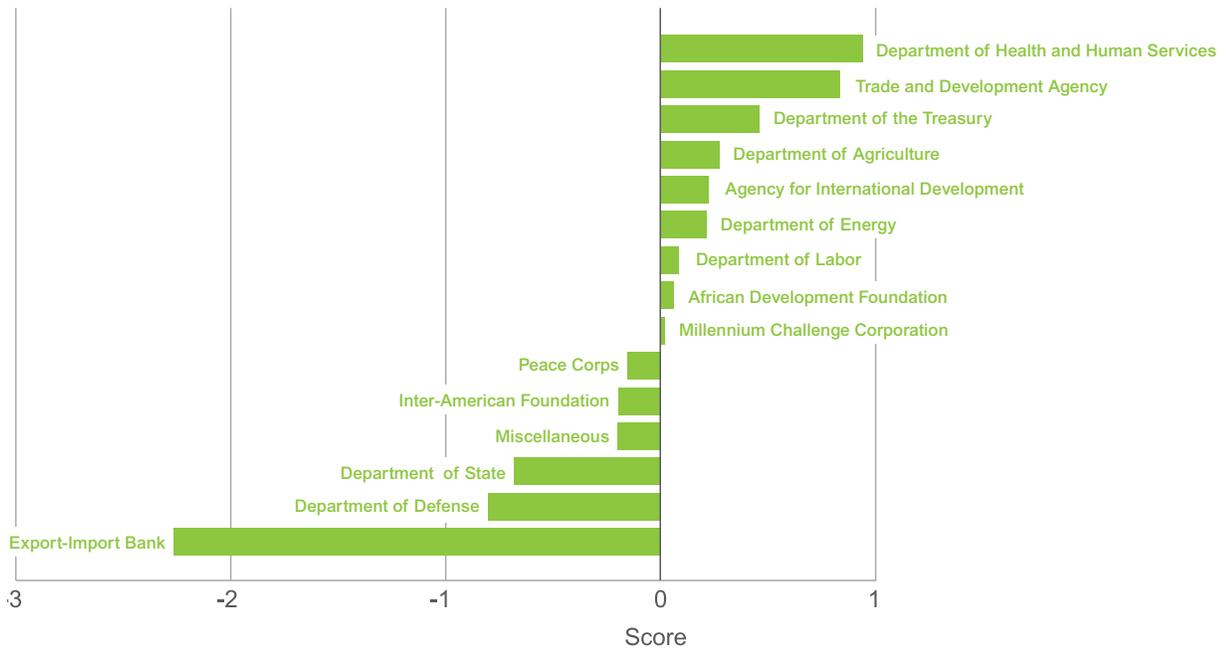
If the ultimate goal of foreign aid is to help countries help themselves, then bypassing local organizations and governments in delivering aid defeats the purpose of aid.

The idea here is simple: donors working around local institutions and agents may deliver lifesaving stuff, but they will leave little behind to help recipients do for themselves next time—again, recipients take delivery of fish without gaining useful experience in fishing. This is about the actual mechanics through which donors decide what to fund and how they disburse monies, implement and manage projects and programs, and so on. Here's where many of the Paris principles come into play, including how much donors channel aid through countries' public financial management and procurement systems, how much donors report aid flows on government budgets, and how much donors use local implementers instead of establishing their own project-implementation units.

According to the Paris indicators, the US tends to underperform most other Organization for Economic Cooperation and Development (OECD) donors in the area of trusting recipients to manage aid: out of 34 OECD donors, for instance, the US ranks 28 in use of country systems.³⁰ Of course, just like in developing countries, there is variation across US agencies themselves in how well they meet these principles. According to the Center for Global Development, which compiled agency-level data from the OECD Development Assistance Committee (DAC) and other sources, agencies like the Department of Treasury, the Department of Energy, the Inter-American Foundation (IAF), and the MCC tend to do better at "fostering institutions" than USAID, the Department of Agriculture, and the Department of Defense (Figure 3). These various agencies have different functions and mandates. Nonetheless, this evidence shows that the US government can draw from its own experiences for providing aid in a spirit of partnership and long-term effectiveness.

Figure 3. Ranking of how well US agencies foster institutions in aid recipient countries.

Source: Center for Global Development, Quality of Official Development Assistance (QuODA), www.cgdev.org/section/topics/aid_effectiveness/quoda?p=ba&d=fi&ag=donor_name-United%20States-19.



For example, Treasury’s Office of Technical Assistance (OTA) prides itself on demand-driven assistance that’s based on partnership. In Chad, OTA provided a resident advisor based in the capital who worked with civil society and other members of the Petroleum Revenue Oversight and Control Committee. The work of the advisor included developing a manual on reviewing public expenditures to be funded by oil revenues. No other donor provided this targeted, timely, and technical support. In Liberia, OTA helped the Ministry of Finance and Central Bank establish an electronic link that eliminated reliance on easily forged paper receipts and provided for electronic cross-checks between accounts. This reduced the potential for fraud and offered taxpayers a one-stop tax preparation and payment option.³¹

No amount of donor funding for capacity building will leave much behind without political commitment from policymakers and citizen groups in improving their ways of working. What donors can do is support local efforts in this direction. This may mean providing aid to help particular line ministries deliver better services, parliaments have greater scrutiny over other branches of government, farmer groups improve their marketing, citizen groups strengthen their advocacy, and communities hold their local governments accountable.

In striving to build strong partnerships, donors have sought to work with a variety of agents in country, including local levels of government, community-based organizations, private-sector groups, and civil society groups and nonprofits more generally. Although what exactly this engagement looks like varies considerably, common elements tend to include multi-year commitments in terms of funding and institutional engagement, as well as a willingness to work with different kinds of actors. Donors have managed the risk of low country capacity across a spectrum: some provide direct budget support, others build the capacity of civil society

No amount of donor funding for capacity building will leave much behind without political commitment from policymakers and citizen groups in improving their ways of working.



▲
Maritza Cajusol Farro, left, and José Francisco Baldera are members of a civil defense committee in Las Juntas Parte Alta, a low-lying district in Lambayeque, Peru. They learned to create this risk map, showing the areas most prone to flooding and the best evacuation routes, in their training with the local organization CEPRODA MINGA, which created an early warning system to help flood-prone communities better prepare for and withstand flooding. Partly due to this project, the regional government passed a law requiring communities to create similar early warning systems and committed funds to train civil defense workers and community members. *Percy Ramirez / Oxfam America*

groups for the long term. The key to building capacity is stepping away from donor-service delivery models and headquarters-driven projects and, instead, making long-term investments in local institutions whose footprint will remain long after a particular donor program.

In Guatemala, Oxfam found two US government agencies working quite effectively with very different partners. USAID has been supporting the export growers association, *Asociación Guatemalteca de Exportadores (AGEXPORT)*, for the last 28 years. For starters, the simple fact that USAID has managed to support an agency for nearly three decades reflects that, despite severe constraints from Washington, missions can sometimes find ways to continuously engage with local actors. What's interesting about USAID's support to AGEXPORT is how AGEXPORT has evolved over the years, from an early phase of benefitting mostly larger and wealthier growers to a more recent shift towards attempting to address barriers to entry for small and medium growers, too. For Feed the Future in Guatemala, AGEXPORT has become the logical partner, using aid resources to ease the transition of smaller growers into higher-value crops and new markets.

Taking a different approach, the IAF has been supporting the vision of Mayan women in rural Guatemala. IAF is community-led by design; instead of designing or implementing projects, the IAF provides grants to nongovernmental and community-based organizations in Latin America and the Caribbean for innovative and sustainable self-help programs already underway by communities themselves. Consider IAF's support of Rxiiin Tnamet, a rural Guatemala health clinic. Child and maternal mortality rates in Guatemala are among the highest in the world. In the late 1970s, Mayan women in Santiago Atitlán took it upon themselves to improve the prospects for women and children in their communities when they didn't receive the care they needed from the formal health system. Eventually, in 1997, they established Rxiiin Tnamet and mobilized and trained a network of midwives who then actively reached

out to new mothers, infants, and children in their own communities. Rxiin's efforts over the years have contributed to a decrease in the infant mortality rate of about 65 percent and almost entirely eliminated maternal mortality in the communities where Rxiin works, with some spillover to nearby communities.

Similarly, in Tanzania, donors have been supporting the Southern Agricultural Growth Corridor of Tanzania initiative, an effort spearheaded by a group of growers to promote agricultural development in the country. This group of private actors enlisted the Tanzania National Business Council, composed of 20 private sector and 20 government members and chaired by President Jakawa Kikwete. The outcome so far has been an agricultural strategy the president presented at the 2010 annual meeting of the World Economic Forum for Africa in Dar es Salaam. Though the strategy has yet to be implemented, the underlying process reflects an emerging public-private dialogue on agricultural development that can further guide public investments and donor support.

Throughout the countries Oxfam visited, donors have been trying to build stronger partnerships by collaborating through general or sector budget support. General budget support is often considered the epitome of partnership, where recipient governments have the most say in how they use donor resources to fund development-focused objectives. For donors, providing joint funding through budget support or pooled funds means they generally share decision making, including on risk assessments and negotiations with the recipient governments. For recipients, even with development strings attached, budget support generally remains the modality that's most supportive of the countries' own efforts.

In Haiti, for instance, Spain is the largest donor to the WASH sector and provides resources through multiple channels: support to Spanish NGOs (such as Intermón Oxfam Spain), contributions via the Inter-American Development Bank, and bilateral agreements, including direct budget support to DINEPA, the government water and sanitation agency. Such sectoral specialization and the use of multiple aid modalities are in keeping with the principles of effective aid.

Multi-country evaluations of budget support have shown that countries respond in partnership by stepping up their own commitments. In Rwanda, as donors gave direct support to the government, the government increased its spending on health while simultaneously decreasing defense spending.³² After receiving direct support, the countries of Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda, and Vietnam all stepped up pro-poor spending and scaled up social service delivery.³³

In some cases, however, Oxfam observed that donors are providing budget support to governments with the intent to control how the recipient government spends its aid, not as a way of partnering to share trust over the aid agenda. These donors use budget support as a tool to leverage governments to improve their public financial management, their allocation of social sector spending (e.g., insisting that governments increase their spending on primary education and reduce the skewed spending towards higher education, which tends to disproportionately benefit the elite), and their respect for human rights. As explained by a country director of a major donor, "Truth is, the biggest results on budget support we can't write down." This illustrates not only how difficult donors find it to break old habits of patronage that hinder true partnership, but also that partnership is not a question of what modality is used to deliver aid, but rather how much donors invite recipient governments and citizens to help determine how aid is invested and how success of those investments is judged."

Multi-country evaluations of budget support have shown that countries respond in partnership by stepping up their own commitments.

III. The risk that countries will spend aid dollars on the wrong things, and how donors can manage it

Another reason donors shy away from trusting recipients with aid is the tendency of donors to think they know best. If people in developing countries knew how to invest resources to reduce poverty, goes the logic, then they'd be better off than they are today.

Ethiopia, where women are responsible for up to 80 percent of food production, provides an example. Agricultural growth, a stated goal of the Ethiopian national development strategy, is the primary tenet of the Ethiopian government's "Growth and Transformation Plan." However, despite the role that land rights play in long-term agricultural development, the plan's implementation has failed to address the fact that a significant stigma against women owning land still exists in some regions. More often, though, persistent poverty is the outcome of deeply rooted inequities that have more to do with political decisions than with scarcity of knowledge or resources.³⁴ For instance, it's not that central governments may not know what they should do to help improve food security among their indigenous people but rather that governments may have a strong bias towards using limited public funds to support the activities of dominant ethnic groups or particular regions or economic sectors. Likewise, it's not that governments don't know what needs to be done regarding schools and health services, roads, sanitation, safety, and other issues; what's missing is the political will to promote equitable development.

Of course, there are cases where governments have been committed to improving the welfare of their citizens across the board but simply don't have enough resources to meet the needs of their people. These are the countries where development indicators are on the rise: more women surviving childbirth, infants better nourished, children graduating from school, households with access to water and sanitation, and so on. Donors here should ideally support those efforts already in place, helping governments and communities expand and improve their services. In this way, donors can invest in expanding successes, rather than just filling gaps where failures have occurred.

Unfortunately, too often donors choose to invest in priorities that simply aren't priorities for recipients. No doubt people living in poverty welcome lifesaving drugs for people living with HIV/AIDS, local wells that reduce the burden on women of fetching water far from home, and new technologies that increase crop yields. For example, donors supporting post-earthquake reconstruction in Haiti have provided the funds that the government has requested for agriculture, infrastructure, and education but have not met the requests in such equally crucial areas as health, debris removal, shelter, and WASH. (A Haitian health official pointed to Brazil as a model donor to the health sector, as it provides resources to support the priorities that the Ministry of Health has identified.)

The Paris Declaration calls for greater alignment with countries' own national development plans or strategies. These often take the form of Poverty Reduction Strategy Papers (PRSP), a process led by the World Bank and the International Monetary Fund. PRSP has experienced an evolution over time: from a largely donor-driven instrument written by consultants in the early years to today's national development strategies, which are often a much more inclusive and country-owned document.³⁵ Many governments have indeed been making the right investments for reducing poverty in their countries. The evidence for this is that across the developing world, more mothers are surviving childbirth and more kids are in



school and staying in school. Behind these trends are more governments doing more of the right things in promoting development.

Budgets speak louder than plans, of course. Even when recipient governments may have a national development plan that reflects investments that would help reduce poverty in their countries, these same governments may be allocating their budgets in ways that are skewed towards more populist short-term approaches than investments that would make a difference in poverty in the long run. Donors here face the following conundrum: support government-led investments that will undoubtedly reach people living in poverty in the short term but do little to alleviate their plight in the long-term, or seek other, locally grounded ways of addressing some of the more lasting challenges to alleviating poverty.

Pet projects by developing country governments are often the first target of donor disapproval, a phenomenon Oxfam observed in Guatemala. In fiscal year 2010, the Ministry of Agriculture attempted to improve food security by providing support services for farmers large and small to increase food production. However, the ministry's budget for these support services was a small fraction of what the government allocated to the Guatemalan first lady's safety net program, which primarily served as political patronage for a region where hunger was great but agricultural potential small. Consequently, efforts of the food security secretariat to address the long-term issues of food security, hunger, and agricultural development were limited by its much smaller budget.

But one has only to think of the counter-factual to see the problems with second guessing local decisions: if the ambassador of a foreign country publicly objected to First Lady Michelle Obama's "Let's Move" obesity program because it didn't solve the underlying issues of American lifestyles or farm subsidies, Americans would rightly perceive this to be interference in domestic political debate. Ultimately, the decision over development priorities needs to be reached through dialogue

▲ Displaced people living in temporary shelters in Sri Lanka after the Asian tsunami construct a block of latrines for their community. The project is a partnership between Oxfam, which pays the laborers, and the Sri Lankan government, which pays for the materials. *Jerry Galea / Oxfam*

between government officials and with citizen participation. Short of active domestic citizen opposition and evidence of lack of good faith, countries must be allowed to make their own decisions, let their policy positions evolve with implementation, and be held accountable by their own citizens. When donors interfere, they risk undermining the relationship of accountability between citizens and their own government for development.

Haiti clearly shows how donors can unintentionally make government less responsive to citizens—even when donors' intent might be the opposite. Over the past 25 years, donors have tended to bypass the Haitian government, instead providing resources directly to international NGOs and consulting firms. This practice began for a variety of reasons, from corruption or low state capacity to just plain political opposition to certain governments. Our research revealed that Haitian government and civil society leaders alike have found that the use of these parallel systems (i.e., NGOs and consultants) makes development programs unsustainable and less legitimate in the eyes of Haitians. It also makes for cumbersome and ineffective aid, even in the short-term: a recent World Bank study reported that nearly two years after the 2010 earthquake only a third of donor pledges for reconstruction had actually reached Haiti.³⁶

Malawi presents another example how donors and recipients can have legitimate disagreements over priorities. The Government of Malawi (GoM) commitment to agriculture would suggest that donors should support Malawi's agricultural sector through budget support: the GoM has exceeded the Maputo Declaration's commitment of providing 10 percent of the government budget to agriculture (in 2009, the GoM actually committed 13 percent of its budget towards the sector); it was the second African country to sign its Comprehensive Africa Agriculture Development Program (CAADP) compact and it has established an agricultural sector strategy. The government's support to food security focuses almost exclusively on maize: of the 13 percent of the government budget spent on agriculture in 2009, 75 percent was for government salaries and the widely popular, yet controversial, Fertilizer Input Subsidy Program (FISP), which benefits mostly maize growers.

Donors have concerns about sustainability in Malawi, as maize is highly susceptible to drought. Donors are also concerned that by investing so heavily in this one program, the government has invested little in other investments, such as reducing credit constraints, promoting other crops and productive activities, reducing transportation costs, or allowing for private-sector innovation in fertilizers. These doubts have led some donors to favor project aid over budget sector support for agriculture in Malawi.

The GoM has improved FISP over time to target the subsidy on vulnerable households and marginalized areas. Undoubtedly, FISP has improved the livelihoods of millions of Malawians living in poverty, while evolving to respond to the concerns of Malawi's poorest. The FISP approach is definitely not perfectly designed, but then political compromises seldom are. Part of the value of the program derives from its domestic management and political support; if the program fails, responsibility rests with the government more than donors, removing a convenient scapegoat and ideally making Malawian politics more accountable to Malawians.

The cases above illustrate the risks of donors short-circuiting the process of local decision making and consensus building. Where the particular policy the government is pursuing is "developmental" or pro-poor, but just not the preferred choice by donors, donors must not be in the position of countermending these decisions. Instead, donors could support local organizations and clinics to provide health care to households living with HIV/AIDS and other illnesses, ensure that communities can maintain water wells over time, and help farmers not only increase yields but have other means through which to survive the hungry season.

4. The donor dilemma: Convincing skeptical voters that risk is part of effective development

Donors are frequently risk averse because they are built to respond to pressures they feel from voters and taxpayers in their home countries. The officials in donor governments responsible for aid must be held accountable to these stakeholders; aid is, in the end, taxpayer money. However, this fact creates a skewed accountability in which those who hold aid to account, and are thus able to guide it, are the ones least affected by the consequences of aid. A legislator in a donor country often knows very little about what a farmer in Malawi, a Haitian woman in a displaced persons camp, a mother in Bangladesh, or a child soldier in the Congo needs to improve their situations.

At home, donor agencies often face political, organizational, or simply bureaucratic constraints that may keep them from investing in true partnerships in the first place. Congressional earmarks are a case in point: four out of five USAID field missions Oxfam visited in fiscal year 2009 had over 80 percent of their budgets earmarked by Congress, meaning field staff, who are closer to local challenges, could only decide how to allocate 20 percent of their funding. Though some earmarks may coincide with what missions would prioritize anyway, too often earmarks constrain how missions can respond to the opportunities and constraints they see to help governments do their jobs better and to help citizens better hold their governments accountable.

Donors can make aid contingent on governments taking more of the right measures towards reducing poverty. Such conditions may include governments committing to improved transparency or better-targeted social spending. This is partly the spirit behind the “MCC effect,” where the very approach of the MCC in rewarding compacts to countries that meet certain performance scorecards serves as incentives for better governance.³⁷ In Tanzania, before the MCC compact was signed USAID administered the MCC Threshold Program, with the intention of building increased accountability mechanisms and governance within the government, including the

Public Procurement Regulatory Authority, a strong Department of Public Prosecution, and an increase in local press investigatory capability. While the general consensus about the success of the MCC Threshold Program is mixed, in Tanzania the Threshold Program improved accountability measurably. As a result of Threshold Program support, the Tanzania Public Procurement Regulatory Authority conducted 39 audits of procuring entities, one of which uncovered irregularities in the procurement of electrical generators by the national electricity purveyor. This report was made public, and the subsequent scandal attracted national attention and led to the resignation of several senior government officials, including the prime minister.³⁸ Donors demanding performance from institutions, and supporting them to improve, is one way they can manage the low risk tolerance of constituencies back home. Presenting evidence of improvement, which gets donors closer to graduating the country from assistance, can make domestic constituencies more comfortable with taking risks.

Supporting transparency measures helps countries develop, but it also allays the fears of domestic constituencies who are risk averse.

Supporting transparency measures helps countries develop, but it also allays the fears of domestic constituencies who are risk averse. Transparent information, when put in the hands of citizen watchdogs, can be a valuable tool to uncover or inhibit corruption.³⁹ Donors can therefore support reforms to improve transparency, including public disclosure of government budgets, parliamentary debates and votes, auditing agencies, and effective freedom of information laws (see “The elements of partnership,” page 10). Of course, donors also can lead by example in improving the transparency of how they manage foreign aid to begin with. Compared to other donors, the US is doing a good job of reporting to the OECD DAC and making aid information available online.⁴⁰ However, the US still has a long way to go in publicly reporting the level of detail on its aid that matters to people on the ground—that is, not simply total sums by sector, but also who’s implementing what, when, in which provinces and towns, how, and with what outcomes.⁴¹ There are encouraging signs, though: in 2011, the administration of President Barack Obama agreed to add data from all US agencies working overseas to their foreign assistance “dashboard” on foreignassistance.gov, not just from the State Department and USAID.⁴² Additionally, in October 2011 representatives Ted Poe (R-Texas) and Howard Berman (D-California) released the bi-partisan Foreign Aid Transparency and Accountability Act of 2012 (H.R. 3159) with 30 original co-sponsors, a bill that would codify the administration’s foreignassistance.gov website and require all agencies to report foreign assistance data.⁴³

Managing the risks of putting more trust in recipients is an important part of the challenge, but just a part. Having managed the possible risks of working more closely with recipient governments, donors also need to ensure they are indeed providing aid in ways that best support the visions and efforts of those people in developing countries striving to improve their prospects of development.

5. The US response to *ni sisi*: Current US efforts to build stronger partnerships for development

In the past, the US government has generally been much more reluctant than other major donors to trust recipients enough to build true partnerships with them in managing US aid investments. In 2009, four African presidents—including close US ally Ellen Johnson Sirleaf of Liberia—published an opinion piece in *Forbes* magazine calling on the US to change its approach to development and pursue “partnership, not patronage.” Since 2009, Secretary of State Hillary Rodham Clinton has repeated this phrase often, signaling her intent to change US policies to support deeper partnerships. Recent reforms give tangible evidence that the presidents’ message to the US was heard.⁴⁴ In fact, the US has been moving in the direction of more genuine partnership since the George W. Bush administration, with innovations such as the MCC and the US commitment to the Paris Declaration and Accra Agenda for Action. This shift was given clearer definition in September 2010, when President Obama issued the first-ever US Global Development Policy. The new policy calls for “emphasis on building sustainable capacity in the public sectors of our partners and at their national and community levels to provide basic services over the long-term,” alongside support to broad-based growth, innovation, and accountability.⁴⁵ In addition, the administration announced a “Partnership for Growth” in February to implement this policy in four pilot countries: El Salvador, Ghana, the Philippines, and Tanzania; while this is a step in the right direction, the Partnership for Growth has yet to produce either a game plan or concrete results.

Whether rhetoric becomes reality will depend to a large degree on the implementation of the administration’s flagship initiatives. New initiatives emphasizing partnership and country ownership include Feed the Future, the Global Health Initiative, USAID Forward, and Partnership Frameworks (an initiative under the President’s Emergency Plan for AIDS Relief, PEPFAR).



Brenda Mwila is the only nurse at this rural clinic an hour outside of Lusaka. She works to meet the needs of the village population in a clinic with no electricity, no water and little medical equipment. Rather than setting up separate clinics, donors are increasingly helping countries invest in their own health systems, so Brenda and others like her have the tools they need to save lives over the long term. *Oxfam*

Feed the Future, the US government's main effort to support food security across developing countries, aims to "support country-owned processes through which countries develop and implement food security investment plans that reflect their needs, priorities, and development strategies."⁴⁶ Helping to improve countries' own abilities to deliver on agricultural development and nutrition is an integral part of the initiative. The initiative's support to agriculture includes long-term partnership measures like local research and training on farming methods, irrigation, and nutrition. Feed the Future draws country priorities from the CAADP, which is the pre-existing agricultural program of the New Partnership for Africa's Development (NEPAD) of the African Union.⁴⁷

The Global Health Initiative (GHI) builds upon the many lessons of PEPFAR about the benefits of providing aid for health in partnership with recipients. The initiative works to strengthen health systems in developing countries, helping countries build their own capacity to care for patients in the long term. GHI sets out explicitly to "promote country ownership and align our investments with country-owned plans," "build on and expand existing country-owned platforms to foster stronger systems and sustainable results," and "work with governments to ensure the sustainability of their health programming," among other aims.

USAID's set of operational reforms (USAID Forward) seeks to reform outdated procurement policies that perpetuate a cycle of aid dependence. USAID Forward includes specific targets for how much more USAID directly supports government systems and local organizations in their own efforts to manage development. At the heart of this reform process is strengthening the local people and institutions that are ultimately responsible for transforming their countries.

PEPFAR initiated the Partnership Frameworks with countries receiving assistance for HIV/AIDS, tuberculosis, and malaria treatment, prevention, and care, beginning with Angola in 2009.⁴⁸ The frameworks are intended to be five-year joint strategic blueprints for cooperation between the US and the host country on combating disease. How the frameworks have been received varies across country contexts, but in Malawi the framework was greeted positively by civil society as a well intentioned first step toward deeper partnership with the Malawian government.⁴⁹

These new efforts can potentially elevate the US in the global stage as a better partner in promoting development and reducing poverty. The ongoing debate on how to reform US foreign aid, however, has ceded ground to the customary budget battles, which are more intense because of the ongoing financial crises. Every tax dollar needs to count, and in terms of foreign aid for development that means ensuring that tax dollars help fund investments that will help countries help themselves in the future.

6. The politics of partnership: Nine recommendations for US reforms

Donors face real challenges in managing risk and building true partnerships. Yet our field research shows that when donors trust and support local leaders and take concrete steps to manage risk across different contexts, they can build partnerships that yield real development successes. Below are nine steps the US can take to pursue partnership and manage risk, instead of seeking to avoid it:

Manage the corruption risk:

1. Identify and support promising leaders, agencies, and public efforts inside and outside government that are seeking to change things for the better.
2. Work to support political and civil rights that let citizens hold their governments accountable.
3. Pair investments in government capacity with investments in civil society “watchdogs.”

Manage the low-capacity risk:

4. Commit to support promising in-country partners for longer periods of time.
5. Make direct, long-term financial and technical investments in the success of local institutions.

Manage the “spending it wrong” risk:

6. Partner to strengthen existing local rules and systems and resist setting up burdensome and duplicative rules and systems.
7. Fund the priorities that recipients have identified.
8. Demand performance.
9. Encourage and support transparency.

This spirit of partnership can’t advance soon enough. Many recipients report their disappointment with the US government as a development partner compared to other donors,⁵⁰ which is reflected in poor US performance on meeting the obligations of the Paris Declaration.⁵¹ As new donors emerge, the US risks losing



▲
Gebru Kahsay, with his grandson Aregawl Mullugeta, looking after his teff field in Adi Ha, Tigray. Teff is a staple grain in Ethiopia, where Kahsay participates in a microinsurance program that increases his family's financial stability over the long-term. *Eva-Lotta Jansson / Oxfam America*

influence if US influence is based only on aid volume. Many developing countries are suddenly in this interesting and enviable position of being able to pick and choose which donor model they like and which pieces of those models they want to borrow and swap from. Providing aid that is more useful to recipients offers new opportunities—but only if the US invests in building true partnerships with its aid. It is up to US policymakers and taxpayers to support these efforts, beyond any partisan line, so the US can rise to the occasion and step up during this closing window of opportunity on the world stage.

In Washington last year, Kenyan activist John Githongo reminded the audience, “There are certain values about the US that are valued across the world, like health, water, and education. But people also value freedom, liberty, the ability to move freely, to interact, to change ideas, information. People value this in a way that is often difficult to measure. The United States is a beacon in that regard, now more than ever. The challenge is to get these values that are shared by people across the world to inform aid policy in the US programmatically.”

Notes

- 1 Field research involved a total of approximately 100 semi-structured interviews with government officials and citizen groups and US aid professionals and other donors in each of these countries between November 2010 and March 2011.
- 2 David Spielman and Rajul Pandya-Lorch (editors), *Millions Fed: Proven Successes in Agricultural Development* (Washington, DC: International Food Policy Research Institute, 2009).
- 3 Steven Radelet, *Emerging Africa: How 17 Countries Are Leading the Way* (Center for Global Development, 2010), www.cgdev.org/content/publications/detail/1424378, or Charles Kenny, *Getting Better: Why Global Development is Succeeding* (Basic Books, 2011).
- 4 Organization for Economic Cooperation and Development (OECD), "Assessing Progress on Implementing the Paris Declaration and the Accra Agenda for Action" (September 2011), www.oecd.org/document/44/0,3746,en_2649_3236398_43385196_1_1_1_1,100.html.
- 5 "Evaluation of General Budgetary Support: Synthesis Report," Joint Evaluation of General Budgetary Support 1994–2004 (Birmingham, UK: IDD and Associates, May 2006), www.oecd.org/dataoecd/25/43/37426676.pdf.
- 6 MCC, "Program Closure Guidelines" (Washington, DC: September 8, 2009, version 2.0), www.mcc.gov/documents/guidance/guidelines-compact-programclosure.pdf.
- 7 See note 1.
- 8 In "Seven Deadly Sins: Reflections on Donor Failings," Working Paper Number 50 (Center for Global Development, December 2005), Nancy Birdsall describes how "impatience for policy change" often blinds donors to the political realities of the recipient country, including ways of supporting efforts by reformers in the countries themselves. Hubert Schmitz, Anu Joshi, and others make the case that donors tend to assume Western models of governance for countries receiving aid, when in fact the political economy of development is quite diverse from country to country ("An Upside-Down View of Governance," Institute of Development Studies, 2010). William Easterly reminds us, "Discard your patronizing confidence that you know how to solve other people's problems" (*White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*, p. 368).
- 9 Oxfam America field research, 2009.
- 10 USAID Congressional Budget Justification for fiscal year 2011.
- 11 Homi Kharas, Koji Makino, and Woojin Jung (editors), *Catalyzing Development: A New Vision for Aid* (Brookings 2011). Covers trajectory of the high-level forum (HLF) process and presents the emerging agenda for the Fourth HLF.
- 12 Ruth Levine and Molly Kinder, *Millions Saved: Proven Successes in Global Health* (Washington, DC: Center for Global Development, 2004).
- 13 Spielman and Pandya-Lorch, *Millions Fed* (2009).
- 14 See www.transparency.org/policy_research/surveys_indices/cpi/2010/results.
- 15 World Governance Indicators, as reported in Radelet, *Emerging Africa* (2010). See also Daniel Kaufmann, Aart Kray, and Massimo Mastruzzi, "Governance Matters VIII: Aggregate and Individual Governance Indicators, 1996–2008," Policy Research Working Paper No. 4978 (World Bank, June 2009).
- 16 Alberto Alesina and Beatrice Weder, "Do Corrupt Governments Receive Less Foreign Aid?" NBER Working Paper No. 7108 (May 1999).
- 17 MCC, "Working Paper: Building Public Integrity Through Positive Incentives: MCC's Role in the Fight Against Corruption," www.mcc.gov/documents/reports/mcc-workingpaper-corruption.pdf.
- 18 It's important to note that even though poorer countries tend to be more corrupt, the US stands out for allocating more aid to more corrupt governments *period*, since most of its aid does not go to poorer countries in the first place. See William Easterly and Tobias Pfutze (2008), "Where does the money go?: Best and Worst Practices in Foreign Aid," Global Economy and Development Working Paper 21 (Washington, DC: Brookings, June 2008).
- 19 See www.redcross.org/portal/site/en/menuitem.94aae335470e233f6cf911df43181aa0/?vgnextoid=980a03784bd21310VgnVCM10000089f0870aRCRD.
- 20 Esther Duflo, Pascaline Dupas, and Michael Kremer, "Peer Effects, Teacher Incentives, and the Impact of Tracking: Evidence from a Randomized Evaluation in Kenya" (The Abdul Latif Jameel Poverty Action Lab, August 2009).
- 21 Martina Björkman and Jakob Svensson, "Power to the People: Evidence from a Randomized Field Experiment on Community-Based Monitoring in Uganda," *Quarterly Journal of Economics* (forthcoming).
- 22 V. Schattan Coelho, A. Favareto, A. Shankland, F. Menino, C. Pompa, and F. Fanti, "Synthesis Paper: Citizenship and Development in Brazil." (unpublished paper submitted to the Citizenship DRC, Brighton: IDS, 2010).
- 23 Charles Griffin, David de Ferranti, Courtney Tolmie, Justin Jacinto, Graeme Ramshaw, and Chinyere Bun, *Lives in the Balance: Improving Accountability for Public Spending in Developing Countries* (Washington, DC: Brookings. 2010).

- 24 Oxfam Interview with Borithy Lun, executive director of the Cooperation Committee for Cambodia (August 10, 2011).
- 25 The Government Accountability Office (GAO) recommends a cautious approach by the US government on investing more trust in recipient governments because of the low capacity of country governments. See President's Emergency Plan for AIDS Relief: Efforts to Align Programs with Partner Countries' HIV/AIDS Strategies and Promote Partner Country Ownership, Sept 2010, GAO-10-836. The Professional Services Council, a trade association for federal contractors, does the same for entirely different reasons.
- 26 Radelet, *Emerging Africa* (2010).
- 27 Todd Moss, Gunilla Pettersson, and Nicolas van de Walle, "An Aid-Institutions Paradox?: A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa," Working Paper 74 (Washington, DC: Center for Global Development, January 2006).
- 28 This argument rests on the underlying relationship between a government and its citizens based on taxation: a government's reliance on generating tax revenue encourages some level of bargaining with citizens, an element that can dissipate as governments begin relying more heavily on donor aid instead. See Mick Moore, "Between Coercion and Contract: Competing Narratives on Taxation and Governance," Chapter 2 in Deborah Brautigam, Odd-Helge Fjeldstad, and Mick Moore (editors), *Taxation and State-Building in Developing Countries: Capacity and Consent* (Cambridge University Press, 2008).
- 29 Nancy Birdsall, "Do No Harm: Aid, Weak Institutions, and the Missing Middle in Africa," Working Paper Number 113 (Washington, DC: Center for Global Development, March 2007).
- 30 OECD, *Aid Effectiveness 2005–2010: Progress in Implementing the Paris Declaration*, Indicator 5.
- 31 Examples drawn from Oxfam staff first-hand experiences with OTA in Chad and Liberia and from personal communication with OTA in January 2011.
- 32 OECD, "Evaluation of General Budget Support—Rwanda Country Report," Joint Evaluation of General Budget Support 1994-2004 (2006), www.bmz.de/de/publikationen/reihen/evaluierungen/gemeinschaftsevaluierungen/EvalBericht_GBS_Rwanda.pdf.
- 33 See note 5.
- 34 "Causes of Poverty and a Framework for Action," Chapter 2, "World Development Report 2000/01," <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/0,,contentMDK:20195989~pagePK:148956~piPK:216618~theSitePK:336992~isCURL:Y,00.html>.
- 35 See introspective pieces like World Bank, "Minding the Gaps: Integrating Poverty Reduction Strategies and Budgets for Domestic Accountability," <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPRS/0,,contentMDK:21290326~pagePK:148956~piPK:216618~theSitePK:384201,00.html>, and Ruth Driscoll and Alison Evans, "Second-Generation Poverty Reduction Strategies: New Opportunities and Emerging Issues," *Development Policy Review*, 23(1) (2005).
- 36 AFP, "Haiti Sees Less Than Half Aid Pledged: World Bank" (July 22, 2011), www.mysinchew.com/node/61024.
- 37 Doug Johnson and Tristan Zajonc, "Can Foreign Aid Create an Incentive for Good Governance? Evidence from the Millennium Challenge Corporation" (Center for International Development, Harvard University, April 2006).
- 38 MCC, "Tanzania Threshold Program," (February 2011), www.mcc.gov/pages/countries/program/tanzania-threshold-program.
- 39 Daniel Kaufmann, "Myths and Realities of Governance and Corruption," chapter in "Global Competitiveness Report 2005–06" (World Economic Forum, October 2005), www.worldbank.org/wbi/governance/pdf/21_Governance_and_Corruption_Kaufmann.pdf.
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- 41 Oxfam America, "Information: Let countries know what donors are doing," Ownership in Practice briefing paper (2010).
- 42 See remarks from US officials Jake Sullivan and Susan Reichle at the Modernization Foreign Assistance Network town hall (September 14, 2010), www.modernizeaid.net/2011/10/06/video-presidential-policy-directive-on-global-development-town-hall/.
- 43 See www.opencongress.org/bill/112-h3159/show.
- 44 See Clinton's June 2011 speech in Zambia, in which she says, "we want a relationship of partnership not patronage, of sustainability not quick fixes," <http://iipdigital.usembassy.gov/st/english/texttrans/2011/06/20110611133817su0.8429616.html#axzz1alrpa4E4>. See also Clinton's January 2010 Uruguay speech, <http://archives.uruguay.usembassy.gov/usaweb/2010/10-005EN.shtml>.
- 45 US Global Development Policy, www.whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy.
- 46 See ForeignAssistance.gov web site, http://foreignassistance.gov/Initiative_FTF_2012.aspx?FY=2012.
- 47 See www.usaid.gov/ml/documents/FTF_Guide.pdf.
- 48 See www.pepfar.gov/frameworks/index.htm for more on Partnership Frameworks.
- 49 Conversations with Helen Magombo, then on Oxfam health advocacy staff in Lilongwe (2010).
- 50 Oxfam America, "Ownership In Practice: The key to smart development" (2009).
- 51 OECD, *Aid Effectiveness 2005–2010: Progress in Implementing the Paris Declaration*.



COVER: A women's group facilitates a savings program in Tra Paing Thnan village, Cambodia. Oxfam partnered with a local group to kickstart the practice, but the model is now self-replicating. Partnerships like this invest in the long-term capacity of women to make change in their communities. *Patrick Brown / Oxfam America*

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