# GOVERNING COLLABORATION

## Making Partnerships Accountable for Delivering Development

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AccountAbility

# About the authors

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# About this project

AccountAbility has endeavored over the last five years to understand how multi-sector development partnerships work, how they perform, and under what conditions they can function as viable alternative to existing development systems. Crucial to this was a Learning Network of eleven global partnerships that have worked with us to examine the accountability gaps which led to their inception, the purpose and design of their governance systems and how this affected their performance.

**Learning Network Members:**

- The West Africa Water Initiative (WAWI) *www.wawipartnership.net*
- Extractive Industries Transparency Initiative (EITI) *www.eitransparency.org*
- The Global Alliance for Improved Nutrition (GAIN) *www.gainhealth.org*
- StopTB Partnership *www.stoptb.org*
- The United Nations Global Compact (UNGC) *www.unglobalcompact.org*
- Building Partnerships for Development in Water and Sanitation (BPDWS) *www.bpdws.org*
- The World Conservation Union and the International Council of Mining and Metals Dialogue (IUCN-ICMM) *www.iucn.org*
- The Western Gray Whale Advisory Panel managed by The World Conservation Union (IUCN-Sakhalin) *www.iucn.org*
- Forest Stewardship Council (FSC) *www.fsc.org*
- The Global Reporting Initiative (GRI) *www.globalreporting.org*
- The Sustainable Food Laboratory (SFL) *www.sustainablefoodlab.org*

We formed research partnerships with three respected intermediary organizations based in India, South Africa and Brazil. We and our partners convened regional dialogues in Delhi, Midrand, and Sao Paolo. In each case, leaders from partnerships, NGOs, business, government, and academia shared presentations and insights into partnership governance and accountability from a regional perspective. Each partner produced summary findings from the session.

**Regional Partners:**

- Partners in Change, India *www.picindia.org*
- UNISA Centre for Corporate Citizenship, South Africa *www.unisa.ac.za/ccc*
- Centro de Empreendedorismo Social e Administração em Terceiro Setor (CEATS), Brazil *www.ceats.org.br*

This report draws on the insights and experience of these diverse partnerships and practitioners.

**Supporters:**

- International Development Research Centre (IDRC)
- Rockefeller Brothers Fund (RBF)

# Introduction
## Governance is the answer ...

Partnerships are hailed as the last remedy to the stresses that intense globalization have put on the social fabric and sustaining ecosystems on which development depends.

**However, if we want to make partnerships work, we have to make their accountability and governance work first.**

Unfortunately, for many partnerships, governance systems are not working effectively. As a result, the leaders of even the best performing partnerships find it increasingly difficult to deliver on their ambitious goals.

The reason why partnerships are (in theory) such potent vehicles for sustainable development is not that different players each *happen* to hold a different part of the solution to complex problems, but that the systems of governance which hold them accountable make it so.

If partnerships fail in part, or largely, because of their failures in governance, the repercussions will be crushing. World famous institutions and individuals have invested their finances, reputations, and their hopes in partnership. Increasingly partnerships are viewed by thought leaders writing for the Brookings Institute, United Nations, and the World Economic Forum as the last great hope to revitalize a workable approach to global, multi-lateral problem-solving. If partnerships fail because of failures in governance, then approaches to multilaterism may go down with it. Similarly, prominent champions view partnerships as the single most important innovation that will enable those typically disenfranchised from decision making to possess a measure of control over the development approaches that will influence their lives. If partnerships cannot work due to governance, then our hopes to approach development through equitable, inclusive processes may dissolve. One could see the balance of benefits from economic growth move even more strongly away from the poor towards the rich, and away from public benefits and towards private capture.

Partnerships, and their governance, have entered into a dangerous game with huge stakes.

We can sharply reduce the risks associated with partnership governance. And we can increase the opportunity for partnerships to deliver on our most ambitious dreams in part through the way we govern them. The framework provided in this report will help partnerships and their stakeholders to deliver good governance. Recommendations provided in this report will help investors, board members, participants, secretariats, stakeholders, and supporting intermediaries prioritize the actions they should take to improve partnership governance.

### Governance Challenges, Governance Traps

Defining a partnership's accountabilities and structuring the governance system to drive it is often low on the agenda of partners that want to get on with the job. In other cases, well meaning efforts to define accountability and related governance systems backfire. Partners compete; stakeholders raise grievances; and deliberation is extensive, but decisions are few. Speed of delivery slows, efficiency declines, and it becomes unclear whether results exceed what alternative institutions could deliver.

Governance systems often do not help highly complex partnerships address extremely challenging development problems. Nor are those participating in governance systems adequately prepared to lead partnerships.

Inadequate governance creates risk. It puts at risk the resources, the reputations, and the livelihoods of those investing in partnerships, working for partnerships, and the citizens for whom the partnership is designed to aid.

There is no one culprit to blame for creating this dilemma. However, there are heroes – starting with the investors that back partnerships, moving to the participants themselves, and ending with the citizens involved – who can solve it.

But unless participants, those investing in partnerships, and key stakeholders of the partnership make the effort, a highly promising experiment for development may fail.

For the last year and half, AccountAbility has conducted in-depth research into the relationship between partnership performance, accountability, and governance. We have conducted site visits and detailed background research with the eleven Partnership Governance and Accountability Learning Network partnerships. Site visits followed a structured interview process that investigated:

- Drivers for partnership formation
- Broader governance and accountability failures the partnership intended to address
- The design, structure, and strategy of partnerships
- The design and evolution of governance systems
- The relationship of governance systems and partnership performance

Out of this we find that partnership governance systems should enable partnerships to manage dynamic and difficult interplay over questions of legitimacy, strategy, and performance. This interplay too often leads partnerships into traps that leave them feeling increasingly stuck in place.

Escaping this trap is not easy. However, it is exactly the leadership role that governance systems must perform. As an implication, partnerships need their own unique accountability and governance systems. To help, this report offers a Framework for Collaborative Governance & Accountability. The framework guides partnerships through four steps that enable partnership accountability and governance to drive superior performance.

**Key Response 1**: *Understand the governance requirements at each stage of the partnership design cycle.*

**Key Response 2**: *Design partnership governance systems in reverse alignment with key stages in the partnership design cycle.*

**Key Response 3:** *Hold partners accountable to an Accountability Compact.*

**Key Response 4**: *Plan for governance systems to secure accountability throughout partnership lifecycle.*

It is naïve to expect that partnerships either can or will adopt these approaches voluntarily and successfully. Newly forming partnerships may have the flexibility to do so. However, existing partnerships have set along a path that could take extensive effort to adjust. Partnerships require an environment that will encourage them to prioritize governance as a crucial driver of performance. Therefore, institutions that invest resources in partnerships, policy-makers, decision-makers, and opinion-formers should embrace the following inter-related and reinforcing recommendations:

**I. Create incentives for good partnership governance**
**II. Ensure partnership governance systems possess the trust of core stakeholders**
**III. Build the knowledge and capacity of partnerships and their stakeholders to govern effectively**

## I. Create incentives for good partnership governance

In the best cases, partnerships typically possess a laudable bias for action. In the worst cases, participating partners possess uncompromising agendas that they will advance even to the detriment of the partnership's success. Either scenario undermines good governance and creates formidable risks.

For either scenario, investors, policy-makers, and key influencers need to commit to design carrots and sticks to encourage good governance.

**I.1 Reward good governance and good outcomes**
**I.2 Create incentives for good governance through public ratings**

## II. Ensure partnership governance systems possess the trust of core stakeholders

Encouraging governance is meaningless unless core stakeholders trust the quality, performance, and legitimacy of the partnership's governance system. Yet ironically, the birth of each new partnership creates an accountability gap of its own. Partnerships are stuck as quasi-legal entities. Some view them as much as initiatives as institutions. Partnerships do not generally possess formal standing as distinct, legally incorporated entities. Secretariats may become established as non-governmental organizations (NGOs), foundations, or may embed within an existing legal body (such as the United Nations). Alternatively, secretariats may exist as an alliance or confederation of entities bound by a memorandum of understanding. In either scenario, the accountability of the broader network of partners remains unclear from a legal standpoint. This enables a broad array of possible governance and accountability designs. When such flexibility allows a partnership to customize its accountabilities and related governance, this can be an advantage. However, it may leave the door open for less attractive consequences, such as the imbalanced influence over governance of a powerful participant (such as a major investor). Or it may enable patchwork and poorly thought-through governance designs. The situation can lead to the well-meaning but often unworkable decision to allow major stakeholders to negotiate in an on-going fashion the design of governance systems.

With large-scale development partnerships increasing, now is the time to establish formally the core expectations for partnership accountability and governance. This will help:

- Investors reduce risk and safeguard their investments;
- Participating partners avoid having their work captured or stalled by powerful or uncompromising stakeholders; and
- Intended beneficiaries by ensuring they are being served by well-governed partnerships that (one presumes) will give them a voice.

Clear terms and standards can help address diverse expectations and provide common methodologies that partnerships can apply with greater facility over time. Common standards for partnership governance can insulate partnerships from debilitating and continuous contestation and dispute. While at the same time, common standards will ensure levels of quality control in governance systems. We recommend:

**II.1 Establish criteria that places accountability to intended beneficiaries on at least the same footing as accountability to donors**
**II.2 Establish a public oversight mechanism that establishes "voluntary" rules and standards for partnership accountability and governance**
**II.3 Design a set of voluntary principles for governance design**

**III. Build the knowledge and capacity of partnerships and stakeholders to govern effectively**

The findings of our research are abundantly clear. Participants, broader stakeholders, and investors alike are woefully unprepared to design and implement the governance systems partnerships need. It is vital to support knowledge and capacity development. We recommend:

**III.1 Convene a high-level forum on the future of partnership governance and accountability**

We envision three kinds of forums:

**Forum 1: Establish a forum of major investors in partnerships**

**Forum 2: Hold a cross-sector meeting of senior executive champions of partnership**

**Forum 3: Expand on efforts such as AccountAbility's Partnership Governance and AccountAbility Learning Network**

**III.2 Establish a related fund to enhance the governance of partnerships**
**III.3 Form mechanisms to enable partnerships to learn, benchmark, and share related to accountability and governance design**
**III.4 Help partnership governors to govern**

Taking these actions will push partnerships to enhance governance systems. This in turn will help improve partnership performance, likely enhance development outcomes, and strengthen the legitimacy of partnerships as an effective vehicle to champion progressive development agendas.

**Box 1: AccountAbility's Collaborative Governance journey**

In many respects, AccountAbility was formed to investigate and enhance partnership performance. We have done this not only through applied research and development (R&D) but by conducting our work through collaborative methodologies as well. Starting in the 1990s with our own partners we contributed to the emerging volume of arguments designed to persuade sector leaders to come to the partnering table. This included processes to help partnerships work through planning, goal-setting, and organizational design.[1]

We diverted from this focus because our own experience showed us something was off. We led partnerships that formed standards for sustainability reporting assurance. We assessed partnerships such as the Global Alliance for Workers and Communities – a noble effort that never quite reached its goals. We took on the challenge of hosting the secretariat of a partnership of over 70 prominent organizations. We learned how hard it is to form, manage, and govern partnerships. But our continuing research showed troubling signs. We began to question whether partnerships could really serve as the great remedy that their advocates champion.

We began to see the other, tarnished side of partnership's shiny new coin. We began to see the real possibility that old rigidities and failures in governance and accountability could be replicated or merely upgraded in the guise of partnerships. We've witnessed enthusiasm for partnership gloss over the very real danger that partnerships could enable a new constellation of the powerful, especially alliances between business and the state, to form. This made all the more invidious by the possibility of co-optation of civil society actors. Collaboration does not do away with, but merely modernizes, the age-old challenge of seeking to ensure those with power are held accountable to those historically least able to have a voice in decisions that affect their lives.

While we heard great fanfare for the launch of partnerships, we heard all too little on whether these new vessels of sustainable development were on course, reached port, or sank along the way. Our intent has not been to spoil the party as the euphoria of partnerships' innovative moment continues. Rather our effort has been to see if we can help create the conditions to shepherd partnerships into a less awkward adolescence (serving as the springboard for a prosperous adulthood) that merits the tremendous hope and resources so many continue to invest in them.

To that end, we've worked along several streams to understand if and how accountability and governance shape partnership success. We found increasing evidence to suggest it does. As a response, we have worked to find ways to design accountability innovations that might help collaborative initiatives deliver on their missions. These streams have included:

- **Concentrated investigation of the accountability and governance of partnerships**. Over the last six years, we have researched whether governance and accountability dimensions were indeed critical to partnership performance. The Ford Foundation provided seed funding for this initial phase of work. This initial work pointed clearly to the pervasive failure of partnerships to understand the complexity and exigencies of their accountability architecture and governance.

- **Efforts to enhance partnership performance by enhancing accountability and governance**. Our most targeted effort has been the design of a prototype Partnership Governance and Accountability framework and tool. USAID provided important support for this work. Over 400 partnerships, investors, and leading intermediaries have tested the prototype tool. Our current Learning Network embarks from the lessons obtained through the beta-testing process.[2]

- **Efforts to shape the enabling conditions that allow partnerships to succeed**. Chief among these has been our work to advance the quiet revolution in stakeholder engagement as an element of institutional governance and accountability. We have built a wide variety of practitioner tools, prototype standards for quality stakeholder engagement, and external Accountability Rating systems.[3] Each has helped determine how collaborative mechanisms can enable stakeholders to participate in the governance of all variety of institutions. In addition, our landmark Survey on the State of Responsible Competitiveness now ranks over 100 countries. Those countries hoping to improve sustainable development performance will need to enable collaborative, sustainable development policy-setting mechanisms to thrive. Finally, we have worked with global corporations to prepare them to enter into a world of shared responsibility, collaborative strategy design, and participatory governance systems.

Our work has taken us deeply into specific issues. For example:

- **The Multi-Fibre Arrangement (MFA) Forum** is an open network of over 70 participants representing brands and retailers, trade unions, NGOs, and multi-lateral institutions. The aim of the MFA Forum is to promote social responsibility and competitiveness in national garment industries that are vulnerable in the new post-MFA trading environment.[4] More specifically the Forum advances apparel and textiles exports from vulnerable countries (e.g. Lesotho, Bangladesh) by combining agreements on standards, public sector investments, and actual buying commitments between brand buyers and in-country suppliers.

- **Accountability, Business and Human Rights:** Linked to the work of the UN's Special Representative on Business and Human Rights, AccountAbility supports work at Harvard University in designing possible non-statutory accountability mechanisms to be used in conjunction with the principles-based framework for governing businesses' approach to human rights expected to be adopted by the UN.[5]

- **Climate change** is driving large-scale collaborative initiatives relating to everything from cap-and-trade schemes, to carbon labelling, to innovative green design. AccountAbility will launch a specific focus on Responsible Competitiveness and climate change this year.

- **China Trade Strategy:** a two-year piece of work with three other international organizations and six Chinese Government think-tanks exploring China's future trade strategy, with our input focused on China's evolving approach to collaborative standards initiatives that it has shunned or actively sought to undermine to date.

- **The role of the World Bank Group, Standards-setting partnerships, and Development**. This review of the Bank's strategy and practice in supporting collaborative standards initiatives focused on health, environment, and bribery and corruption. The intent of the work is to build a greater understanding of what the Bank has done in this field, and to build on the relationship in highlighting the broader public policy issues involved.

This report therefore represents not just our investigations with the Learning Network but several years of accumulated research and experience.

# Partnering towards sustainable development
## … why partnerships matter more and more

History may well pinpoint January 2008 as the time when partnerships for sustainable development came of age. At the 2008 World Economic Forum Annual Meeting in Davos, leading statesmen, CEOs, civil society leaders, and prominent thinkers staked their last great hopes on *'the power of collaborative innovation'*; in other words, the power of partnership.

> ***"The Power of Collaborative Innovation is arguably the last remedy to the stresses of intense globalization that have been evident in financial market volatility, widening income disparities, and in conflict zones around the world."***
>
> World Economic Forum Annual Meeting 2008 Executive Summary

Why did they choose this focus? Because, as former British Prime Minister Tony Blair put it:

> ***"Globalization is forcing changes in how people collaborate in a fundamental way. If we are interconnected and the world is interconnected, the only way for the world to work is to have a set of common values. We have no option but to work together."***[6]

What did these high-minded statements mean in practice? A commitment to large-scale, broad scope, multi-sector partnerships as the means to solve challenges ranging from climate change to productivity in African agriculture, and from reforming education to advancing corporate responsibility practice. Who was involved? The Prime Ministers of Japan and the UK, Microsoft Chairman Bill Gates, musician and campaigner Bono, Queen Rania of Jordan, United Nations Secretary-General Ban Ki-moon, World Economic Forum Chairman Klaus Schwab, Nigerian President Umaru Musa Yar'Adua, and numerous other CEOs, heads of state, and heads of major foundations. What resources are being invested through these partnerships? It's hard to say, but a conservative estimate would put it in the billions. This is on top of the hundreds of billions currently invested in partnerships (see Box 2).

These are serious commitments, then, made by very serious individuals, backed by serious resources. Therefore, we'd humbly suggest that it's time to get serious about partnerships.

**Box 2: Counting on partnerships**

- Nearly a third of official development assistance now flows through partnership-based global and regional programs whose goals are set at the global level, rather than through the country-focused programs of assistance that have been the mainstay of traditional aid donors.[7]

- The recently appointed Administrator of USAID, Henrietta Fore, has called for a tripling of partnership value within 18 months.[8]

- Dr. Inge Kaul of the Hertie School of Governance, Berlin identified 400 global partnership initiatives worldwide in 2005 compared with 50 in the mid-1980s. Environment and health accounted for about half of these initiatives.[9]

- From 1999-2005 the German Federal Ministry on Economic Cooperation and Development increased its investment from one partnership to 63 (investing as of 2005 approximately 17.7mn Euros).
- From 1999-2007 the US Agency for International Development's Global Development Alliance program has invested more than $2.1 billion of its own funds and leveraged over $5.8 billion of other partner funds through more than 600 public-private alliances.[10]
- UNICEF reports it has entered into approximately 1,000 partnerships or alliances in recent years, although the types of collaborations involved vary considerably.
- The World Bank currently supports 110 global partnerships to the tune of $3bn USD.[11]
- The World Health Organization (WHO) has entered into approximately 90 partnerships or alliances in recent years.
- The UN's Food and Agriculture Organization (FAO) counts more than 830 collaborative arrangements with external partners.
- There is hardly any multinational corporation on the Fortune 500 list that does not run a partnership project with a UN organization. Some of the most active companies include BP, Coca Cola, Daimler Chrysler, Microsoft, McDonald's, Nike, Novartis, Shell and Starbucks.[12]
- Private foundations are increasingly leveraging their funding through public-private collaborations. A study of 24 major global health partnerships found that 71% of funding came from private donors, the vast majority of this from The Bill and Melinda Gates Foundation.[13]

With levels of commitment of this size and stature we believe that the time to encourage further experimentation, as some leaders in the field continue to suggest, is now over.[14] The World Bank Operations Evaluation Department agrees that it is time for partnerships to move out of the sandbox onto more solid foundations:

> ***"Initially, a decentralized and flexible approach was appropriate. But the time has come to...strengthen strategic planning and oversight of global partnerships."*** [15]

**Box 3: What are partnerships for development?**

'Partnerships' are two or more organizations that enter a collaborative arrangement based on: (1) synergistic goals and opportunities that address particular issues that single organizations cannot accomplish on their own; and (2) whose individual organizations cannot purchase the appropriate resources or competencies through a market transaction. (Zadek and Radovich, 2006) AccountAbility defines three types of partnerships:

- **Service**: public services and infrastructure (e.g. water management, transport infrastructure) drawing in diverse partners to enable effective delivery, contractual obligations, and development and business interests to be realized.

- **Resourcing**: delivering resources to address public goals (e.g. combating HIV/Aids, road safety), involving mobilization of public and private resources, assessment, awarding and evaluation, issue-focused advocacy, and capacity development.

- **Standard-Setting**: evolution of rules governing behaviour of targeted adopters (e.g. business and human rights, anti-corruption codes), involving their development, advocacy and stewardship.

The new generation of 'multi-stakeholder,' 'public-private' or 'multi-sector' partnerships include local, national, as well as global level initiatives, but are distinguished by their ambition from the small-scale, short-term partnerships between business, governments, and civil society.

## Partnerships as new accountability mechanisms

Partnerships have emerged as the vehicle of choice for pursuing sustainable development goals because it has become abundantly clear that the pressing problems of ecosystem degradation, poverty, health, human rights, and peace and security have outpaced the ability of existing institutions to handle them. Just one example is the failure so far of the world's governments to halve poverty. Despite uniting behind shared 'Millennium Development Goals' they have only managed to reduce the proportion of people living on a dollar a day in sub-Saharan Africa by 10% — a long way behind the 50% reduction in global poverty targeted for 2015.[16]

***Accountability concerns how and why decisions are made, who has power and how they exercise it, whose views are taken on board, and who is able to call decision-makers to account. Bad decisions are made when the views of those who are most affected are not taken into account.***

Jean-Francois Rischard, former Vice-President of the World Bank is just one of many who propose that partnerships are the answer to the failures of our existing institutions:

***"The main reason human institutions are struggling to meet the momentous changes afoot is that they weren't designed for these changes. It will take partnerships among government, business and civil society to solve intractable problems. Odd as they may feel at first, expect such tri-sector partnerships to bloom in the next twenty years at every level: global, regional, local."***[17]

Dr Inge Kaul, the former Director of the UNDP Office of Development Studies, agrees:

***"Global public-private partnerships seem to be here to stay. They occupy an increasingly open middle ground between markets and states, permitting more nuanced and potentially more effective policy-making. They demonstrate that when markets fail, the policy response does not have to be government intervention alone. It can also be partnering. And where governments fail, the response is not necessarily to turn to the market. Again, it could also be public-private partnering."***[18]

What is going wrong that partnerships are meant to solve? Diagnoses run the gamut. Inefficient and sluggish resource and service delivery models; the lack of engagement of private sector skills and competencies; the challenge of private sector actors held largely unaccountable and unregulated for their sustainable development impacts; the lack of coordination among development actors; the competition among development actors leading to wasteful duplication of efforts; the increasing difficulty in constructively engaging with state actors; inter-state competition that generates policies which undermine sustainable development efforts; the challenge of engaging intended beneficiaries and other stakeholders in development systems and governance; the devastating consequences of corruption on growth; the inability of states to negotiate common regimes to address sustainable development challenges; and last but not least, the weaknesses of existing (or in some instances non-existent) governance systems for sustainable development at the global, regional, national, and sub-national levels.

Underlying all these problems are governance systems that fail to secure accountability between decision makers and those affected by their decisions. In a recent address to the Carnegie Council, Nobel Prize-winning economist Joseph Stiglitz describes the governance gap:

***"Why has globalization not worked as well as we would like? The reason is economic globalization has outpaced political globalization. We are more economically integrated and interdependent. More integration and interdependence means we need more cooperative action. We need to do things together, set standards, and define the rules of the game. But we don't have the political institutions by which to do that democratically. Nor do we have the mindsets to do it in ways that are fair."***[19]

The generic 'case for partnership' is often put in terms of combining diverse resources, skills and legitimacies to address pervasive problems. However understanding the governance gaps that underpin these challenges leads to a crucial recognition.

Partnerships are radical innovations not because they bring together institutions that just *happen* to hold a different part of the solution, but because they tackle the perverse accountabilities that prevent the necessary influence, skills, investment and technology being applied to problems that are painfully apparent to all. Governments unable to raise taxes in the short term turn to public private partnerships to spread the cost over generations of taxpayers; businesses finding that the short-term focus of investors undervalues investments in sustainability begin working with others to solve problems beyond the scope of reputation driven 'corporate social responsibility'; civil society organizations struggling to tame the power of business and the state are tempted to climb on board to leverage wider influence from within.

Partnerships, then, are looked to not just as innovative ways to deliver positive development outcomes, but as new accountability mechanisms which must meet the call of the United Nations Monterrey Consensus to "…open up opportunities for all and help to ensure that resources are created and used effectively and that strong, accountable institutions are established at all levels… involving all stakeholders in active partnership."[20]

For example, for FSC it is imperative to find an answer to the lack of demand from constituents and consumers to prevent deforestation. Its partnership defines standards for sustainably managed forests, certifies wood product suppliers, provides labels for wood products, monitors compliance, and provides guidance and support. For WAWI and BPDWS it is an imperative to reduce the costs of information so that innovative solutions get into the pipeline, budding crises receive attention, and promising solutions get their day in the sun as well. For EITI it is an imperative to reduce the costs involved in finding and stopping corruption. Its strategy focuses on ensuring governments and companies transparently and accurately report on the royalties paid by extractive companies to host countries.

Several of the partnerships try to respond to deficiencies in the capacity of states and other institutions to manage development challenges. The Stop TB Partnership, for example, offers carrots and sticks for governments to improve health systems. GRI has created a multi-sector dialogue to fill the gap in formal environmental, social, and governance-related corporate reporting requirements.

Partnerships often form to prevent free-riders. For example, many companies struggle with the threat of "first-mover disadvantages" that come from unilaterally designing their own individual approach to corporate responsibility. It can seem less costly to watch the trials and tribulations of others, and adopt approaches only after competitors have suffered great time, expense, and reputational hits. Corporate responsibility standards such as the UN Global Compact or Global Reporting Initiative (GRI) help address this problem by establishing a common set of principles. In addition, partnerships form to solve prisoners' dilemmas. For example, if certain companies voluntarily source commodities only from organic, sustainable, fair-trade farms in the near term they will likely pay higher prices for lower yields. This creates an advantage for a company that defects and buys status quo produce, giving it higher yields, lower prices, and bigger market share. Suddenly, voluntarily adopting sourcing restrictions begins to seem a lot less attractive. Many partnerships form to create and enforce common rules of the road that prevent self-interested actors from breaking agreements.

Standards setting partnerships such as EITI, FSC, GRI, and UNGC seek to counteract debilitating political competition and crafty tactics that create barriers preventing stakeholders from contributing to public policy processes.

An example that pulls many of these streams together is the Sustainable Food Laboratory (SFL). SFL's executive director Hal Hamilton suggests global food supply chains require collaboratively governed initiatives to balance trade-offs among commercial agriculture, small-holder development, environmental sustainability, and consumer health:

> ***"There is a race to the bottom in commodity systems… We put together multi-stakeholder approaches to tackle problems that were too big for single sectors to tackle themselves. We want to be tri-sector (business, government, and civil) and tri-geographic across developed, emerging, and less developed markets. We work to bring together the whole food supply chain with producers, harvesters, processors, retailers, and consumer organizations."***

## Partnership risks

Prominent experts and organizations across the board of the business, public policy and development arenas are betting their resources, reputations, and brand name on partnership. However, the evidence base as to whether collaboration really does deliver better results than alternative approaches is surprisingly weak. Certainly there are celebrated partnership success stories such as The Consultative Group on International Agricultural Research which helped to kick start the 'green revolution' and the World Commission on Dams which brought together governments, industry, academia, and civil society to break the impasse on the role of dams in development. However, with no definitive database tracking partnership formation it is difficult to know when, how many, and for what reasons partnerships fail.

Overall, a limited amount of evaluative work finds mixed results.[21] For example, when the OECD surveyed 101 environmental partnerships, only 32 responded, and of these only nine had completed an evaluation. A series of evaluations of global health partnerships finds few examples of success. The World Bank is one of the few institutions to invest time and effort to evaluate the performance of partnerships, setting out formal and thorough evaluation guidelines for every major global partnership it supports. Martens, in an overview of trends developed for the United Nations finds:

> ***"…assessments of the advantages of global partnerships and multi-stakeholder approaches are for the most part not based on empirical research, and the widely-held notion that there is no alternative is often no more than a profession of faith… Even within the environmental and health sectors, partnerships only develop selectively and concentrate on problems in which mostly technical solutions lead to relatively quick wins. Long-term structural problems are only peripherally touched on by multi-stakeholder initiatives."***

Partnerships can be genuinely new responses to old problems, but the promise they offer comes at the price of more ambiguous lines of authority and far greater strategic complexity that is a risky proposition for all concerned. Notable risks include the following:

- **Partnerships can further entrench vested interests and imbalances of power.** It is strange to bring competitors to the table and hope they will cooperate. It is risky to give public resources to companies driven by law to deliver private gain. By bringing together political and economic power partnerships risk strengthening and entrenching interests counter to progressive development. Partnerships may unwittingly create a mechanism that enables private and public sector actors to hide in plain sight "under-the-table" dealings. Through the investment of public and civil resources, partnerships may unfairly advantage private sector interests and create more distance between development actors and the voice of affected citizens and communities. For example, Martens notes, *"Critics fear that partnership initiatives allow transnational corporations and their interest groups growing influence over agenda setting and political decision-making by governments."*[22] (emphasis added)

- **Partnerships may crowd out other alternative approaches.** It is by no means certain that the output of the strange bedfellows working in partnership will match the output of alternative development approaches. However the existence of partnerships implicitly and explicitly puts a check on other approaches. Partnerships can divert funding and attention away from support for national institutions and infrastructure to international single issue programs, from long-term structural change to quick-fix solutions, and from low profile maintenance and service provision to high profile, high profit mega-projects. Involvement in partnerships distracts civil society away from campaigning, business away from competing in the marketplace, governments away from regulation and everyone away from engaging in politically charged negotiation.

- **Participants risk compromising themselves and their reputation**. Investors, businesses, government and civil society are betting on brand new structures with little to no record of accomplishment, often changing the way they work in order to do this. If partnerships go wrong, each participant risks losing the trust of their constituencies and their "social license to operate" in development arenas, and they may even face legal liabilities.

- **Participants risk losing control.** It isn't difficult to imagine a partnership growing to a certain size where it sets the agenda for the field. Unless the partnership is clearly tethered by structures or processes of governance it may become a Frankenstein's monster – impossible to control, unwilling to go away, and wreaking havoc on competing development entities.

These risks are not just relevant to individual organizations debating whether they should support or participate in a proposed partnership. If such risks go unchecked, they are likely to entrench inequitable development and tip the balance of benefits from economic growth away from the poor towards the rich, and away from public benefits and towards private capture.

The partnership approach has developed within paradigm of liberal multilateralism. However, with this very approach under threat it becomes clear that partnership is a dangerous game with huge stakes.

While collaborative partnerships between democratic institutions, civil society and big business are one response to pressing problems and rapid change, it is not the only response. One finds a variety of alternative modalities competing for prominence over development agendas. Religious led models, military control, state-run capitalist economies, and a variety of others have reached a prominence that one ignores only at one's peril. As the partnership approach expands globally can it be trusted to enjoin xenophobic, mercantilist-minded governments and economic power players to address the problems of climate change, water scarcities, energy security and the needs of tens of millions of migrants? Or are we blithely handing more power to non-accountable bodies? Or can partnerships develop a new basis for multilateralism, addressing pernicious problems, reducing fear, helping to build trust in democratic and accountable organizations, and prevent further turns towards conflict, racism, economic nationalism, and the closing down of doors?

AccountAbility's view, based on our long engagement in the practice and policy of partnerships, is that partnerships are not *by definition* good, fair or effective, but that they *can* deliver the resources, competencies, will, innovation and responsiveness needed to address entrenched problems, where other institutions have failed. As AccountAbility CEO Simon Zadek writes:

> ***"Whether collaborative organization as the new actor is good or bad news is not so much a principled issue as, unsurprising, a matter of the 'small print.' Above all, it depends on whether this new actor can be effectively held to account by those impacted by its decisions and actions, the single most important litmus test of all institutions."***

With the risks and the stakes so high, clearly new forms of partnership need to be considered as actors in their own right rather merely than as an ad hoc constellation of existing actors, and they need governance systems that hold them accountable for delivery of their strategic goals.

# Governing partnerships
## … what does it take to govern partnerships effectively?

Good governance enables organizations to respond effectively to changing situations and follow through on commitments and strategic plans. This is particularly true for partnerships, whose governance is critical to determining the basis for:

- **Participation.** Governance structures are what bring partners together into working collaborations — the rules and process by which the partnership enables individuals to represent the partnership to their own institutions, and their own institution to the partnership. As Ken Caplan of BPDWS observes, *"Sometimes [trust] might be too much to wish for, and partners just need to find mechanisms to get on with the business of negotiating, implementing and reviewing their work together."*[23]

***"On those occasions when we have put governance systems in place after implementation, they failed. An agreement to agree doesn't mean that you are going to agree. Governance parameters need to be put in place right at the beginning."***

Jerome Govender, CEO Bombela Concession Company (responsible for the world's largest PPP infrastructure project), South Africa Dialogue

For example, partnerships often create governance structures that bring the whole system of stakeholders into the proverbial room. Six (BPDWS, EITI, FSC, IUCN, Stop TB Partnership, and UNGC) of the eleven Learning Network partnerships hold large stakeholder assemblies both to exercise and review partnership governance, and make decisions by enacting policies and ratifying strategies. Nine of the partnerships (with the exception of the two IUCN partnerships) possess some form of multi-stakeholder board of directors or analogous steering committee that in many instances include a variety of organizations and individuals representing the scope of special interests that surround the issue. Eight partnerships establish additional stakeholder advisory structures to ensure the Board and other governance systems are held accountable to broader stakeholder interests. These can be technical design and oversight committees (such as for standards-setting partnerships like FRC and GRI), stakeholder advisory groups to voice broader concerns (EITI, GRI, IUCN-ICMM), and regional and/or topic-based committees (FSC, Stop TB Partnership) among others.

- **Collaborative action.** Governance systems perform a vital role in enabling partnerships to mobilize the resources and actions they need to deliver effectively on their commitments, implement their strategy, and achieve their goals. In effect, governance systems enable partnerships to invent new ways of working. Overly bureaucratic governance risks gridlock.[24]

Executives in the Learning Network's partnerships look for governance structures to help provide creative insight and constructive criticism to enhance strategic designs. They want their governance structures to help find solutions to increasingly difficult resourcing challenges. In doing so they look for governance structures to function as champions for the strategy among stakeholder constituencies. Yet, as discussed later, many of the partnerships struggle to use governance structures to hold themselves accountable to strategic objectives.

- **Benefit sharing.** Governance determines whether partners concentrate power or whether it enables those impacted by decisions and actions to hold the partnership to account. As Ros Tennyson of the International Business Leaders Forum's Partnering Initiative reflects, "It is likely that accountability is much more a driver of a partnership than is commonly recognized and, for this reason, governance and accountability procedures need to be agreed and put at the heart of the Partnering Agreement."[25]

Nine of the eleven Learning Network partnerships express the view that governance systems function as a core driver of the ability of the partnership to deliver its work and meet ambitious development goals. The remaining two partnerships consider governance as an important driver, but second in priority to others.

- **Wider influence.** Partnerships often seek to create change not only through their own direct actions, but by catalyzing a reassessment and reinvention of the way institutions are governed and held accountable beyond the bounds of the partnership itself. In effect, partnerships are creating new governance systems, whether through standard setting, demonstration effects, innovation breakthroughs or influence on the individual partners, and they need to be able to ensure and demonstrate that their own governance is fair and legitimate, in order to do this.[26]

Unfortunately, governance systems are falling short of their potential. Executives find the terms that define their partnership's accountability to be inadequate, and that their governance structures under-perform. As a result, governance systems increasingly constrain the ability of the partnership to meet its goals, and are not up to the task of meeting emerging strategic priorities.

To the extent that one can reasonably expect that performance on these attributes will affect development outcomes, then it is reasonable to suggest that the quality of partnership governance affects the ability of partnerships to deliver development outcomes.

Inadequate governance increasingly forces partnerships to invest time and energy on managing conflicts and crises related to competition, free-riders, disputes, and grievances. Decision-making systems can grind to a halt, and the delivery of development outcomes suffers. For example, one standards partnership in the Learning Network reports that participants are beginning to defect to new, less inclusive initiatives that define less rigorous standards. This requires the partnership to unify around a common strategy and enhance its efforts to disseminate its standards. However, governance structures spend the majority of their time engaging as a participant in stakeholder grievances and complaints regarding the performance of the partnership. As a consequence the secretariat finds it difficult to revise its strategy. As inertia sets in, the partnership has great difficulty raising necessary funds to respond to emerging competition. "The stakes for our governance review process are huge," notes the partnership's executive. "If we do not improve upon our system, we will have no chance of achieving our strategy. [We] will cease to exist in five years."

In contrast, strong governance and accountability enables participating partners to collaborate more effectively.

**Box 4: The high-stakes game of partnerships: the climate change case**

New climate change partnerships are launching at a dizzying pace. No one has the time to count them, but there are certainly several hundred in operation. Such innovative combinations of established and new players are probably just what is needed to create low carbon opportunities. Given the urgency of the task, isn't there a risk of stalling progress by asking for some accountability ground rules in these partnerships? Yet accountability problems are already stacking up. Some examples:

- **Secretariat-lite:** informally governed partnerships make it difficult for stake-holders to find an entry point to contribute to or challenge the work.
- **Conjoint twins:** governments or foundations set up a series of bodies with overlapping remits – like the UK's Committee on Climate Change, Office of Climate Change and Carbon Trust.
- **Dodgy data:** in the battle for relevance ballpark figures gain global currency like the figure of US$500 billion in low carbon opportunities by 2050. Is there any quality control on such claims?
- **Big-name hunters:** global partnerships are required to co-opt high level advisers from all regions and sectors, leading to committee fatigue for key players, or tokenism.
- **Unaccustomed collaborators:** can processes be really inclusive if confidentiality has been the professional ethos of key participants – like econometricians, investors, negotiators, campaigners, and lobbyists?

It may still be too early to identify or design out such accountability deficits. But we do need a safe space for partnerships to share emerging problems and proposed solutions.

## Partnership governance is under-delivering

Our research, even among high-performing partnerships, found that they are dissatisfied with their governance and accountability systems. Both partners and secretariat executives recognize that their governance systems are increasingly impeding the ability of their partnerships to achieve their goals.

*"The problem with our ... governance system more broadly is competence. ...They don't know how to perform against the strategy we have and the complexity we are managing. They don't know how to do marketing, strategy, or generate revenue."*

*"We are very strong on the substance, but we have been clueless on the process of partnership."*

*"Many of the members of the Board... are not agents for the partnership."*

*"In terms of making it work, our governance works really well. In terms of accountability to people, it is not. We are not inclusive."*

*"It's not a full accountability system. We don't have all of the feedback and goals that there need to be."*

*"[decisions] take 2, 3, 4 times as long as they should. We can't go on like this."*

*"If the world was sinking and we need a lever to hold it back can [we] help? The answer is no, because we'd have to wait for the next [stakeholder convening]."*

# The state of partnership governance
## ... and where is partnership governance going wrong?

Without the benefit of an in-depth, third-party evaluation, it is difficult for an outsider to judge to what extent partnerships are meeting expectations for outcomes and impacts. However, it is clear that the vast majority of partnership executives in the Learning Network find their governance systems inhibit rather than enable performance.

Our research found that, in most cases, the extended governance and accountability systems of partnerships do not fully understand:

- What the partnership is trying to do,
- How it is trying to do it,
- Its connection to larger system change dynamics, or
- How to utilize the partnership to its full potential to address complex system change issues.

Why are partnerships struggling to govern themselves effectively?

## The partnership governance trap

Why are partnerships struggling to develop appropriate governance systems when there is already a body of research and practical guidance to help them? The Partnering Initiative's partnership toolbox, for example, outlines a twelve-step process for planning, managing, reviewing and sustaining partnerships.[27] AccountAbility's own longstanding work on the governance of partnerships has resulted in the development of the 'Partnership Governance and Accountability Framework,' a diagnostic tool to strengthen partnership governance, while the One World Trust's Global Account Project Framework offers guidance on accountability for NGOs, businesses and intergovernmental organizations.

These frameworks reflect emerging best practice in governance and accountability. However, in practice they do not yet meet the needs of new and developing partnerships, seeking to pull themselves up by the bootstraps of their own, yet undefined governance processes. There is no framework for guiding partnership participants and investors in developing both effective processes for managing the partnership and smart structures to govern it.

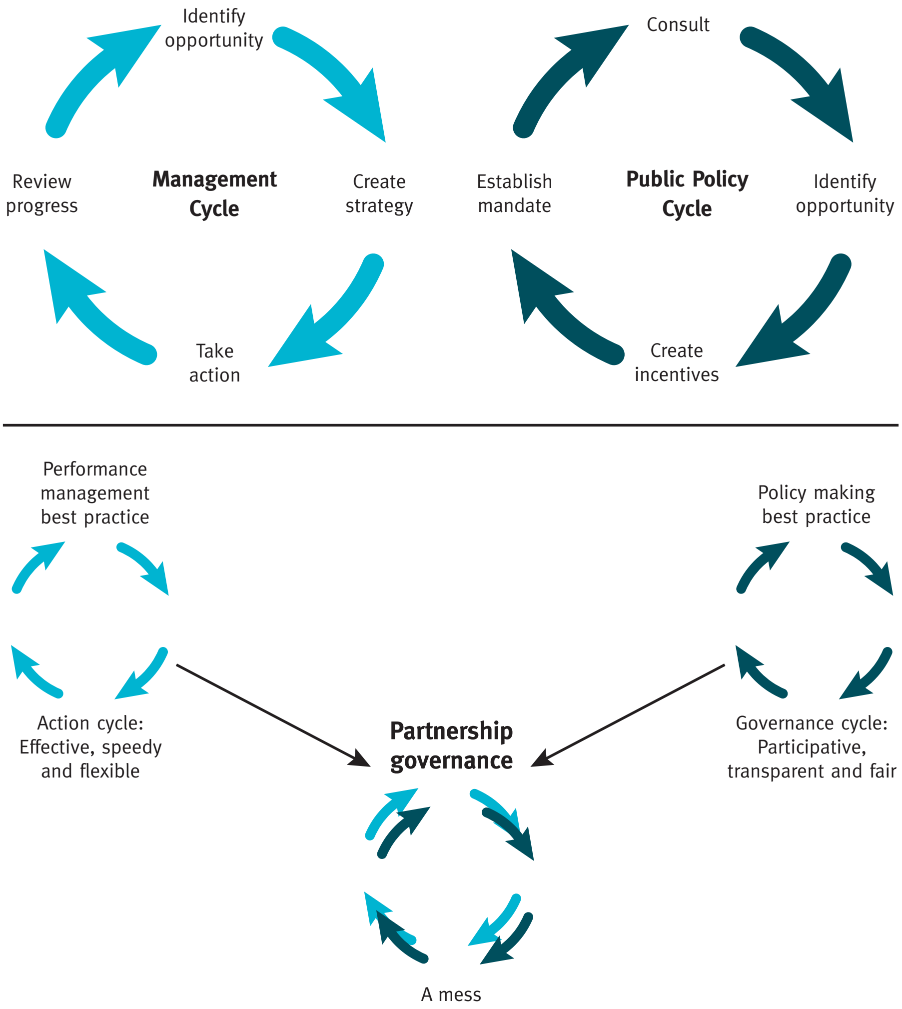
The tools and language offered for managing partnership actions are based on the action-focused approach of business, while the governance and accountability frameworks tend to reflect the core elements of the more ponderous public policy cycle, with its emphasis on consultation and representation, transparency and rule setting.

**Management and public policy cycles**

Combining both of these idealized models of business and civil/public governance systems appears at first as an elegant solution. The rationale for partnerships is that by bringing these two cycles together, and enabling flexibility between institutional roles within them, the process of public problem solving can be accelerated and steered in the right direction.

Then why are partnerships finding this to create a "mess"?

**Figure 1: Management and public policy cycles**




The simple answer is that this kind of governance is new and challenges with a degree of difficulty that most partnerships and their participants are not prepared to manage. This is not to criticize these institutions. As institutional innovations, few have the experience and know-how to design and manage a partnership governance system.

Partnerships come at the price of more ambiguous lines of authority and far greater strategic complexity than more established mechanisms. Those involved with partnerships tell us that they look to their governance structures to manage the dynamic interplay between the three factors that determine their success: demonstrating the **legitimacy** needed to win their mandate, developing an effective **strategy** for closing accountability gaps in the system, and delivering efficient **performance** against the goals of the partnership and expectations of stakeholders.

**Box 5: Judging partnerships**

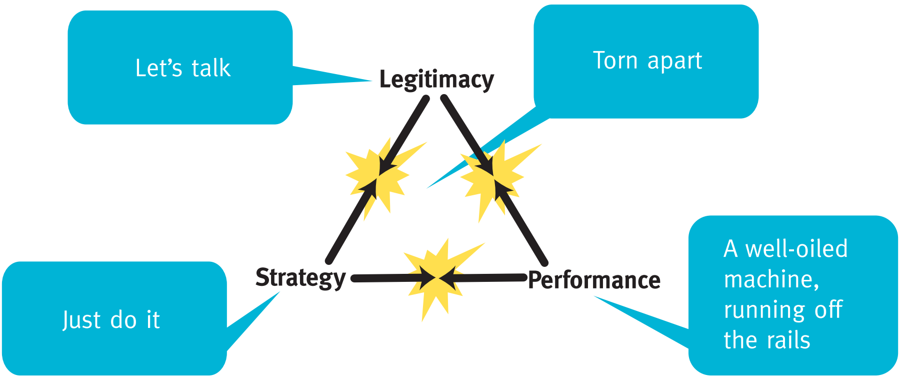
Partnerships are judged, both by those involved and those outside against the criteria of legitimacy, strategy, and performance:

- ***Legitimacy:*** 'Is it fair?' Do the governance arrangements assure confidence that the partnership is a credible and capable vehicle for solving this problem?
- ***Strategy*:**'Is it smart?' Does the governance system enable the partners to set and steer towards agreed strategic goals and objectives that close accountability gaps in the system?
- ***Performance:*** 'Is it effective?' Does the governance system hold the partnership accountable to specific outcomes and criteria for organizational quality, effectiveness, and efficiency?

What our research finds is that the trick for partnership governance is not what structure to design but why to design it in the first place. These and other partnerships we have examined build themselves into a trap. This trap threatens to send even the most well intentioned governance design into a downward spiral of organizational inertia and political competition.

At the heart of this trap is the way partnerships struggle to manage the dynamic interplay over legitimacy, strategy, and performance. These tensions can be found in many institutions, not just partnerships. However, the way in which a partnership's governance system succeeds or fails in managing this interplay determines the survival of the partnership.

**Figure 2: Views from inside the partnership trap**




The partnerships identified themselves as trapped by imbalances between legitimacy, strategy and performance in one of four broad scenarios:

- **'Let's talk' –** This is the most common complaint. Complex governance systems designed for inclusiveness make it difficult for partnerships to make decisions quickly, and can generate paralyzing conflicts and competition among stakeholders.

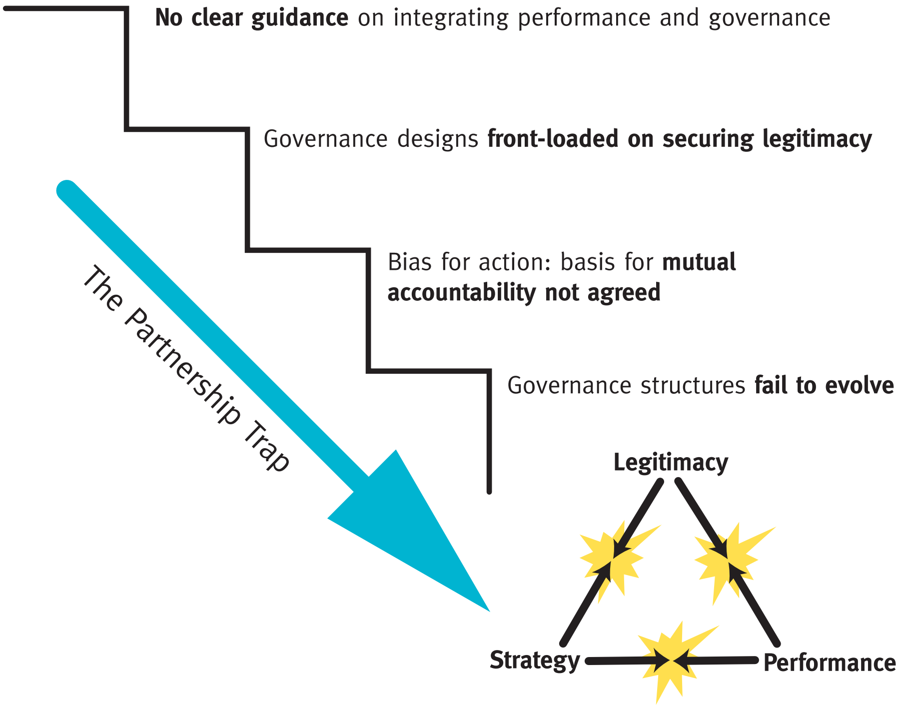
- **'Just do it' –** A single-minded focus on strategic goals, objectives, and timelines can deliver impressive results, but without clear provision for inclusive participation, the partnership is at risk of capture by the most powerful actors.

- **'A well-oiled machine, running off the rails' –** Partnerships that have put in place strong and professional secretariats may perform as efficient organizations, but multi-sector participants on the Board become remote from the action, and concerns for effectiveness, equity and accountability become secondary to the efficient delivery of targets.

- **'Pulled apart' –** Tensions between delivering on legitimacy, strategy and performance can bring the partnership to a standstill, and put its continued existence in jeopardy.

The majority of partnerships in our Learning Network identified their governance challenges within the 'Lets talk' scenario, but some were caught in other parts of the partnership trap. This is not for lack of effort or investment. Nearly all the partnerships complain that the costs of managing governance systems has become overwhelming. We can identify four common pitfalls which have helped to ensnare partnerships within governance structures that may be expensive, but are not fit-for-purpose:

**Figure 3: Getting trapped**



- **Lack of guidance for designing fit for purpose governance structures**

Partnerships bring the cycles of policymaking and business action into one room in order to accelerate the process of problem solving. Without integration between the systems for pursuing strategic direction and effective delivery on one hand and mandate and participation on the other, partnerships are left struggling with governance challenges that participants are out of their depth to manage.

- **Front-loading of governance design towards securing legitimacy**

Legitimacy is crucial for partnerships. Without it they cannot realistically pursue their strategies. This is particularly true for standards partnerships that adopt strategies that governments or other stakeholders may perceive as competing with existing public governance systems. Without legitimacy, EITI has no hope of addressing accountability gaps through strategies that take on political competition, barriers to entry in the political process, free-riders, and prisoner's dilemmas.

A partnership that possesses legitimacy can employ it as a strategic asset. For example, legitimacy enables the partnership to apply constructive pressure on institutions to adopt standards and thus prevent free-riding or defection.

Legitimacy enables resourcing partnerships such as GAIN and The Stop TB Partnership to justify the claim that they possess better approaches than others to reduce information and transaction costs.

Legitimacy is vital for service partnerships like WAWI and The Stop TB Partnership to ensure that their offering is welcomed and trusted by stakeholders and targeted beneficiaries.

How the governance system functions determines the legitimacy, and related permission, for the partnership to operate, grow, and exert influence on behalf of its development mission. Governance must instill trust that the partnership will meet stakeholder expectations.

However, when governance focuses too strongly on legitimacy, strategy and performance suffer.

At the early stages of their development, the partnerships we studied formed governance structures and processes aimed at establishing the partnership's legitimacy. They prioritize attributes such as inclusiveness, representation, stakeholder engagement, transparency, and trust-building activities. However, this tended to weaken their focus on clear decision-making based on strategic goals. Learning and knowledge management were also perceived as a luxury at these early stages.

As they developed, they found that these legitimacy focused governance structures began to constrain their ability to develop and deliver on strategy. For example, one Learning Network partnership is made up of a Board of Directors, stakeholder advisory councils, technical advisory committees, and an assembly of global stakeholders from North and South, business, NGO, and government. These governance systems – especially at the outset of the partnership – established high confidence among active stakeholders in the legitimacy of the partnership. However, the governance system makes the partnership feel like a legislative body in a multi-party democracy. The partnership finds it difficult to make decisions quickly, to adapt strategy to changing risks and opportunities, and to design bold solutions to major problems. As an executive states:

> ***"The constraint of our governance is the reconciliation of the diversity of opinions. This means that [we] can have a profound impact but never be revolutionary. If the world was sinking and we need a lever to hold it back. Can [we] help? The answer is no, because we'd have to wait for the next [stakeholder] assembly." (Executive from Global Development Partnership)***

Designing governance structures to secure and maintain legitimacy can perversely generate paralyzing conflicts and competition among stakeholders. Partnerships find that core governance structures such as the Board begin to feel and work more like a space for contestation to express interests and concerns. As noted by one partnership executive:

> ***"Board members…don't act as agents for the partnership.…When push comes to shove they always end up deciding as part of the organization that they belong to primarily. They don't have a 'change agent' attitude. Most of the time people agree on the lowest common denominator; there is little real compromise and deep learning among the involved organizations."***

As competition grows, stakeholders ironically can lose trust in the systems designed to create legitimacy. Another partnership has established a Board of respected executives from business and civil society. The Board receives advice from a stakeholder advisory body designed to represent major interests related to the partnership's development agenda. The Secretariat frequently holds regional meetings with stakeholders around the world to seek further input. As its development focus is controversial, the partnership finds many conflicting opinions expressed. These stakeholder engagement mechanisms perform well in raising concerns but do a poor job in resolving them. As a result:

> ***"We frequently go to our stakeholders and ask them to vote on key decisions [for the partnership]. When our stakeholders don't see their vote reflected, it is hard to communicate this to them…If they are not satisfied with the results of the vote they will take other action to oppose us."***

A majority of the Learning Network secretariat functions view governance structures as increasingly counterproductive to the goals and objectives of the partnership. These secretariats have reacted to consolidate power and control, finding ways to work around or diminish the power of governing structures over decisions and accountability. For example, one partnership finds its governance systems increasingly paralyzed. Major decisions related to strategy and delivery sit – neither ratified nor rejected – for interminable periods of time. The secretariat begins to feel paralyzed itself. As the world moves forward it becomes increasingly impossible to rely on old strategies and procedures to operate. Decisions, an executive notes, "take two, three, four times as long as they should. We can't go on like this."

- **Basis for mutual accountability not agreed**

Given the difficulty of getting diverse partners to work together and the urgency of the problems they are seeking to address, partnerships have an understandable bias for action. The are often catalysed by the pursuit of all important 'early-wins', in order to quickly generate both a stream of concrete benefits and the trust that comes from working together. This can lead to the neglect of the development of a clear framework of accountability to unlock more difficult synergies that go to the heart of participants' inter-dependence. Governance design features such as what participation entails, how authority is created and delegated, and what sanctions the partnership has are not agreed on the basis of an understanding of the mutual accountability needed to achieve strategic goals. Instead they are negotiated or evolved from individual participant's interests.

Lacking well-defined policies and procedures for decision-making and inclusiveness, a number of the more powerful actors on the Board have begun to assert themselves. "There are always variations in how you interpret and implement even the most well-defined strategy," an executive for a partnership says. "Some more powerful Board members are growing impatient and say, 'we want it done this way,' even if the rest of us know that way won't work." As a result, the partnership is working to head-off potential problems and build in more sophisticated legitimacy systems it has lacked.

- **Governance systems fail to evolve with the partnership lifecycle**

Few partnerships envision the future and see the steps, challenges, moves, and counter-moves that may unfold related to governance and accountability concerns over time. This is difficult to do, to be sure, but not as difficult as reacting to challenges after outmoded governance systems have become entrenched. Most continue to use the systems of governance established at the start-up stage of the partnership. They struggle to make-do with unstable resourcing, inadequate processes to deal with free-riders and resolve disputes, and haphazard approaches to learning, quality, and performance management.

In these cases the leaders on the Board are remote from the action. They support the partnership but feel removed from strategic considerations and lack investment in the partnership's success that comes through systems of active engagement and involvement with other stakeholders.

Another partnership finds itself wrenched apart. Powerful voices insist the partnership "get on with it" and deliver outputs. At a recent convening of partners, several urged that the partnership should reject governance altogether as it created needless bureaucracy. Other participants have grave concerns regarding the equitable

> ***"I care about implementation and impact more than governance and accountability."***
>
> Partnership Manager

distribution of resources among partners, equitable commitment of time and effort, and overall strategic direction.

Without integration between the systems that pursue strategy and delivery on one hand and mandate and participation on the other, partnerships are left struggling between the understandable but mistaken bias for action, and the recognition that inappropriate governance is behind underperformance. For many, the link between governance and impact seems like a choice between two competing priorities.

Stuck between a rock and a hard place, one actor – often but not always the Secretariat — takes actions to circumvent its own governance systems and make major decisions on behalf of the partnership. An Executive Director explains:

> ***"Even in a scenario where you have strong procedures and rules and systems of accountability, there are still accountability gaps throughout the system. If you are a skilled person, as a CEO, you can manipulate these gaps. I can play the system like a piano....I don't like this. I would much prefer to limit my own power and have a better, more competent, sophisticated and strategic governance and accountability system that would shape more decisions. Even if it disagreed with me, as long as I had confidence in it I'd be much happier."***

In these instances governance structures have pushed back, seeking to re-establish their own authority and status within the system. Several of the partnerships are in the process of managing this delicate balance. Three have begun or completed a governance and accountability review designed in part to address internal competition and enhance the productive contributions governance makes to performance. Several others hope to launch extensive governance and accountability revisions in the near future. In some instances, competition among the Secretariat and governance system has put the future performance of the partnership in grave doubt.

This creates an increasingly untenable trade-off regarding the effort to encourage and engage diverse voices in the governance of the partnership to the practical demands to limit the opportunity for stakeholders to express their voice.

The challenge of sorting through legitimacy questions make efforts to design and work toward common strategies more difficult. It allows the governance structure to take its "eye off the ball" and lose focus on development delivery priorities.

To improve the consistency of these outcomes requires skills and competencies that partnership executives suggest participants in governance systems do not possess. Executives from several partnerships explain:

> ***"Investors need to recognize that amateurs can only do so much. You need professional advocates, professional communicators, professional procurement people, and so on, and a secretariat that is well staffed is critical."***

> ***"[Board members] are brilliant scientists, but they think black and white about partnerships, and things aren't that clear cut in the world***

***of politics and partnerships… They lack an understanding of the broader development system and of organizational dynamics that would help them to work and convince other players more effectively."***

***"It's very simple. The Board is in over its head."***

Yet, despite the shortcomings, partnerships find themselves investing what feels like too many resources into governance structures. Nearly all the partnerships complain that the cost of managing governance systems has become overwhelming. For some organizations, it approaches upwards of 10% of the partnership's operating budget, not including the calculation of paid and volunteered staff time. This is an investment of financial and human resources that appears to move further away from targeted development outcomes.

Few partnerships take the time to envision the future and see the steps, challenges, moves, and counter-moves that may unfold related to governance and accountability concerns over time. This is difficult to do to be sure, but not as difficult as reacting to challenges after outmoded governance systems have become entrenched.

However, most of the partnerships have no answer to the question of its desired end-state. Most have no permanent or stable resourcing model. Most continue to struggle with free-riders. Others continue to use the systems of governance established at the start-up stage of the partnership. Rather than serving as a force to resolve disputes, the governance system begins to add fuel to the fire and encourage greater contestation. Partnership executives describe how this chaotic state feels:

***"The heroic phase of the organization and the big concerns [about the state of the world] – these were the things that drove [us] for the first… years. But [the partnership] is moving….We haven't arrived yet to the next big consensus… This paralysis that we feel… we don't have the elements to generate that type of consensus."***

***"The partnership is at a juncture – either get it done or get out of it. If we don't get to the gold ring, we will lose goodwill. We have a year or two to get it right. People across the partners are finally getting it. But it will need changes that will be hard. Whether we can transcend that phase remains to be seen."***

# Escaping governance traps

## What should the governance systems of partnerships be accountable for?

Governance systems should help partnerships progress through stages of their life cycle by better aligning and integrating governance elements to support the development and delivery of mission and strategy.

In particular, governance systems need to be accountable for:

- Driving the partnership to achieve strategic goals based on agreed measures
- Enabling the partnership to resolve disputes and resolve concerns within the system
- Limiting and removing disabling competition within the system
- Limiting and removing internal and external system free-riders
- Solving resourcing challenges
- Ensuring continuous learning, improvement, and system innovation
- Embedding systems of downward accountability and voice

When governance lives up to these terms of accountability, it can avoid the traps defined above. Governance systems can serve as a highly constructive driver of partnership performance. When they cannot, governance systems can impede development objectives.

Escaping the partnership governance trap is not easy. But it is exactly the role that governance systems must perform. Based on where partnerships say their governance processes are failing, and where they are working, we propose four key principles of partnership governance necessary to avoid the pitfalls. These form the basis of AccountAbility's Framework for Collaborative Governance & Accountability:

| Pitfall | Key Response |
|---|---|
| Lack of guidance for designing fit for purpose governance structures | 1 **Understand the governance requirements at each stage of the partnership design cycle** |
| Front-loading of governance design towards securing legitimacy | 2 **Design partnership governance systems in reverse alignment with key stages in the partnership design cycle** |
| Basis for mutual accountability not agreed | 3 **Hold partners accountable to an Accountability Compact** |
| Governance systems fail to evolve with the partnership lifecycle | 4 **Plan for governance systems to secure accountability throughout partnership lifecycle** |

## Key Response 1: Understanding partnership governance requirements

Partnerships require many of the same elements of effective governance as other kinds of organizations such as:

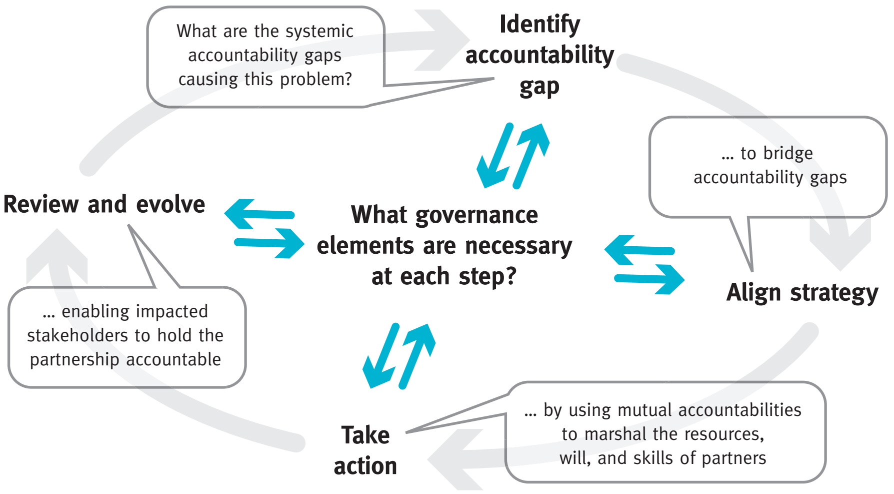
- Approval and oversight of strategy
- Agreed measures and targets
- Clarity of authority
- Sharing knowledge
- Performance measurement
- Competency development
- Financial controls
- Asset management
- Securing resources

However, there is no 'standard structure' for a partnership, and each has to negotiate its own design among a unique set of constituents. Clearly, form must follow function, but how can these diverse partnerships, and those who seek to judge them, understand what governance arrangements are fit-for-purpose?

The question of who needs to be involved in making decisions, and how, depends first on the problem identified, the stakeholders involved, and the different resources, accountabilities and competencies they bring to solving it. The way a partnership responds to the systematic accountability deficiencies it identifies shapes its mission, strategy, structure, and ultimately its own accountability and governance.

Therefore underlying the familiar project design cycle that partnerships undergo, we can see the 'accountability DNA' of the partnership itself and of the problem it is focused on.

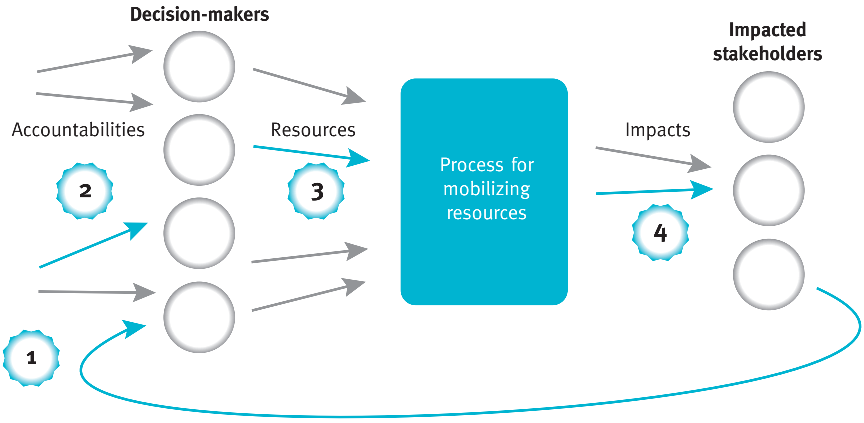
**Figure 4: Partnership design cycle**



## Stage 1: Identifying accountability deficiencies

The partnerships we have worked with address issues as diverse as forest management, health and disease, human nutrition, wildlife conservation, openness in government, and corporate accountability. Each started by looking at the problem and identifying one or more systematic accountability failures that lie between 'what ought to be happening' and 'what is happening':

**Figure 5: What is the problem?**




They identified four accountability failures:

1. **Unempowered stakeholders** – Those impacted by decisions are not in a position to make their voice heard, either through the market, through political processes or through civil society checks and balances. This may be through lack of awareness, lack of purchasing power or political influence, or weak capacity to organize and mobilize influence.

2. **Unaccountable power** – Combinations of economic and political power join to create powerful clusters that control decision making in support of their own narrow interests. Privileging the vested interests, the lack of transparency and high barriers to entry for influence prevent a broadening of accountability.

3. **High obstacles to effective action** – Pervasive problems are not attracting enough attention, proven solutions are not attracting enough resources. Institutions and stakeholders share a common interest in solving problems, investing in public goods or trading in new ways, but they are unable to overcome high transaction costs and high information costs to find a mutually acceptable way to share costs, risks and benefits.

4. **Unaccounted impacts** - Social and environmental externalities are not accounted for in market decisions, meaning that they are undervalued and overexploited. In this 'tragedy of the commons,' stakeholders are locked in a stalemate of negotiation over who should take responsibility for what.

**Table 1: Accountability deficiencies**

| | What is missing? | Examples of how partnerships address these deficiencies |
|---|---|---|
| Unempowered stakeholders | Means for those impacted to have a say in decisions that affect them | The EITI was formed to address the 'resource curse' of countries where revenues from oil, gas and minerals exploitation do not contribute to development because **citizens are not able to hold their elected officials accountable** |
| Unaccountable power | Incentives, transparency and enforcement mechanisms to hold the powerful to account | The UN Global Compact is an example of a partnership that responds to the accountability deficiency of unaccountable power. The Global Compact was formed in response to the recognition that although principles on human rights, environmental performance, labour conditions, and corruption had been agreed by many of the world's governments, enforcement at a national level was patchy, and there was **no level global playing field of enforcement of responsible business practice**. The Global Compact creates a mechanism to provide positive reinforcement for those in the private sector to define accountabilities to these principles |
| High obstacles to effective action | Effective processes to negotiate shared risks and benefits | Many partnerships (including classic public private partnerships) are focused on this accountability failure which results in **under provision of public services**. The Stop TB Partnership was formed in response to recognition that, while affordable and effective treatments were available and had been shown to work in some developing countries, this evidence based approach was not being transferred and implemented globally. BPDWS and WAWI identified a similar situation in the case of water and sanitation |
| Unaccounted impacts | Clear rules, roles and expectations | IUCN began a collaboration with Sakhalin Energy when both recognized that oil exploration and exploitation around Sakhalin Island could endanger survival of the Western Gray Whale population, but there was **no clear guidance or scientific consensus** as to what the company should do to understand and minimize its impacts on the whales |

## Governance requirements related to "Identifying Accountability Gaps"

Any new venture needs basic governance structures and processes (such as financial controls and asset management) to go beyond being a loose network to become an active coalition. However, partnership governance structures are designed from the outset in response to systemic accountability problems. Three key challenges often inform the initial design of their governance structures:

- **Demonstrating legitimacy** – Which in practical terms translates into structures and policies that clarify authority in decision-making, inclusiveness of stakeholders, processes to engage stakeholders, adequate representation of stakeholder interests, establishing mechanisms to enable all concerns to be voiced, dispute resolution mechanisms, making decisions and performance outcomes transparent, and securing trust among participants.

- **Ensuring the partnership's stakeholders are empowered** – While most traditional development institutions focus on improving the conditions of unempowered stakeholders, partnerships focus on creating new pathways for citizens, stakeholders, and interested parties to become engaged in public good delivery. It is not enough therefore for partnerships to generate outputs on behalf of these stakeholders. The partnership itself must demonstrate by design its responsiveness to stakeholders that will benefit or potentially be harmed by the partnership's decisions. Governance systems are responsible for ensuring that partnerships create what is often called "downward" accountability.

- **Ensuring the partnership design and system does not reproduce the accountability gaps it is seeking to redress** (whether intentionally or unintentionally) – For example, partnerships often seek to hold their members to account, through standards and peer pressure. In doing this they are vulnerable to being co-opted by strong actors within the partnership, be they private sector players, funders or dominant states. Preventing this is a constant governance challenge for all partnerships.

In response, partnerships often define themselves by establishing an elaborate, and worthy structure of convenings, committees, and feedback mechanisms.

For instance, most of the partnerships put in place strong processes to ensure transparency: publishing a wealth of proceedings, minutes, and summaries of decision-making processes. Nearly all the partnerships set up a Board of Directors or equivalent composed of well respected figures in their respective fields of expertise. Many have provisions to ensure balanced stakeholder representation on the Board. Seats are divided among vital stakeholder groups and regions. As noted earlier several allocate seats to individuals from target service groups. Nearly all possess a secretariat function staffed with highly committed, motivated, and professional employees designed to implement decisions, manage the initiative, and contribute to strategy formulation. The chief executive of the secretariat often sits on the Board.

Several partnerships establish technical committees to ensure a wide array of fact-based evidence goes into the design of core outputs. Last but not least, many of the partnerships set up a wide variety of broader stakeholder-led governance structures. EITI, FSC, IUCN, Stop TB Partnership, GRI, and UNGC all possess some form of large-scale stakeholder assembly. These convenings ensure wide-spread participation in policy-making, strategy, and dispute resolution. These and other partnerships possess stakeholder committees and councils that perform similar roles on a more consistent basis.

Every partnership in the Learning Network has put significant effort into designing processes for downward accountability. GRI has formed a stakeholder council that gives strategic advice to the Board of Directors. It engages representatives from the community level from less developed countries to ensure the partnership accounts for voices among the grassroots. The UNGC creates local affiliates to respond to local needs and issues among a variety of stakeholders. SFL seeks to convene the full commodity supply chain – from the upstream smallholder farmer to the downstream consumer and everything in between – for its efforts to innovate breakthrough solutions. FSC and IUCN both create structures to ensure the voice of the grassroots is adequately represented. The Stop TB Partnership among others provides seats on the board for community members and/or intended beneficiaries.

Nevertheless, to a greater or lesser degree, all partnerships struggle with these mechanisms. They are expensive to maintain. Common complaints include that the culture of governance – often modelled after Northern institutions — is not receptive to those that lack technical knowledge and experience in complex organizations. Many grassroots stakeholders find the experience alienating and become frustrated that their views appear to go unnoticed. Partnership Secretariats find that crafty members of the governance system can take advantage of participating stakeholders and use them to create a "logroll" to advance particular issues.

***"[Certain organizations] are lining up members of Southern communities. They claim to speak for them and bully them to vote on decisions in the same way."***

***"They [Community representatives on our Board] are in completely over their head. They don't know how to participate. It seems like we are just including them as part of lip service."***

***"It's very expensive to fly them to meetings and I'm not sure how much they add or how much they get out of it. It's very hard to find qualified people from these regions to participate."***

## Stage 2: Aligning strategy

Partnerships generally focus on delivering resources, services or standards, but underlying these roles are key strategies for change, which are driven by the accountability gaps they are focused on.

**Table 2: Partnership strategies**

| | Partnership Strategies | Examples |
|---|---|---|
| Unempowered stakeholders | **Transfer decision making power and resources** directly to stakeholders.<br><br>**Enable participation.** Reduce barriers to influence, create informal or formal mechanisms of influence – whether through the market, civil society organizations, political processes or international negotiations.<br><br>**Build stakeholder capacity.** Train and equip stakeholders to participate more effectively in governance, decision-making, and policy-making. | FSC<br>GAIN<br>SFL<br>Stop TB Partnership<br>WAWI |
| Unaccountable power | **Set performance norms and standards** and create structures and processes to support compliance through informal regulatory regimes.<br><br>**Encourage transparency** by creating formats, mechanisms and demanding audiences for reporting on performance.<br><br>**Build awareness.** Raise awareness of the issues, opportunities and comparative performance levels. | EITI<br>FSC<br>GRI<br>Stop TB Partnership<br>UNGC |
| High obstacles to action | **Enable learning about what works** – enable development by sharing learning across institutional boundaries, e.g. through collaborative networks, open information platforms.<br><br>**Build, operate and transfer innovations.** Overcome transaction costs to bring together different players to generate breakthrough innovations.<br><br>**Reshape markets and incentives.** Changing demand or supply conditions, legal or regulatory rules of the game, or risk and opportunity calculations to encourage market provision of public goods, and limitation of "public bads." | BPDWS<br>GAIN<br>IUCN-ICMM<br>SFL<br>WAWI<br>Stop TB Partnership<br>WGWAP |
| Unaccounted impacts | **Create common understanding of impacts, roles and responsibilities.** So that constituents share a clear understanding of the problem and how different players impact on it.<br><br>**Set performance norms and standards** and create structures and processes to support compliance through informal regulatory regimes.<br><br>**Encourage transparency** by creating formats, mechanisms and demanding audiences for reporting on performance.<br><br>**Reshape markets and incentives.** Changing demand or supply conditions, legal or regulatory rules of the game, or risk and opportunity calculations to encourage market provision of public goods, and limitation of "public bads." | EITI<br>FSC<br>GAIN<br>GRI<br>Stop TB Partnership<br>UNGC<br>WAWI |

**Box 6: Partnership goals**

**Building Partnerships for Development in Water and Sanitation** aims to generate innovative products, processes, and organizational systems to address global water issues often by enabling successful collaboration among business, government, and civil society.

**The Extractives Industry Transparency Initiative** aims to reduce corruption and enhance development transfers in developing countries through transparent reporting of revenue inflow and allocation.

**The Forest Stewardship Council** has set itself the goal of doubling the amount of FSC-certified forests (up from 9%) over the next 5 years.

**The Global Reporting Initiative**'s overall aim is to help advance the sustainability agenda in the world. Its specific mission is to help make sustainability reporting a useful and robust practice for organizations and their stakeholders alike.

**The Global Alliance for Improved Nutrition** generates innovative products, processes, and organizational systems to address nutrition issues. It aims to reach a billion or more individuals with cost-effective solutions to enhance health and lifespan.

**The World Conservation Union and the International Council of Mining and Metals Dialogue** aim to improve the performance of mining industries in the area of biodiversity conservation and raise mutual awareness and understanding between the conservation community and the mining industry, so that both can contribute to improved outcomes for conservation and development in areas where they interact.

**IUCN's Western Gray Whale Advisory Panel** works to ensure the survival of diminishing Western Gray Whale populations that spawn and feed near Sakhalin Island – the location of a major offshore natural gas exploration and drilling operation.

**The Stop TB Partnership**'s goal is to ensure that every TB patient has access to effective diagnosis, treatment and cure; stop transmission of TB; reduce the inequitable social and economic toll of TB; develop and implement new preventive, diagnostic and therapeutic tools and strategies to stop TB. Target by 2015: the global burden of TB disease (disease prevalence and deaths) will be reduced by 50% relative to 1990 levels. Target by 2050: TB will be eliminated as a global health problem.

**The Sustainable Food Lab's** initiative aims to accelerate improvement in mainstream food and agriculture systems in order to sustain a high quality life for people and the planet.

**The UN Global Compact** seeks to mainstream the ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption in business activities around the world, and catalyze actions in support of broader UN goals, such as the Millennium Development Goals (MDGs).

**The West Africa Water Initiative** aims to improve the health and well-being of families and communities in Ghana, Mali and Niger by achieving a series of objectives related to improving: access to safe water and sanitation, disease reduction, sustainable water management and effective partnership.

Of course, many partnerships combine more than one of these strategies, recognizing that a combination of push and pull, rule making and innovation is needed to catalyze systemic change and achieve their ambitious goals (see Box 4).

The FSC for example is a standard setting body that developed as a response to the lack of a globally applicable system for identifying sustainably managed forests. However, many less complex organizations could, and indeed have, set standards on sustainable forest products.[28] FSC's approach was determined by its commitment to providing not just a technical standard but an approach which addresses the underlying accountability gaps between forestry professionals and their governments, consumers and retailers, and between developed and developing countries. Therefore the FSC approach covers a much broader range of strategies than other forestry standard initiatives.

**Box 7: The FSC's strategy for addressing systemic accountability gaps**

The FSC's founders identified not only a problem of unaccounted impacts of forest products, but also:

- **Unaccountable power** - Timber and paper buyers (both institutional and individual) were being 'let off the hook' of the impacts of their purchases by lack of traceability between forest and product. FSC developed a consumer label that NGO members supported with campaigns using moral suasion to hold these marketplace decision makers to account. Key retailer participants played a crucial role in guaranteeing that FSC certified product lines would be carried and promoted in store, ensuring that competitors and customers did not get away with believing that there was no alternative to unsustainable wood products.

- **Unempowered stakeholders** - Rival standards were likely to be controlled by powerful interests from business and governments. FSC sought to empower a broader group of stakeholders through its governance system. The FSC's membership chamber governs the partnership through weighted voting, balancing interest groups' geographic locations and involving environmental and social NGOs, indigenous peoples' associations, unions, research organizations and businesses from every stage of the production and certification chain. These groups don't just have a right to participate, but are supported through capacity building inputs from FSC to ensure that marginal groups can play a full role in the alliance.

- **High obstacles to effective action** - Demand for sustainable forest products could well end up sending perverse signals back down supply chains by disadvantaging smaller and poorer nations, community managed forests, and vulnerable producers, who lack required paperwork and access to affordable certification. The FSC therefore initiated pilot projects to learn what worked in certifying community forests, and enabling small scale producers to benefit from certification and set up systems for network communication and information sharing between national bodies on how best to address social issues.

**Governance requirements related to aligning strategy**

The most successful partnerships spend time on research, information sharing, and collaborative problem solving to assess alternative approaches to address accountability failures. Stop TB Partnership's Louise Baker attests to the importance of this stage in a partnership's development.

However, more often partnership planning evolves out of a negotiation between partner roles and functions; and is not the result of a strategic assessment on best alternatives or scenarios. Nevertheless, partnership executives stress that they need more than ever for the governance system to hold the partnership accountable first and foremost to performance against strategy. This means:

- Defining the terms of engagement for developing strategy (who is involved and how)
- Holding the partnership and its participants accountable for achieving the partnership's mission
- Holding the partnership accountable for delivery against strategy, goals and targets

This means holding the partnership accountable to address the deficiencies and related strategies detailed above, meet strategic goals and respond to emerging challenges.

*"The process of writing the Global Plan cannot be underestimated. It allowed people to come together, voice their disagreement and ultimately reach consensus. It is the blueprint and everyone follows it. By becoming a partner of Stop TB you sign up to the Global Plan... We all aim to push the same message... Just the process of writing the Global Plan brought the major players together and got them talking."*

Louise Baker,
Stop TB Partnership

In part this means that executives hope for governance structures to provide the cover of legitimacy to move quickly to meet these challenges.

## Stage 3: Taking action

The ways in which Learning Network partnerships have mobilized action and the levers they have found to make change in apparently intractable situations vary considerably.

The Stop TB Partnership mobilizes its 200 international and local partners through its collaboratively developed 10 year Plan. While the Stop TB secretariat manages particular projects, its main role is to support and enable coordination between the members, and monitor and report on progress towards the collaboratively agreed targets.

The Extractive Industry Transparency Initiative (EITI) took a somewhat similar approach, first on mobilizing a core working group of countries, companies and civil society organizations to develop and agree upon a Statement of Principles. This enabled it to attract a wider group of supporters and a first cluster of countries willing to implement the principles and to help shape the development of stronger guidance and implementation criteria. Only then was the initial loose working group replaced by a formal Board with a stronger secretariat to implement validation, reporting, cross-learning, and funding coordination roles. Individual country level implementation plans for the EITI follow this same pattern of convening a multi-sector working group to secure support for EITI's obligations and develop a locally owned implementation plan, before being able to draw down on funding from the EITI's Multi-Donor Trust Fund as well as other sources. The initiative's continued momentum also depends on its relationship with 'critical friends' – the NGOs in the "publish what you pay" coalition whose attention helps to maintain pressure for implementation.

The Sustainable Food Laboratory (SFL) hosts intensive dialogue bringing together a broad network of stakeholders in food systems in order to develop and test innovative ideas. Participating organizations invest significant time and money in the pilot projects, but plan to share their results in order to create tipping-point for system-wide change.

### Governance requirements related to taking action

In moving from commitment to action, governance systems have to overcome the same crippling challenges that can beset voluntary, self-help organizations large and small:

- **Enabling effective action.** Partnerships have to mobilize action, not through well-established exchanges of money for goods and services, or through established authority structures, but through a complex barter of the intangible assets each partner brings to the table. These include intellectual property, appetite for risk, reputational legitimacy, peer pressure, moral suasion, skill sharing, information pooling, social capital and access to broader networks.

- **Preventing disabling competition or chaos within the system.** Partnership governance needs to mobilize and maintain willing participation towards effective outcomes. This means finding the right balance between public and private gains, negotiating terms for sharing of cost, risks, and benefits within the partnership. It also means managing relationships within the wider system – ensuring that external attention, be it from funders or 'critical friends' such as campaigning NGOs and the media, is attracted to activities which add value and support the partnerships' missions and do not send it off-course.

- **Preventing self-interested participants** from exploiting partnership activities for their own ends. Voluntary initiatives are always in danger of carrying the heavy burden of free-riders, be they participants who see joining as an excuse to do little more, or those outside who carry on with business as usual while the partnership takes the heat out of public pressure on the issue. All partnerships, whether they set formal standards or not, are faced with the dilemma of finding the right balance between setting a high bar for performance and attracting more adopters and participants with an 'on-ramp' of achievable targets. They also need to develop mechanisms of assessment and incentives for compliance with the partnership's commitments.

Inadequate governance increasingly forces partnerships to invest time and energy on managing conflicts and crises related to competition, free-riders, disputes, grievances and stale-mates. Decision-making systems can grind to a halt, and delivery of development outcomes cannot help but suffer. A recent example comes from a press release from the World Rainforest Movement (WRM) challenging FSC's engagement in Brazil. While we take no position on the merits of WRM's charges, this release symbolizes the complexity and high stakes involved in partnership governance.

> ***Veracel: FSC's Death Certificate***
> ***"Yesterday we were notified by the FSC certifying body SGS (Société Générale de Surveillance) that they have awarded an FSC certificate to Veracel's eucalyptus plantations in Brazil. What they did not announce in the e-mail was that together with that certificate they were also giving the FSC its death certificate."***

## Stage 4: Evolution

Partnerships, like any other entity, must review progress in order to ensure they are on track to meet their goals. GAIN, for example, sets very clear measures of success that include:

1. The cost per each "disability adjusted life year" gained will be less than $15
2. Reduction in nutritional deficiency prevalence will exceed 30%
3. GAIN will reach: 1 billion people
4. GAIN's coverage of target groups will exceed 500 million people
5. The cost per reaching each target individual will be less than US$ 0.25
6. GAIN will raise investment from the private sector in excess of US$ 700 million

It reports on progress every year to ensure the partnership and its stakeholders learn what is working, what's not, and what actions GAIN will take to improve.

**Box 8: The importance of ensuring governance systems evolve**

A corporate-NGO partnership we reviewed based in India and directed at maternal and child health started by creating extremely formal and rigid governance structures. The governance system mirrored that of both a global corporation and a global NGO. The governance system prevented flexibility, adaptation, and creativity. Its rigidity prevented staff from building common experiences, relationships, and trust. The partners redesigned the governance system to enable the partnership to deliver on its strategy, and by enabling staff from each organization to see their role as working collaboratively on creative problem-solving as well as delivery.

Partnership goals however, are not static. Collaborations often evolve through a number of stages from a 'heroic' start-up phase based on passion, trust building and entrepreneurialism, through a maturing phase as the partnership seeks to upscale and prove that it can deliver results more efficiently and effectively than alternative approaches, and finally to a mainstreaming 'end game.'

As partnerships cycle through the processes of strategy development, action and review, they need to be able to reconsider the basis of the problem, and to react quickly, strategically, and innovatively, taking into account:

- Changing global circumstances (see Box 9).
- What they have learned about how their strategy is working and not working.
- Changes they have brought about through their actions (e.g. on the state of knowledge and agreement, pressures on the partners, evolving capacities).
- How they are developing towards a final end-game: will it mean transferring knowledge to others, or embedding solutions in public policy

or business norms? Alternatively, will they seek to become a new, permanent development institution?

**Box 9: Critical changes in global circumstances**

- The exponentially growing threat that biofuels pose to deforestation (FSC)
- The emergence of new sources of FDI in Africa which helps insulate regimes from pressures to publish information on revenue transparency (EITI)
- Accelerating political conflicts, public policies, and private sector sourcing in water and sanitation that appear to outpace the efforts of collaborative approaches (BPDWS and WAWI)
- The delicate and emerging state of sustainable food production, fair-trade, and nutrition initiatives, in a context of failed multilateral efforts to establish new agreements that would buttress these efforts (GAIN and SFL)
- The challenge global collaboratively governed CSR standards initiatives face to enter into the mainstream without being co-opted, or to face increasing challenges from a variety of skeptics that render them an afterthought (GRI and UNGC)

**Governance requirements related to reviewing and evolving the partnership**

For this stage Learning Network partnership executives agree that it is essential for governance systems to drive:

- Reporting
- System-wide Learning
- Improvement
- Innovation
- Skills & competency development

However, few of the partnerships possess governance systems that take leadership on these areas. Our analysis finds that, overall, the governance systems of Learning Network partnerships struggle with these roles. Table 3 presents AccountAbility's comparative rating of governance systems on a three point scale where 1 = poor, 2 = mixed, and 3 = good performance. The names of the partnerships are hidden and arranged randomly in the table.

## Table 3: Governance performance

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | Overall | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Identify Accountability gaps** | | | | | | | | | | | | | **2.12** |
| Inclusiveness | NA | 2 | 2 | 2 | 2 | NA | 2 | 2 | 2 | 2 | 1 | 17 | 1.89 |
| Representation | NA | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 2 | 2 | 1 | 20 | 2.00 |
| Resolving disputes | NA | 2 | 1 | 1 | 1 | 2 | NA | 2 | 2 | 1 | 1 | 13 | 1.44 |
| Stakeholder engagement | NA | 3 | 3 | 2 | 3 | 3 | 2 | 3 | 3 | 3 | 1 | 26 | 2.60 |
| Transparency | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 3 | 3 | 2 | 1 | 29 | 2.64 |
| Trust | 3 | 2 | 2 | 3 | 2 | 2 | 2 | 3 | 3 | 2 | 1 | 25 | 2.27 |
| Voicing concerns | NA | 2 | 3 | 3 | 3 | NA | NA | NA | 2 | 3 | 1 | 17 | 2.43 |
| Empowering stakeholders | NA | 2 | 3 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 19 | 1.90 |
| Avoid accountability failures | 3 | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 21 | 1.91 |
| **Align Strategy** | | | | | | | | | | | | | **1.82** |
| Strategic planning process | NA | 2 | 1 | 2 | 1 | 2 | NA | 1 | 3 | 2 | 1 | 15 | 1.67 |
| Mission and identify | 3 | 3 | 1 | NA | 2 | NA | 2 | 1 | 3 | 2 | 1 | 18 | 2.00 |
| Accountable to strategy | 3 | 2 | 1 | 2 | 2 | 2 | 2 | 1 | 3 | 2 | 1 | 21 | 1.91 |
| Partnership alignment | NA | 2 | 1 | 1 | 2 | 2 | 2 | 1 | 3 | 2 | 1 | 17 | 1.70 |
| **Take Action** | | | | | | | | | | | | | **1.77** |
| Enabling action | 3 | 2 | 1 | 2 | 2 | 2 | 2 | 1 | 3 | 2 | 1 | 21 | 1.91 |
| Preventing systemic competition | NA | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 18 | 1.80 |
| Prevented exploitation by self-interested actors | NA | 2 | 1 | 2 | 2 | NA | 2 | 2 | 2 | 2 | 1 | 16 | 1.60 |
| **Review & Evolve** | | | | | | | | | | | | | **1.81** |
| Innovation | NA | 1 | 1 | 1 | 2 | NA | 2 | 2 | 3 | 1 | 1 | 14 | 1.56 |
| Learning | 3 | 1 | 1 | 1 | 1 | 2 | 3 | 3 | 2 | 2 | 1 | 20 | 1.82 |
| Improvement | NA | 2 | 1 | 2 | 2 | 2 | 2 | 3 | 2 | 1 | 1 | 18 | 1.80 |
| Reporting | NA | 2 | 2 | 3 | 3 | 2 | 3 | 3 | 3 | 1 | 2 | 24 | 2.40 |
| Skills & competency | 3 | 1 | 1 | 1 | 1 | 1 | 3 | 1 | 2 | 1 | 1 | 16 | 1.45 |
| **OVERALL** | | | | | | | | | | | | | **1.88** |

Not surprisingly, Learning Network partnerships appear to perform best related to governance requirements related to the initial step of identifying accountability gaps. These requirements help establish partnership legitimacy which is vital to enable the partnership to offer a credible alternative to societal failures in governance and accountability.

However, governance performance appears to be sub-par along the other stages. These findings confirm those of the Overseas Development Institute (ODI), which identifies governance deficiencies as the key factor underlying partnership underperformance.[29] The World Economic Forum also recognizes the problem, noting in their report to the UN General Assembly of September 2005:

> ***"Effective partnership is problematic, not least because of ambiguity in the concepts of good governance: accountability, transparency, legitimacy, disclosure, participation, decision-making, grievance management and performance reporting."***[30]

Indeed, for some, governance sclerosis is putting the ability to respond to changing circumstances in danger. One standards partnership in the Learning Network reports that participants are beginning to defect to new, less inclusive initiatives that define less rigorous standards. This requires the partnership to unify around a common strategy and enhance its efforts to disseminate its standards. However, governance structures spend the majority of their time engaging as a participant in stakeholder grievances and complaints regarding the performance of the partnership. Consequently, the partnership has been unable to revise its strategy. As inertia sets in the partnership has great difficulty raising necessary funds to respond to emerging competition. "The stakes for our governance review process are huge," notes the partnership's executive. "If we do not improve upon our system we will have no chance of achieving our strategy. [We] will cease to exist in five years."

## Key Response 2: Reverse the priority of governance

What does it suggest when partnerships perform decently well on governance requirements related to identifying accountability gaps, but do less well on the others? One implication is that seeking to evolve governance systems in lockstep with the partnership development cycle allows the partnership to fall into governance traps.

Instead, when designing governance systems, the architects of the partnership should work backwards from the end of the partnership development cycle. Typically, governance systems would start by addressing issues of legitimacy. For example, who has the right to be in the room, who has the right to make and influence decisions, and so on.

Instead, governance design should start by designing systems to address governance needs related to step four in the development cycle. Put another way:

1. **Governance systems should begin by determining how the partnership as a whole will define and hold itself accountable to criteria for performance excellence.**

Performance excellence includes elements such as:

- Quality
- Satisfaction and positive feedback from beneficiaries and key stakeholders
- System-wide Learning
- Evaluation against strategic objectives and key stakeholder expectations
- Improvement
- Innovation
- Skills & competency development for partnership staff and partners themselves

In a choice between an endless quest for excellence, versus an endless quest for legitimacy, which will better position the partnership to achieve its mission? Performance excellence criteria neither conflict with nor belittle concerns related to strategy and legitimacy. Rather, for a partnership, accountabilities related to performance excellence help to align strategy with legitimacy. Models of development quality call for a balance between technically defined targets and stakeholder-defined targets. Strategies must ensure the partnership resolves and delivers on this balance. This in turn creates incentives to engage participants and stakeholders in processes to define what quality, strategy, innovation, and improvement should look like. A commitment to excellence becomes the truing mechanism for the partnership.

It is notable that few if any of the partnerships researched make a system-wide commitment to performance excellence. However, many of the partnerships possess "islands of excellence." SFL, for example, holds itself accountable for rigorous system wide learning. The documentation – listed for all to review on its web-site – is as thorough and rich as from any organizational learning initiative. Members of the secretariat, governance system, and other stakeholders involved in SFL programming, review the learning histories produced by SFL staff. The Secretariat is accountable for producing improvement plans based on findings from the learning histories. Next:

2. **Governance systems should specify specific elements of performance accountability.** These of course tie strongly to performance excellence accountability. Specific areas of performance accountability include:

   - Agreed measures and targets including input, output, and impact metrics
   - Knowledge sharing and communication objectives
   - Specific performance measurement systems

For example, both The Stop TB Partnership and GAIN set clear and public metrics for the partnership to achieve. GAIN will begin this year to report on progress towards these metrics. Next:

3. **Governance systems should specify accountabilities to partnership's strategy in the context of performance excellence.** Strategy formulation processes should embed within performance excellence systems. Governance systems should ensure strategic planning processes utilize and benefit from legitimacy systems by engaging participants and stakeholders as active partners in strategy formulation. It also means holding partners and stakeholders accountable for their commitment to support the partnership's mission and strategy.

It is vital to emphasize a fine, but crucial distinction between the partnership's *accountabilities to its strategy* and the strategy itself.

Partnerships certainly need to define an initial mission and strategy that directs its efforts. However, we suggest that the governance systems specify accountabilities to mission and strategy as the *third step* in the governance development cycle. Strategy, like legitimacy, becomes an element of the partnership's performance excellence accountabilities.

The governance system should hold the partnership accountable for:

- Terms of engagement for developing strategy (who is involved and how)
- Partnership mission
- Partnership strategy, goals and targets
- Workplan

For example an assessment of the Stop TB Partnership by Brian Levy of the World Bank finds, "....[T]he global Stop TB coalition has converged on a common protocol for treating TB, has been very effective in fostering implementation across countries, and measures regularly and systematically the use of this protocol and its impact on TB across countries."[31]

Then finally:

4. **Governance systems should design legitimacy systems in the context of performance excellence criteria and partnership strategy and mission.** This gives the quest for legitimacy a more constructive purpose than ensuring the partnership's license to operate. This allows the partnership to help frame its legitimacy in the context of whether its participants and stakeholders are contributing to performance excellence and strategy.

As the Stop TB Partnership matures, it is working to enhance its governance processes to establish stronger stakeholder voice and engagement that can help states adopt TB delivery systems, more effectively distribute life-saving drugs, and invest appropriately in prevention and care. The Stop TB Partnership reached a decision that it must generate a politically active grassroots constituency (i.e., patients suffering from TB) to hold the partnership, as well as health systems more broadly, accountable for TB treatment delivery.

Figure 6 illustrates the interaction between the partnership design cycle and the governance design cycle.

**Figure 6: Partnership design and governance framework**

## Key Response 3: Build accountability compacts among partners and relevant stakeholders

Figure 6 shows how governance supports the partnership development cycle. However, governance cannot enable partnership development if partners and stakeholders are unwilling to do the necessary work and make the necessary commitments.

Thus, the contractual terms and agreements that partnerships sign must include an accountability compact that commits partners to abide by terms of accountability and governance. The accountability compact should be as simple and straightforward as possible. It should include the following:

| | |
|---|---|
| **Commitment** | Each partner commits to support the partnership's mission, strategy, and criteria for performance excellence |
| **Participation** | Each partner commits to participate in the agreed role defined for the partnership's governance system |
| **Authority** | Each partner commits to support and abide by the decision and policy-making systems led by governing bodies |
| **Delegation** | Each partner commits to empower the secretariat backed by periodic accountability and fine-tuning of direction |
| **Representation** | Each partner commits to represent the partnership and to help the partnership be responsive to its ultimate beneficiaries |
| **Exit** | If a partner finds the governance system is delivering decisions with which it cannot abide the partner commits to:<br>a) openly and transparently share concerns and offer constructive suggestions for improvement and for action by the existing governance structure<br>b) in the event the partner finds no satisfactory response it agrees to exit the partnership according to contractual terms without engaging in additional activities that might harm or debilitate the partnership |

As much as feasible, partnerships should endeavour to include system-wide stakeholders in some form of this accountability compact. In theory, this is easier for partnerships such as EITI, FSC, GRI, IUCN, Stop TB Partnership, and UNGC because they all possess systems to engage broader stakeholder networks. For example, each possesses a version of a general assembly (held annually for some, and once every 2-3 years for others).

The Accountability Compact communicates the powerful message to stakeholder networks that there can be no free-riders participating in the partnership's governance system. Those stakeholders that wish to participate and influence the partnership must commit to the terms of the accountability compact and work to support the mission, strategy, performance, and legitimacy of the partnership. The Accountability Compact may not function as a formal legal document. However its presence will bind participants to live up to the commitments they make, or else put their credibility at risk. Governance systems enhance the power of an Accountability Compact by requesting partnership-wide audits of performance against the terms of the Accountability Compact.

## Key Response 4: Design and support structures that will deliver on both the partnership and its governance system's accountabilities

Evolving partnership governance should be part of the partnership's overall strategy for achieving its end game. Governance systems should be judged as whether they enable the partnership to:

- Achieve strategic goals based on agreed measures for performance excellence
- Resolve disputes and grievances within the system
- Limit disabling competition within the partnership
- Limit internal and external system free-riders
- Secure resources
- Enable continuous learning, improvement, and system innovation
- Embed downward accountability towards impacted stakeholders

When governance lives up to these terms of accountability it can avoid the traps defined above and serve as a highly constructive driver of partnership performance.

Our findings suggest that at a high-level partnerships of all kinds face common governance challenges and can apply common governance solutions. However, as one moves closer to the ground, no two partnership governance systems will look the same. First, the mission and strategies a partnership adopts will often require nuanced approaches to governance design. Second, the mere fact that each partnership comprises different organizations, each with its own specific issue focus, geographic coverage, and ways of working will require customized governance systems. Finally, each partnership type requires different governance structures and policies. For example, a standards setting partnership such as GRI and FSC requires highly knowledgeable technical oversight to ensure the standards they define are robust, fit-for-purpose, and enforceable. These partnerships both possess technical advisory committees that report to the Board. In contrast, resourcing and service partnerships typically do not need a technical advisory committee.

To this point, our findings suggest that there are three crucial variables that mark the differences in governing resourcing, service, and standard-setting partnerships:

| | Resourcing | Service | Standards setting |
|---|---|---|---|
| Decision-making | Broad power sharing; strong downward participation mechanisms; broader stakeholder oversight over decisions | Strong downward participation and oversight mechanism; participant influence defined by effort and role and not by money invested, size, or reputation | Inclusive policy making influenced by strong technical leadership. Democratic processes that neither allow concentration of power in one block, nor veto power in one block or one participant |
| Raising financial capital | Participating investors pledge continued funding based on commonly defined criteria. Good performance plus good governance allows the governance system to influence others to contribute | If the partnership meets its performance and governance criteria then the extended governance system lobbies investors to continue funding | If the partnership meets criteria, participants should commit to help pay, and/or lobby investors (particularly public sector investors) to help pay for the partnership |
| Mainstreaming | Mainstream by influencing aid and related investment architecture | Mainstream by choosing to:<br>a) expand and become a permanent institution; or<br>b) transfer technology and influence other service delivery institutions | Mainstream by choosing to:<br>a) influence national and international statutes; or<br>b) transfer standards and participatory methodologies to mainstream standards bodies; or<br>c) expand and become a permanent institution |

**Governing Resourcing Partnerships**

Resourcing partnerships typically engage a variety of investors to pool resources. These investors then design strategies to disburse these resources through collaborative engagements with service delivery institutions, public agencies, private sector organizations, broader stakeholders, and beneficiaries themselves. Governance systems need to ensure **decision-making** processes do not preference investor interests over other partners. Decision-making processes should seek to elicit the best knowledge, experience, strategic-thinking, creativity, and leadership of all participants.

The governance system should endeavor to make all participants accountable first and foremost to intended beneficiaries that the resourcing partnership serves.

A resourcing partnership's **accountability compact** should specify that participating investors will continue to **invest resources** as long as the partnership meets commonly agreed criteria for good governance and good performance. Members of governing bodies should commit to spread the word and influence other investor institutions to contribute resources to a partnership that successfully balances challenges of legitimacy, strategy, and performance.

Finally, a resourcing partnership should seek to **mainstream** its approach by influencing the broader aid architecture for the issue in question. For example, a resourcing partnership for a health issue should influence the way national health budgets are designed, how bilateral donors invest, how foundations make grants, and how private sector bodies contribute. Members of the governance system then have a responsibility to advocate proactively on behalf of the partnership and its mainstreaming goals.

**Governing Service Partnerships**

Like a top-performing corporation, a vital measure of success for service partnerships is customer (or client) satisfaction. Therefore, service partnership governance systems need to ensure intended beneficiaries possess strong influence over **decision-making**. Governance systems should lead the partnership to include beneficiaries in processes that define measures of success and strategy.

Service partnerships are vulnerable to in-fighting caused by perceptions of free-riding. Smaller partners may feel that, kilo-for-kilo, they contribute more than larger partners do. In contrast, larger partners may feel that, in absolute terms, they contribute more. As a result, one partner may seek to punish another for perceived free-riding by undermining their role in decision-making. Governance systems should therefore specify the terms of equitable contribution among partners. It should use these criteria to ensure equal voice in decision-making based on empirical evidence of effort rather than perception of effort.

A service partnership's governance system has a vital role to perform in **raising financial capital**. Governance members must proactively maintain, enlarge, and diversify the partnership's financial capital. (Assuming of course the partnership demonstrates good performance and good governance).

Finally, service partnerships typically have two broad choices to make on how they **mainstream**. They can become a permanent development institution that continues to work – as do many NGOs – until the specific issue it is addressing ceases to be a major development concern, e.g. until water and sanitation become accessible for all. Alternatively, the partnership can seek to transfer its successful approach to development to a variety of existing entities. Governance systems must help the partnership choose a mainstreaming strategy. Then the governance system must actively lead the partnership toward its mainstreaming objective.

## Governing Standards-setting Partnerships

Standards-setting partnerships function like quasi-governmental institutions. **Decision-making** systems must reflect this while seeking to improve upon the often slow and cumbersome approaches used by representative chambers. This requires creativity, adaptability, and improvement. It is perhaps the most important challenge for the standards-setting partnership's governance system. As much as possible, objective, empirical-based considerations should possess special prominence in decision-making. Therefore, technical committees should weigh prominently in decision-making. However, as sustainable development policy incorporates both science and art, decision-making systems must ensure high levels of participation and representation of voice (while moderating incentives for special-interest politicking). This means democratic decision-making processes must avoid the gravitational pull for power to concentrate in single-issue voting blocks. For example, one would typically expect private sector participants to unify in order to oppose the interests of civil sector participants, which have themselves unified to oppose private sector participants. The governance system must pay extreme attention to define a system that enables decision-making procedures to be fixed for a period of time, re-opened for debate, modified, and fixed anew. Otherwise, as in democratic institutions, participants can use procedural loopholes and deficiencies to manipulate decision-making processes.

The governance system has a unique role to perform related to **raising financial capital**. Often standards-setting partnerships establish quasi-regulatory schemes and statutes. However, standard-setting partnerships lack the wide variety of budgetary mechanisms that governments possess to support dissemination, training, monitoring, enforcement, reporting, and improvement. Thus, standard-setting governance systems must perform extremely creative and politically sensitive leadership to create stable funding. This might mean fund-raising from third-party investors, membership dues, fees from those institutions that will be "regulated" by the standards, licensing to fee-for-service providers, licensing of the partnership's certified seal of approval, or provision of public revenues among others.

How the standard-setting partnership seeks to **mainstream** will influence its funding approach. As with other partnerships, the governance system must lead in defining a mainstreaming strategy and leading the partnership toward its mainstreaming objective.

A partnership that seeks to become a permanent, quasi-regulatory agency will need the governance system to devise creative funding and advocacy strategies. If the objective is to encourage governments to adopt the partnership's standards as formal regulation, then the governance system must prioritize strong advocacy strategies. If the objective is to transfer approaches to existing, mainstream bodies such as the International Standards Organization, then the governance system must lead in managing a high-level merger and acquisition process.

# Recommendations – Investing in Effective Partnerships by Investing in Governance

Partnerships that pay insufficient attention to governance are a bad bet for investors, participating partners, and intended beneficiaries alike. Poor governance systems can compromise the performance of the partnership, and thus compromise development outcomes.

Partnerships exist to enable diverse parties from different sectors to collaborate effectively and efficiently to achieve development outcomes. Good governance structures enable effective collaboration to occur.

The problem is that too many partnerships appear to neglect accountability and governance. It is naïve to expect that partnerships either can or will adopt the approaches presented in this report voluntarily and successfully. Newly forming partnerships may have the flexibility to do so. However, existing partnerships have set along a path that could take extensive effort to adjust. Partnerships require an environment that will encourage them to prioritize governance as a crucial driver of performance. Therefore, institutions that invest resources in partnerships, policy-makers, decision-makers, and opinion-formers should embrace the following inter-related and reinforcing recommendations:

**I. Create incentives for good partnership governance**
**II. Ensure partnership governance systems possess the trust of core stakeholders**
**III. Build the knowledge and capacity of partnerships and their stakeholders to govern effectively**

## I. Create incentives for good partnership governance

In the best cases, partnerships typically possess a laudable bias for action. In the worst cases, participating partners possess uncompromising agendas that they will advance even to the detriment of the partnership's success. Either scenario undermines good governance and creates formidable risks.

For either scenario, investors, policy-makers, and key influencers need to commit to design carrots and sticks to encourage good governance.

### I.1 Reward good governance and good outcomes

Investors should establish clear funding mechanisms for well governed, accountable, and high performing partnerships. Investors should form a commission to advise public bodies and other stakeholders on policy options to support partnership resourcing and mainstreaming. If a partnership demonstrates both good governance and strong performance, what financing options should it be able to access? For example, what conditions should enable a partnership to:

- Receive direct public funding – even to the point of potentially serving as a focal point for the delivery of public goods?
- Engage in market-based income generating activities?
- Acquire debt financing, issuing public shares, or otherwise securitize its assets?

Any funding mechanism should rely on good governance and performance. This raises the question of what criteria investors should use, which is addressed in the second group of recommendations discussed later.

### I.2 Create incentives for good governance through public ratings

Investors should build a system that can help investors comparatively rate the strengths and weaknesses of the governance & accountability (G&A) of partnerships. Creating in a sense a Moody's investor rating for partnerships that helps investors identify good bets and poor risks, and that serves to hold partnerships publicly accountable for improving G&A systems. The framework and criteria AccountAbility provides in this report can serve as a start.

## II. Ensure partnership governance systems possess the trust of core stakeholders

Encouraging governance is meaningless unless core stakeholders trust the quality, performance, and legitimacy of the partnership's governance system. Yet ironically, the birth of each new partnership creates an accountability gap of its own. Partnerships are stuck as quasi-legal entities. Some view them as much as initiatives as institutions. Partnerships do not generally possess formal standing as distinct, legally incorporated entities. Secretariats may become established as NGOs, foundations, or may embed within an existing legal body (such as the United Nations). On the other hand, Secretariats may exist as an alliance or confederation of entities bound by a memorandum of understanding. In either scenario, the accountability of the broader network of partners remains unclear from a legal standpoint. This enables a broad array of possible governance and accountability designs. When it allows a partnership to customize its accountabilities and related governance this can be an advantage. The situation could also leave the door open for less attractive consequences, such as the imbalanced influence over governance of a powerful participant (such as a major investor). It can lead to a patchwork and poorly thought-through governance design. In addition, it can lead to the well-meaning but often unworkable decision to allow major stakeholders to negotiate in an on-going fashion the design of governance systems.

With large-scale development partnerships increasing, now is the time to establish formally the core expectations for partnership accountability and governance. This will help:

- Investors reduce risk and safeguard their investments
- Participating partners avoid having their work captured or stalled by powerful or uncompromising stakeholders
- Intended beneficiaries by ensuring they are being served by well-governed partnerships, which (one presumes) will give them a voice

Clear terms and standards can help address diverse expectations, and provide common methodologies that partnerships can apply with greater facility over time.

Common standards for partnership governance can insulate partnerships from debilitating and continuous contestation and dispute. While at the same time, common standards will ensure levels of quality control in governance systems. We recommend:

**II.1 Establish criteria that places accountability to intended beneficiaries on at least the same footing as accountability to donors**

Resourcing models that force partnerships to chase funding often subvert effective governance systems. It can lead to a system where the partnership has an inclusive and participatory governance system in name only. In reality, it becomes increasingly accountable to a principal investor. Therefore, we recommend that as investors design the terms and standards of G&A systems noted in the above recommendations, they should take care to include criteria for the role and status of investors in the governance system. Partnership investors are not like corporate shareholders. Ultimately, development institutions should be accountable to the citizens they serve. Partnerships that give preference to investors in the governance system will automatically lose legitimacy.

**II.2 Establish a public oversight mechanism that establishes "voluntary" rules and standards for partnership accountability and governance**

The mechanism should start as a collaborative venture to establish partnership governance standards. It should include representatives of investors in partnerships, partnerships themselves, leading development institutions, and citizens affected by the work of partnerships. A partnership should work to design the governance and accountability standards for partnerships.

Those participating should agree to support and participate in only those partnerships that adopt the governance standards established by this mechanism.

**II.3 Design a set of voluntary principles for governance design**

Investors in partnerships can perform a vital role by requiring partnerships to adopt and evaluate themselves against these principles before disbursing funds. The framework we provide in this report can underpin the certification design.

## III. Build the knowledge and capacity of partnerships and stakeholders to govern

The findings of our research are abundantly clear. Participants, broader stakeholders, and investors alike are woefully unprepared to design and implement the governance systems partnerships need. It is vital to support knowledge and capacity development. We recommend:

### III.1 Convene a high-level forum on the future of partnership governance and accountability

A recent report from the Swiss Agency for Development and Cooperation comments that "despite the high profile of this outbreak of collaboration, partnership programs often remain isolated within much broader bilateral donor agendas, impeding both the development of partnerships which cross markets and countries and the structured exchange of experiences on what works, and what does not, in this new and important field."[32]

Our findings indicate large gaps in knowledge regarding the role and purpose of governance among participants, stakeholders, and investors alike.

Governance will not improve unless influential leaders take it seriously. Leaders that possess influence over partnership formation typically include (a) investors, especially public; (b) large civil society organizations; (c) those who sit on boards of these initiatives; and (d) executive teams of these initiatives. Our first recommendation is for leaders among the core audience to meet regularly to assess honestly and openly the performance of partnerships. We envision three kinds of forums:

**Forum 1: Establish a forum of major investors in partnerships**

This would include public, bilateral aid agencies, multilateral donors, private foundations, corporate foundations, and other public and private sector bodies investing in partnerships. Because they provide the financial capital for partnerships, these investors have unique influence. They also bear unique risks, and should take partnership governance and accountability more seriously than they currently appear to do. The role of this forum would be to share knowledge on good practice in partnership governance and to formulate initiatives that will enhance partnership governance. The forum should take active leadership in devising common agendas to:

- Create incentives for partnerships to prioritize governance;
- Establish the criteria for governance systems that ensure the trust of key stakeholders.

**Forum 2: Hold a cross-sector meeting of senior executive champions of partnership**

This would include prominent figures such as those advocating prominently for partnership at forums such as Davos, the Clinton Global Initiative, and leadership voices in transitioning and less developed countries. The role of this meeting would be to set a broad strategy and advocacy agenda to enhance partnership governance.

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**Forum 3: Expand on efforts such as AccountAbility's Partnership Governance and AccountAbility Learning Network**

Partnerships need learning, leadership, and benchmarking network to support efforts to build leading governance systems. Such a network should extend to include partnerships, knowledge intermediaries, and others across the global North and South.

### III.2 Establish a related fund to enhance the governance of partnerships

In most instances, governance systems are viewed as a necessary facet to ensure a given institution does not stray from its mission or responsibilities. For partnerships, in contrast, governance systems serve as a *core driver* of partnership performance.

Creating a mechanism to define governance standards is the first step. However, creating standards run the risk of establishing "unfunded mandates." Partnerships are asked to find a way to comply with standards without the support or resources readily available to do so.

A fund should therefore complement the first recommendation to support governance design and performance. Finances for the fund would come from investors, but partnerships themselves would be expected to contribute what they can, including the in-kind advice, mentoring, and provision of data useful to support the fund.

The fund itself would:

- Invest in R&D to identify core governance principles and good practices in applying those principles. The research presented in this report represents continued progress in understanding partnership governance, however there is no shortage of work to do;
- Share good practices and knowledge to learn. How governance requirements differ by partnership type, regional considerations, and issue-based considerations;
- Enhance their capacity to improve governance systems;
- Create learning communities (much as companies benefited by engaging in "quality learning circles") to share, benchmark, and transfer knowledge on good practices;
- Support intermediary organizations that can help enhance the governance systems partnerships design;
- Identify the means and mechanisms for grassroots stakeholders to participate effectively in holding partnerships accountable for development goals.

### III.3 Form mechanisms to enable partnerships to learn, benchmark, and share knowledge related to accountability and governance design

As new institutions, it is crucial to build a learning community of partnerships to share experience and support related to accountability and governance.

### III.4 Help partnership governors to govern

As noted, many governing directors are "in over their head." Those governing partnerships face challenges at a greater level of complexity than Directors of many other kinds of institutions do. Those participating in governance systems need support. We recommend:

- Create funds to support training of key individuals in partnership governance systems;

- Create certification systems for individual leaders in partnership governance systems.

Taking these actions will encourage partnerships to enhance governance systems. This in turn will help improve partnership performance, likely enhance development outcomes, and strengthen the legitimacy of partnerships as an effective vehicle to champion progressive development agendas.

# Conclusion

The accountabilities and related governance system of partnerships should matter to those concerned with partnership performance. Partnerships are supposed to address governance and accountability deficiencies. They are supposed to create new pathways for citizens, stakeholders, and interested parties to become engaged in public good delivery. If poorly defined, accountability and/or poor governance performance threatens partnership results; the implications go straight to whether partnerships have set back efforts to establish more collaborative, equitable, and citizen-friendly forms of governance.

The executives that manage global development partnerships tell us that, rather than unifying partners, questions of accountability are dividing participating partners, investors, stakeholders, and intended beneficiaries. Governance systems appear to be making this problem worse, not better.

Governance systems perform a crucial role establishing the legitimacy and credibility of development partnerships in the eyes of a variety of supremely judgmental constituencies.

However, as partnerships mature and wrestle with deeper complexities involved in delivering their sustainable development agendas, governance systems inhibit performance. Governance systems place a premium on aspects of accountability that limit innovation, action, flexibility, and strategy in favour of priorities that voice the concerns of participating stakeholders and related deliberation. While understandably important priorities, they do not help highly complex organizations address extremely challenging development problems. Nor are those participating in governance systems adequately prepared to lead partnerships.

It is therefore not surprising to learn that even the best performing partnerships find it increasingly difficult to deliver – or deliver rapidly enough – on their ambitious goals.

Partnerships' rigid attention to stakeholder concerns and deliberation – and even the less than stellar quality of governance systems – do serve a purpose. Partnerships are new, risky ventures. No one participating wants them to deliver more harm than good. No one wants to see them unintentionally advantage one group – most notably private sector participants – at the expense of others. No one wants to see partnerships compete with the raison d'être (and related funding sources) of their own institutions. No one wants to bear the severe reputation risks – and the related and potentially devastating institutional costs – from a partnership that goes wrong.

Restraining initiative is one way to protect against such consequences. It helps to protect those investing in partnerships – and those invested in partnerships – from losing control of the beast.

However, this way of governing the accountabilities of a partnership has unintended consequences of its own. A governance system that restrains either actively or through neglect a partnership desiring to take off and fly as an ambitious, strategic, and innovative development body creates fundamental instabilities. It puts at risk the resources, the reputations, and the livelihoods of those investing in them, working for them, and the citizens for whom the partnership is designed to aid.

There is no one culprit to blame for creating this dilemma. However, there are heroes – starting with the investors that back partnerships, moving to the participants themselves, and ending with the citizens involved – who can solve it. Unless these parties come together to make the effort, a highly promising experiment for development may fail.

# Annex A: Background on Learning Network Partnerships

**The following descriptions of Learning Network partnerships are taken from public information available on their web sites. They have been edited only for length.**

- **Building Partnerships for Development in Water and Sanitation (BPDWS)** aims to generate innovative products, processes, and organizational systems to address global water issues often by enabling successful collaboration among business, government, and civil society.

  Registered with the Charity Commission in the UK, BPD is an independent institution governed by a 13-person multi-stakeholder Board of Directors that is evenly split among the public, private and civil society sectors. BPD is currently run by a small team of four full-time and one part-time staff hosted by WaterAid in London.[33]

- **The Extractives Industry Transparency Initiative** (EITI) aims to reduce corruption and enhance development transfers in developing countries through transparent reporting of revenue inflow and allocation.

  The EITI is a coalition of governments, companies, civil society groups, investors and international organizations. In September 2006 an EITI Board was established with the responsibility for the overall development, strategic direction, and credibility of the EITI as well as for outreach and advocacy. The Board makes recommendations on these issues to a biannual EITI Conference, and is supported by a small EITI Secretariat. Membership of the Board reflects the multi-stakeholder nature of the EITI. The EITI Conference chooses the Members of the EITI Board following the proposal of all constituencies (Implementing countries, supporting countries, civil society organisations, companies or company associations and investment companies).

  The Multi-Donor Trust Fund for the Extractive Industries Transparency Initiative (EITI) was established in August 2004 through an agreement between the United Kingdom's Department for International Development (DFID) and the World Bank. The governments of Germany, the Netherlands, and Norway joined in 2005. The government of France joined in 2006, and the governments of Australia, Belgium, and Canada joined in 2007. The goal of the EITI-Multi-Donor Trust Fund (EITI-MDTF) is to broaden support for the EITI principles and process through the establishment of extractive industries transparency initiatives in countries that have signed on to EITI through programs of cooperation among the government, the private sector, and civil society. The World Bank manages funds on behalf of multiple donors. It is governed by standard World Bank Rules and Procedures.

- **The Forest Stewardship Council** (FSC) is an international association of members consisting of a diverse group of representatives from environmental and social groups, the timber trade and the forestry profession, indigenous people's organizations, responsible corporations, community forestry groups and forest product certification organizations from around the world. FSC brings people together to find solutions that promote responsible stewardship of the world's forests. FSC is a stakeholder owned system for promoting responsible management of the world's forests. Through consultative processes, it sets international standards for responsible forest management. It accredits independent third party organizations who can certify forest managers and forest product producers to FSC standards. Its trademark provides international recognition to organizations that support the growth of responsible forest management. Its product label allows consumers worldwide to recognize products that support the growth of responsible forest management worldwide. FSC has a unique governance structure that is built upon the principles of participation, democracy and equity. FSC has three levels of decision making bodies as follows:

- The General Assembly of FSC Members is the highest decision-making body in FSC and is made up of the three membership chambers: Environmental, Social and Economic. The purpose of the chamber structure is to maintain the balance of voting power between different interests without having to limit the number of members.
- The Board of Directors is accountable to the FSC members. It is made up of nine individuals who are elected from each of the chambers for a three-year term.
- The Executive Director, with the support of a multicultural professional team at the FSC International Centre, runs the FSC on a day-to-day basis.[34]

- **The Global Reporting Initiative** (GRI) is a unique, multi-stakeholder organization founded on the conviction consistent, regular and comparable reporting, provides transparency and can be a powerful catalyst to improve performance. GRI's overall aim is to help advance the sustainability agenda in the world. Its specific mission is to help make sustainability reporting a useful and robust practice for organizations and their stakeholders alike. The GRI's vision is that reporting on economic, environmental, and social performance by all organizations is as routine and comparable as financial reporting.

  The Global Reporting Initiative is a large multi-stakeholder network of thousands of experts, in dozens of countries worldwide, who participate in GRI's working groups and governance bodies, use the GRI Guidelines to report, access information in GRI-based reports, or contribute to develop the Reporting Framework in other ways – both formally and informally.

  Representing the institutional side of GRI is a series of multi-stakeholder governance bodies that coordinate the formal components of the GRI network. GRI's governance bodies consist of:

  - Board of Directors: 16 members who maintain ultimate fiduciary, financial and legal responsibility for the GRI, including organizational strategy and final authority on Reporting Framework development. Take strategic and policy advice from the Stakeholder Council, and technical advice from the Technical Advisory Committee;
  - Stakeholder Council: 46 constituency- and geographically- diverse individuals who debate and deliberate key strategic and policy issues as the GRI's formal stakeholder policy forum. Provide policy and strategic advice to the Board;

  - Technical Advisory Committee: 12 international experts who assist in maintaining the overall quality and coherence of the Reporting Framework by providing recommendations on its broad architecture, and high level technical advice and expertise to the Board of Directors and to the broader GRI network;
  - Organizational Stakeholders: the many hundreds of organizations and individuals that form the foundation of the governance structure, help maintain the integrity of the GRI Guidelines and play an integral part of the GRI network. And,
  - A Secretariat of approximately 36 staff, based in Amsterdam, The Netherlands, that executes the work plans developed by the Board, including engaging and building the network and coordinating working group processes that lead to new or improved reporting framework.[35]

- **The Global Alliance for Improved Nutrition's** (GAIN) mission is to reduce malnutrition using food fortification and other strategies aimed at improving the health and nutrition of populations at risk. GAIN has set itself the target of reaching 1 billion people of whom 500 million are in target groups most vulnerable to malnutrition. GAIN builds alliances between public and private partners around common objectives, and provides financial support and technical expertise.

  GAIN's Board of Directors comprises leaders from the donor, UN, development, research, business and civil society communities. Its Chair is former South African cabinet minister Jay Naidoo, who is also the Chair of the Board of Directors of the Development Bank of Southern Africa.

  The GAIN Secretariat is a small team of professionals and support staff who manage the day-to-day operations of the Foundation. The Executive Director of GAIN is Mr. Marc Van Ameringen. GAIN is headquartered in Geneva, Switzerland and has regional offices in New Delhi, India, Beijing, China, and Johannesburg, South Africa.[36]

- **The World Conservation Union (IUCN) and the International Council of Mining and Metals (ICMM) Dialogue** aim to improve the performance of mining industries in the area of biodiversity conservation and raise mutual awareness and understanding between the conservation community and the mining industry, so that both can contribute to improved outcomes for conservation and development in areas where they interact.

  To take this commitment forward, ICMM has established a Task Force on Mining and Biodiversity, comprised of representatives of ICMM member companies and associations. IUCN will also form a Task Force to guide its involvement in this area, which will include representatives from key stakeholder groups involved with and affected by mining, including indigenous peoples. Secretariat staff of IUCN and ICMM will support activities associated with this dialogue.[37]

- **IUCN's Western Gray Whale Advisory Panel** (WGWAP) works to ensure the survival of diminishing Western Gray Whale (WGW) populations that spawn and feed near Sakhalin Island – the location a major offshore natural gas exploration and drilling operation. WGWAP's specific objectives are:

  - To provide independent scientific and technical advice to decision makers in industry, government, and civil society with respect to the potential effects of human activities, particularly oil and gas development activities, on the WGW population; and
  - Co-ordinate research to: achieve synergies between various field programs; minimize disturbance to WGW, e.g. by avoiding overlap and redundancy of field research programmes; identify and mitigate potential risks associated with scientific research.

  The WGWAP provides the opportunity for coordination and cooperation between interested parties, including contracting companies, governments, financial institutions, and civil society. WGWAP is governed by commonly agreed terms of reference and a scientific advisory panel. Conservation recommendations made and management decisions taken are done with openness and transparency; the consequences of any decisions must be monitored and, if necessary, decisions must be withdrawn or modified over time. The WGWAP is an advisory rather than a prescriptive body, and its decisions are in the nature of recommendations rather than prescriptions. The contracting companies advised by the WGWAP are expected to follow its conclusions, advice, and recommendations- and to clearly identify and document specific areas and points where (i) they were/will be accepted and/or implemented or (ii) they were not/will not be accepted and/or implemented (including a clear explanation therefore).

  The technical and scientific expertise required on the WGWAP (the WGWAP members and the Chair) will be determined by IUCN. Objectivity and transparency in the selection process will be ensured by selection criteria and constituting a candidate evaluation committee.[38]

- **The Stop TB Partnership**'s goal is to ensure that every TB patient has access to effective diagnosis, treatment and cure; stop transmission of TB; reduce the inequitable social and economic toll of TB; develop and implement new preventive, diagnostic and therapeutic tools and strategies to stop TB. By 2015, the global burden of TB disease (disease prevalence and deaths) will be reduced by 50% relative to 1990 levels. Furthermore, by 2050, TB will be eliminated as a global health problem.

  The Stop TB Partnership's governance system comprises four elements.

  The *Partners' Forum* is the assembly of the Stop TB Partnership and consists of an inclusive, consultative meeting of representatives of all the Partners. In addition, all who have an interest in helping to achieve the objectives of the Partnership are welcome to participate upon invitation of the Executive Secretary. The role and mission of the Forum are:

- To consolidate and increase support for and commitment to the work of the Partnership;
- To review and comment on the overall progress of the Partnership; and
- To serve as a forum of information exchange on progress, problems and challenges in relation to the work of the Partnership.

The Stop TB Partnership *Coordinating Board* provides leadership and direction, monitors the implementation of agreed policies, plans and activities of the Partnership, and ensures coordination among Stop TB Partnership components.

*Working groups* are essential components of the partnership that contribute significantly to the achievement of partnership aims. There are currently seven such groups. Their role and mission is:

- To implement research, advocacy and/or operational activities in pursuit of the group's specific area of interest and of the aims of the partnership.
- To collaborate with other elements of the partnership to create synergy and value added to actions taken in pursuit of the aims of the partnership.

Membership is open to institutions and expert individuals involved in the specific area focus of the group.

The role of the *secretariat* is to serve and support the Stop TB Partnership in terms of administration, operational implementation and strategic innovation in pursuit of the achievement of partnership goals and objectives. The secretariat is housed by the World Health Organization (WHO) in Geneva.[39]

- **The Sustainable Food Laboratory (SFL)** initiative aims to accelerate improvement in mainstream food and agriculture systems in order to sustain a high quality life for people and the planet.

  The Sustainable Food Lab is supported by a secretariat drawn from a partnership among the Sustainability Institute, Synergos Institute and Generon Consulting. The Sustainability Institute (SI) is the managing partner of the secretariat, and Hal Hamilton is the Project Leader of the Food Lab.

  Generon Consulting provides process design and meeting facilitation expertise. The Synergos Institute provides financial management and partnership development. In addition, a Steering Committee, comprising current SFL members, provides oversight to the Lab, establishes budget priorities, assists with fundraising, and shares the Food Lab stories with a broader audience.[40]

- **The UN Global Compact** (UNGC) seeks to mainstream the ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption in business activities around the world and catalyse actions in support of broader UN goals, such as the Millennium Development Goals (MDGs).

Following a comprehensive review of the Global Compact's governance during 2004-2005, a new governance framework was adopted in August 2005. In keeping with the Global Compact's voluntary and network-based character, the governance framework is light, non-bureaucratic and designed to foster greater involvement in, and ownership of, the initiative by participants and other stakeholders themselves. Governance functions are shared by six entities, each with differentiated tasks within a multi-centric framework:

- Global Compact Leaders Summit
- Local Networks
- Annual Local Networks Forum
- Global Compact Board
- Global Compact Office
- Inter-Agency Team[41]

- **The West Africa Water Initiative (WAWI)** aims to improve the health and well-being of families and communities in Ghana, Mali and Niger by achieving a series of objectives related to improving: access to safe water and sanitation, disease reduction, sustainable water management and effective partnership.

  WAWI is a partnership of 14 international bodies involved in community development with an additional agency acting in technical consulting capacity.

  The following governing system based on various levels of partner involvement is emerging.

  - WAWI Headquarters (HQ) Steering Committee
  - WAWI Regional Program Review Meeting (Focuses on review of progress of program)
  - WAWI National Steering Committees (Each of the three WAWI countries has its National Steering Committee (NSC); Formed to harmonize WAWI implementation activities and program progress in the respective WAWI countries.)
  - Lead Agency (World Vision United States (WVUS) is designated Lead Agency for the Conrad N. Hilton Foundation (CNHF) grants. World Vision Ghana, World Vision Mali and World Vision Niger thus operate as local lead agencies in their respective countries.)
  - WAWI Partners (Each WAWI partner is responsible legally for its own contract agreements)
  - The WAWI Secretariat (Was formed to coordinate the affairs of WAWI. WVUS has been the primary support for the WAWI Secretariat in coordinating the WAWI activities.)[42]

# Annex B: AccountAbility's Collaborative Governance Journey

This report represents not just our investigations with the Learning Network but several years of accumulated research and experience.

To that end, we've worked along several streams to understand if and how accountability and governance shape partnership success. We have found increasing evidence to suggest it does, and found ways to insert accountability innovations that might help collaborative initiatives in their early youth, so as to impact their subsequent, more consolidated and impactful stages. These streams have included:

- **Concentrated investigation of the accountability and governance of partnerships.** Over the last six years we have researched whether governance and accountability dimensions were indeed critical to partnership performance. The Ford Foundation provided seed funding for this initial phase of work. This initial work pointed clearly to the pervasive failure of partnerships to understand the complexity and exigencies of their accountability architecture and governance.

- **Efforts to enhance partnership performance by enhancing accountability and governance.** Our most targeted effort has been the design of a prototype Partnership Governance and Accountability framework and tool. A major part of this was supported by USAID. Over 400 partnerships, investors, and leading intermediaries have tested the prototype tool. Our current Learning Network embarks from the learnings obtained through the beta-testing process.

- **Efforts to shape the enabling conditions that allow partnerships to succeed.** Chief among these has been our work to advance the quiet revolution in stakeholder engagement as an element of institutional governance and accountability. We have built a wide variety of practitioner tools, prototype standards for quality stakeholder engagement, and external Accountability Rating systems. Each has helped determine how collaborative mechanisms can enable stakeholders to participate in the governance of all variety of institutions. In addition, our landmark survey on the State of Responsible Competitiveness that now ranks over 100 countries. Those countries hoping to improve sustainable development performance will need to enable accountable, collaborative, sustainable development policy-setting mechanisms to thrive. And finally we have worked with global corporations to prepare them to enter into a world of shared responsibility, collaborative strategy design, and participatory governance systems.

Our work has taken us deeply into specific issues. For example:

- **The Multi-Fibre Arrangement (MFA) Forum** is an open network of over 70 participants representing brands and retailers, trade unions, NGOs, and multi-lateral institutions. The aim of the MFA Forum is to promote social responsibility and competitiveness in national garment industries that are vulnerable in the new post-MFA trading environment. More specifically the Forum advances apparel and textiles exports from vulnerable countries (e.g. Lesotho, Bangladesh) by combining agreements on standards, public sector investments and actual buying commitments between brand buyers and in-country suppliers.

- **Accountability, Business and Human Rights:** linked to the work of the UN's Special Representative on Business and Human Rights, AccountAbility supports work at Harvard University in designing possible non-statutory accountability mechanisms to be used in conjunction with the principles-based framework for governing businesses' approach to human rights expected to be adopted by the UN.

- **Climate change** is driving large-scale collaborative initiatives relating to everything from cap-and-trade schemes, to carbon-labelling, to innovative green design. AccountAbility will launch a specific focus on Responsible Competitiveness and climate change this year.

- **China Trade Strategy:** a two year piece of work with three other international organizations and six Chinese Government think tanks exploring China's future trade strategy, with our input focused on China's evolving approach to collaborative standards initiatives that it has shunned or actively sought to undermine to date.

- **The role of the World Bank Group, Standards-setting partnerships, and Development.** This review of the Bank's strategy and practice in supporting collaborative standards initiatives focused on health, environment and bribery and corruption. The intent of the work is to build a greater understanding of what the Bank has done in this field, and to build on the relationship in highlighting the broader public policy issues involved.

# Annex C: Findings from the regional dialogues on partnership governance and accountability

## SOUTH AFRICA[43]

This Partnership Governance and Accountability (PGA) Dialogue focused primarily on the governance and accountability issues related to infrastructure public-private partnerships (PPPs) and multi-stakeholder development partnerships. The Dialogue was hosted by the Centre for Corporate Citizenship of the University of South Africa (UNISA) Graduate School of Business Leadership in Midrand, Johannesburg, South Africa on 10 May 2007. Thirty-six participants from business, civil society, multilateral agencies, academia and government attended.

The level of urgency surrounding this topic is particularly high in South Africa. The South African government is betting on PPPs and development partnerships to meet the objectives of the Accelerated and Shared Growth Initiative of South Africa (ASGISA). Launched in 2006 ASGISA addresses the government's commitment (made in 2004) to halve unemployment and reduce poverty by 50 percent by 2014. The Government has created landmark regulatory frameworks (Public Finance Management Act and Regulation 16 of the Treasury Regulations). The national PPP Manual, the world's first, systematically guides public and private parties through the phases of a regulated PPP project cycle. This project cycle, based on best international practices, unpacks policy and provides procedural clarity. A key international lesson in public sector project management is that governments need to establish standard systems, based on certain legislation, which becomes familiar territory for all stakeholders. This is particularly important in countries where public sector capacity is slim, such as in South Africa. The National Treasury's PPP Manual contains a set of very practical tools for this purpose.

Despite the fact that South Africa has the legal framework and practical tools for PPP delivery in every sector, participants recognize that partnership capacity will not be acquired overnight. Dialogue participants find the governance and accountability of PPPs and development partnerships inadequate. The dialogue called for mutual accountability between all stakeholders.

Themes notable to the South African context include the following:

- The National Treasury feels strongly that PPPs are governed exclusively by the Public Finance Management Act (PFMA) and Regulation 16 of the Treasury Regulations. Other participants believe these regulations are not sufficient. In particular, participants see accountability is a bottom-up process that engages stakeholders, communities, and intended beneficiaries in governance.

- Service level agreements unintentionally embed power imbalances among participants. Partnerships must be governed by partnership agreements that clearly outline the authority of each stakeholder and long-term development goals.

- Without facilitation and mediation communities will likely resort to actions that will impede a partnership's license to operate. Communities need independent mediators and/or facilitators to help them to understand their options and alternatives. E.g., PPP bidders need to consult with community leaders before drafting their final submissions and to prevent false expectations from being created.

- Even well-resourced and well-respected global institutions lack capacity and experience to structure and manage partnership governance.

Since partnerships will play an increasingly important role in sustainable development in South Africa, their governance represents a crucial emerging theme for research, teaching and advocacy.

**INDIA**[44]

The first ever 'National Dialogue on PGA' convened in Delhi on 9 August, 2007. Partners in Change hosted dialogue of more than 50 individuals, across government, business and the not-for-profit sector from India and South Asian countries.

The dialogue concentrated primarily on the governance and accountability of multi-stakeholder development partnerships. Participants agreed the timing of this conversation is increasingly urgent. As India continues to grow at more than 8% a year the government expects the private sector to play an increasing role in social development. There is high enthusiasm to develop tri-sector partnerships. The government plans to grow efforts to deliver key human development initiatives through partnership. At the same time, Indian corporations are responding to intensifying global and local demands for engagement by forming partnerships. However enthusiasm is not matched by experience or capacity. Therefore, to have credibility dialogue participants argue partnerships must have a governance and accountability structure in place for all stakeholders.

Several participants shared their hard-learned lessons on the importance of governing partnerships.

- A corporate-NGO partnership found that its philanthropic oriented approach felt more like a transaction than a partnership. Desired objectives could not be achieved due to absence of formally defined accountability and governance systems. The partners designed a new accountability and governance framework that focused on clearly defined objectives, roles, and collaborative decision-making. This led to a shift in the mindset of both the company and NGO. Currently the partnership is running with mutual respect, mutual support, common interests, and clear roles.

- Another corporate-NGO partnership directed at maternal and child health started by creating extremely formal and rigid governance structures. The governance system mirrored that of both a global corporation and a global NGO. The governance system prevented flexibility, adaptation, and creativity. Its rigidity prevented staff from building common experiences, relationships, and trust. The partners redesigned the governance system to enable the partnership to deliver on its strategy, and by enabling staff from each organization to see their role as working collaboratively on creative problem-solving as well as delivery.

- Another partnership shared its approach to build downward accountability into the system. Key partners worked to define and utilize a methodology to engage members of poor communities in planning processes. Through extensive facilitation, members of the community set objectives and shaped decisions on how the partnership would invest its resources. Members of the community participated in evaluating results. Early findings show that intended beneficiaries are highly satisfied by results. The partnership is delivering tangible success in expanding local development opportunities and job creation.

- A partnership from Pakistan shared its experience forming a collaborative process to define compliance standards across a range of sustainable development considerations and institutions. Despite the great commitment and enthusiasm among participants the partnership did not take sufficient time to establish its governance. Participants did not understand how decisions would be made and whose voice would be included or excluded. The partnership found it difficult to get off the ground.

Participants agreed there is a need for continued dialogue among Government, Corporations, and NGO to enhance partnership governance and accountability.

**BRAZIL**[45]

On October, 24th, 2007 CEATS hosted the first dialogue on Partnership Governance and Accountability in Brazil.

Forty-five people from PPPs, government, business, NGOs, and the legal profession that advises and form PPP contracts attended the dialogue.

As with South Africa, the Brazilian government has recently become a major driver of PPP formation. PPPs are seen as a vehicle to achieve multiple objectives including accelerating economic development that benefits a wide range of populations and cost-effective use of public resources (particularly in infrastructure development).

The Brazilian government supports three types of PPPs:

1. Traditional PPPs that involve joint investment and risk among public and private partners.

2. Concessions that allow private sector partners to manage public resources (e.g. a subway system)

3. Agreements, that permit private sector entities to serve as sub-contractors of the government as long as they meet conditions and criteria of broader engagement and accountability.

Participants agree that inadequate PPP governance and accountability design creates excessive risks. In particular, accountability and governance frameworks place too little premium on including the voice of stakeholders in decision-making, strategy, and evaluation. Key findings include the following:

- Weak governance makes PPPs vulnerable to shifts in political power structures that provide oversight. Election cycles can radically alter the objectives and implementation modes of PPPs.
- Poorly crafted regulation opens the potential for manipulation and a lack of transparency in the bidding and award process.

- While PPPs are often required to conduct public hearings, their accountability to respond to the concerns raised are unclear. In addition, dialogue participants find public hearings lacking as a tool to engage stakeholders in governance processes. In part, this is because the community does not understand how to effectively use and participate in public hearings.

- Power in governance is highly asymmetric. Private sector bodies, public, and civil sector advocates possess different assets and interests that shape how they exercise power. However grassroots stakeholders lack knowledge and capacity to effectively exercise power to hold the PPP to account for its development outcomes.

- Definitions of quality are often based on very narrow cost-based, technical, or legal frames. Quality does not include impact on larger development goals. There is a bias to form PPPs with organizations that process low-cost delivery of services. This excludes considerations of the spread of services, inclusiveness of services, quality of services, and satisfaction ratings of services as provided by different population segments.

As a result, participants predict that PPPs in Brazil will suffer from:

- Political interference
- Conflict of interest
- Lack of participation and confidence from the community
- An increasingly fragile regulatory environment for PPPs (undermined by political interference and inadequate specification for account rendering)

As with South Africa and India, participants express a sense of urgency to strengthen accountability and governance processes.

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# Notes

AccountAbility is an international non-profit, membership organization established in 1995 to promote accountability innovations that advance responsible business practices, and the broader accountability of civil society and public organizations. Our 200 members include businesses, NGOs and research bodies, and elect our international Council, which includes representatives from Africa, Asia, Europe, Latin America and North America.

AccountAbility's leading-edge accountability innovations have included several 'world first's': the AA1000 Series Sustainability Assurance and Stakeholder Engagement Standards; the Partnership, Governance and Accountability Framework and Learning Network; the Responsible Competitiveness Index covering the links between responsible business practices and the competitiveness of over 100 countries; and, in collaboration with **csr**network, the Accountability Rating of the world's largest companies published annually with Fortune International. AccountAbility is convenor of the MFA Forum (www.mfa-forum.net), an international alliance of business, international development agencies, NGOs and labor organizations working on the links between national competitiveness and labor standards in global supply chains. AccountAbility and the Centre for Corporate Citizenship at Boston College are co-founders and convenors with IBM and GE of the Global Leadership Network (www.gln-online.org), an international network of leading businesses committed to building alignments of corporate responsibility to business strategy by advancing joint learning and relevant analytic tools and benchmarking.

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Participants at Davos call partnerships the “last remedy” to solve the problems of climate change, poverty, health, human rights, and a host of other challenges. How do we ensure partnerships succeed in meeting these grand expectations?

In **Governing Collaboration: Making Partnerships Accountable for Delivering Development**, AccountAbility provides a deceptively simple answer. To make partnerships work we need to make their governance work first.

We can increase the opportunity for partnerships to deliver on our most ambitious dreams in part through the way we govern them. The framework provided in this report will help partnerships and their stakeholders to deliver good governance.

Recommendations provided in this report will help investors, board members, participants, secretariats, stakeholders, and supporting intermediaries prioritize the actions they should take to improve partnership governance.

**Governing Collaboration** is based on AccountAbility’s research and dialogue with a global Learning Network of leading partnerships.

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