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**Monitoring and evaluation of multi-stakeholder  
co-operation and partnerships in local economic development**

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**Executive Summary**

Public-Private partnerships and, more recently, multi-stakeholder partnerships (involving also the civil society) are seen as a promising approach to improve the enabling environment for social economic development and poverty reduction. Many experiences are built but systematisation of results and especially of the processes of partnership building is still weak. Current Monitoring and Evaluation (M&E) methods primarily focus on whether partnerships deliver end results, but the focus on processes of partnership building is often lacking. This is problematic, because the quality of the process determines in a large degree the end results of partnership building processes.

This paper is an attempt to address this weakness in current M&E methods and instruments in public-private partnerships. It provides new insights to participatory and process-oriented approaches on Monitoring and Evaluation (M&E) of multi-stakeholder partnerships. The paper is focussing on the following central research question:

*Which participatory and process-oriented methods of monitoring and evaluation have been developed over the past decades and what is their applicability in the context of processes of multi-stakeholder dialogue and building partnerships in local contexts?*

This paper first presents an overview of developments, lessons learned and critical success factors in developing multi-stakeholder partnerships. Subsequently it provides an overview of recently developed participatory and process oriented M&E methods and tools and a selection of these have been adapted and tested in a field-study on local economic development processes in two municipalities in Macedonia.

The participatory and process oriented M&E methods and tools tested in Macedonia are:

- Relationship Grid: this is an analytical framework to analyse the different interests of stakeholders in a partnership in two dimensions, ranging from deal-orientation (immediate and short-term gains) to relationship-orientation (long-term and sustainable results);
- (Self) Assessment techniques and questionnaires to generate quick opinions on different relevant quality and aspects of a partnership and uniting and dividing forces between stakeholders in that partnership;
- Evaluation Wheel as an instrument to assess aspects of partnerships in a visual way for use in multi-stakeholder meetings, providing a "snapshot" of the state of the state of the art of a partnership;

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- Focus Group Meetings as a method for discussion and validation of M&E findings;
- Most Significant Change method of interviewing to generate free-flow and unexpected information to complement M&E data obtained from results and impact M&E as well as process M&E.

The use of these participatory and process-oriented M&E instruments has generated a wealth of information on the establishment of local partnerships as a platform for discussion of local economic plans in the two municipalities of Macedonia as well as on the applicability of these M&E instruments in multi-stakeholder settings.

The most important conclusions on both aspects are the following:

The Local Economic Development programme of UNDP in the two municipalities in Macedonia has used multi-stakeholder partnerships as a main intervention strategy to promote local economic development in the two municipalities of the field study. The experience thus far has been successful in setting up local multi-stakeholder partnerships as a platform for discussion and development of strategic local economic development plans. Differences in local contexts and processes, however, in a large degree have resulted in different outcomes in both municipalities. The general success and specific differences in results in the two municipalities are related with the following critical success factors of multi-stakeholder partnerships:

1. *Ownership*: the stakeholders participating in the local partnerships show a strong sense of ownership with the initiative;
2. *Shared vision of and commitment to partnership objectives*: the local partnerships have been successful to create a common agenda for local economic development and a recognition that different stakeholders can contribute to this agenda;
3. *A strongly participatory approach*: the approach of the LED-programme has been strongly participatory and the responsibility for the management and co-ordination of the local partnerships is in the hand of the local stakeholders themselves;
4. *A wide range of partners*: the local partnerships in the municipalities involve stakeholders from the three sectors: public, private and civil. This has enabled a platform for an integral and holistic discussion on local economic development.
5. *Recognition that different stakeholders have different types of power and/or resources*: unequal balance of power between different stakeholders is perceived as one of the most critical factors in the partnerships;
6. *Honest, open and regular communication*: while the stakeholders in the partnerships indicate that they are satisfied with communication and trust within the partnerships, they also point towards differences in culture between the public, private and civil sectors. Sometimes the lack of understanding of each other's sector logic, rules and procedures is a limiting factor in communication;
7. *Limitations of management*: weakness of administrative and management support to the partnerships is the most important limiting factor in the performance of the local partnerships;
8. *Partnerships require support and strong linkages between local and national-level decision-making processes*: the lack of mechanisms for access to external resources, especially funding for local economic development and the performance of partnerships is felt as an important constraint for success. This explains in a large degree the differences in success of the partnerships in the two municipalities.

The techniques and tools presented in this paper are able to generate relevant information on processes of multi-stakeholder co-operation and partnerships and provide the opportunity to integrate opinions of all different stakeholders involved. The techniques and tools are capable to relatively quickly and simply generate analysis of data of multiple groups of stakeholders. Therefore application techniques and tools can be done with limited additional budget consequences and with a modest additional investment of individual project or programme staff and the stakeholders involved. The participatory and process-oriented M&E methods and tools can be applied as regular M&E activities to provide information on changes over time. The tools and techniques can be used to generate desegregated information on perceptions of specific stakeholders on processes of co-

operation and partnerships. Comparative analysis of outcomes of these instruments is valid in similar local settings and within the same set-up of a programme in different settings.

The field-study that has been conducted to test the M&E techniques and tools in this paper shows interesting possibilities for their use in multi-stakeholder settings. This paper is a step towards systematisation of experiences in an area where little systematisation previously existed. But it remains obvious that further research and testing of these techniques and tools is needed, especially to analyse potential for comparative and longitudinal analyses.

The results of this research and field-study in Macedonia are relevant in the light of approaches and interventions of the international donor-community in the development of public-private or multi-stakeholder partnerships as an instrument to promote, facilitate and implement social-economic development and poverty reductions.

Recommendations towards the international donor-community are threefold:

**Promoting public-private dialogue:** Participatory and process-oriented M&E tools provide relevant information on processes of multi-stakeholder dialogue and partnership building, which are complementary to result-oriented M&E approaches. Particularly the comparison of process data over time will enable monitoring of the health of the dialogue and partnerships over time and basis upon that take appropriate process interventions to tackle problems and challenges in these processes.

**Role of the private sector:** An important pre-condition for effective dialogue and partnerships is the participation of all stakeholders in identification of problems, analysis and the planning and realisation of interventions. Interventions geared towards local economic development should not only be directed to and focused on the private sector only. They should also take into account stakeholders of the public and civil sector. While this is certainly relevant in the local context, where all these actors actually meet in concrete initiatives, it is likely that this is also the case at the national level. If this is true it is likely that a Sector Wide Approach intervention that is focusing on private sector development only, shows great risk of failure. The authors therefore recommend donors that are involved in private sector development consider the involvement of public and civil actors in their approaches.

**Local dimensions to business environment reform:** The focus of many Private Sector and Business Environment Programmes is nation-wide, while the concrete interaction of stakeholders takes place at all levels, especially at the local level. Local partnerships can contribute to ownership and sustainability of development processes. Experiences at the local level involve concrete interaction of stakeholders around concrete issues, problems and challenges and therefore provide a good basis for further development of strategies and approaches in many areas. Therefore actors in the development community will have to remain involved in local multi-stakeholder processes or to ensure that their interventions at higher levels permit and enable that these local multi-stakeholder processes can continue to take place.

As a concluding remark the authors state that this requires continuous reflection on some important aspects in development paradigms by donors who are involved in private sector, business environment reform and multi-stakeholder co-operation and partnerships:

1. Private sector development and business environment strengthening are fundamentally multi-sectoral and need to involve stakeholders from private, public and civil sectors. This requires appropriate development perspectives and agenda's for dialogue on international aid with governments of recipient countries;
2. The national level provides an important institutional framework for lower level multi-stakeholder processes. Development interventions and the agenda for dialogue at the central level should contain elements that can support and enable processes at de-central levels;
3. Local level experiences are important base-material to learn from and to extract elements for policy dialogue at higher levels. This requires mechanisms for contact and exchange with the local level.

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## Introduction

In the present context of development co-operation the issue of reforming the business environment and private sector development receives keen attention and the international donor-community is increasingly supporting development interventions in this area. An important characteristic of private sector development and reforming the business environment is that these interventions do not take place in a clearly delineated context. Many different stakeholders are involved and effective approaches need to take into account the involvement of all these stakeholders, particularly considering the active participation of not only the private sector itself but also the public sector and civil society organisations.

Public-Private partnerships and, more recently, multi-stakeholder partnerships (involving also the civil society) are seen as a promising approach to improve the enabling environment for social economic development and poverty reduction. Organisations within the UN-system and a range of international donors are nowadays actively involved in building multi-stakeholder co-operation and partnership processes. Many experiences are built but systematisation of results and especially of the processes of partnership building is still weak. Current Monitoring and Evaluation (M&E) methods primarily focus on whether partnerships deliver end results, but the focus on processes of partnership building is often lacking. This is problematic, because the quality of the process determines in a large degree the end results of partnership building processes.

This paper is an attempt to address this weakness in current M&E methods and instruments in public-private partnerships. It provides new insights to participatory and process-oriented approaches on Monitoring and Evaluation (M&E) of multi-stakeholder partnerships. The paper is focussing on the following central research question:

*Which participatory and process-oriented methods of monitoring and evaluation have been developed over the past decades and what is their applicability in the context of processes of multi-stakeholder dialogue and building partnerships in local contexts?*

The paper provides an overview of recently developed participatory and process oriented M&E methods and tools and a selection of these will be adapted to multi-stakeholder contexts and tested in a field-study on local economic development processes in two municipalities in Macedonia.

Based upon the results of this field-study in Macedonia, suggestions for further development of participatory and process-oriented M&E tools will be presented and the authors particularly focus on how they can enrich present more result-oriented M&E instruments used by the international donor community. Finally some conclusions and recommendations, related to a number of central issues in this conference, will be presented to the international donor community.

## Research methodology

The research methodology of this paper is multiple.

In the first place an extensive literature and Web-site research has been conducted on two subjects:

1. Development of multi-stakeholder co-operation and partnerships approaches in the international development community;
2. Development of participatory and process-oriented approaches, methods and tools for monitoring and evaluation.

In the second phase a selection was made of the most promising participatory and process-oriented M&E instruments to be applied in a context of multi-stakeholder co-operation and

partnerships. The focus in the selection has also been related to their applicability in local contexts as this paper is primarily concerned with the development of multi-stakeholder co-operation and partnerships at the local level. The tools have been adapted and customised to include specific aspects of multi-stakeholder processes at the local level, benefiting from previous experiences and lessons learned in multi-stakeholder co-operation and partnerships. Although the field-study focused on applicability in local contexts, the research findings and M&E instruments are likely to be valid for multi-stakeholder partnerships at the national level.<sup>3</sup>

During the third phase the selected M&E methods and tools have been tested during a field-study in two municipalities in Macedonia, where local partnerships have been established. This has been done in the framework of a Local Economic Development (LED) programme of UNDP in Macedonia, where local multi-stakeholder partnerships have been formed.<sup>4</sup> The field-study was carried out in the municipalities of Štip and Kičevo, which both had previously shown different paths in local economic development and therefore were interesting for comparative reasons. The actual research was carried out during one week in August 2005. The design of the field-study was limited in time and resources as it was not a planned M&E activity within the framework of the LED-programme of UNDP but an initiative entirely taken by the authors of this paper in close consultation with UNDP in Macedonia.<sup>5</sup> The insights obtained during the field-study in the municipalities of Štip and Kičevo serve as an example for the use and applicability of participatory and process-oriented M&E instruments in other multi-stakeholder contexts. As a result of testing of the M&E methods and tools in the two municipalities these have been further developed and adapted. The adapted and customised tools are made available to the reader in the annexes to this paper.

### **Structure of the paper**

The first chapter introduces the context of multi-stakeholder co-operation and partnership building processes, reviewing examples and lessons from the international donor-community. Chapter 2 presents a brief description of important developments and shifts in paradigms on M&E in the past decades and provides a systematic overview of participatory and process-oriented M&E instruments that have been developed in the most recent generation of M&E approaches. In Chapter 3 the municipalities in Macedonia and the local field-study is introduced. Chapter 4 contains the analysis of the application of selected M&E instruments in the two municipalities. In Chapter 5 specific conclusions and recommendations are formulated in relation to the design and use of participatory and process-oriented M&E instruments in multi-stakeholder contexts to enrich existing more result-oriented M&E methods and tools that are presently in use in the international donor community. The paper ends with a chapter in which these conclusions and recommendations are related to the core issues of the Cairo-conference, addressing specifically the international donor-community.

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<sup>3</sup> The authors suggest that follow-up research at the national level is required to further adapt the instruments for use in national contexts.

<sup>4</sup> The authors express their gratitude for the kind and helpful co-operation by local and national UNDP-staff in the LED-programme and many local stakeholders in the municipalities of Štip and Kičevo for their time and openness.

<sup>5</sup> DGIS-DDE (the Netherlands) kindly provided a small research-fund to MDF to enable this field-study and the authors would like to express their gratitude towards DGIS-DDE for this support.

## 1. Context of multi-stakeholder dialogue and partnership building processes

During the past decade, many development organisations have started to embrace partnerships with stakeholders in the public and private sector and within the civil society as a new way to achieve their missions in social economic development and poverty reduction. In recent years, the United Nations have emerged as a facilitator for the development of such partnerships in many developing countries. One of the most visible initiatives is UN's "Global Compact", launched by its Secretary General, Kofi Annan, in 1999. Ten UN-agencies, several thousands of enterprises and hundreds of business associations, labour movements, stock exchanges and civil society organisations and even a small number of municipalities were registered as a member of Global Compact in 2005 (see: [www.unglobalcompact.org](http://www.unglobalcompact.org)). This membership reflects participation of organisations of all three public, private and civil sectors. Membership is also diverse in terms of scope, ranging from international organisations to organisations mainly active at the local level. Although this membership-base is in the South as well as the North a clear focus seems to exist on Northern based corporate international organisations and networks.

The assumptions underlying new multi-stakeholder approaches are multiple, the most important being:

1. Sustainability of development interventions improves through pooling of resources of different stakeholders, especially those resources that are locally available;
2. Bringing together different stakeholders in development initiatives enables tackling problems with a holistic approach and looking for specific contributions of different stakeholders that are best qualified to do so;
3. The economic dimension of poverty-reduction and specifically the role of the private sector as the engine of growth have received increasing attention in development approaches. Private Sector Development has been established as an important area of intervention of many donors.

A more pragmatic reason to engage in new partnerships, especially with private sector organisations, might have been to tap upon other resources that will be available on the longer run. Evidence, however, is lacking that these partnerships have succeeded in securing an additional and sustainable flow of financial resources from the private to social-economic development and poverty reduction. The effect of these partnerships seems to be more in the area of tapping on knowledge and networks of the private sector, which can be considered equally if not more beneficial than just "the money". (See: report of the SG to UN, 2005, p. 5, point 15)

Within the UN-system partnership thinking is developing further, moving from partnerships with private sector organisations only, towards engaging also other relevant actors in civil society around development issues.

Within the UN-system partnership thinking is developing further towards engaging more relevant actors around development issues. *"Further impetus was provided by the development of multi-stakeholder partnerships as a key innovation of the World Summit on Sustainable Development. Such partnerships have opened new opportunities and a more inclusive means for the pursuit of agreed objectives. However, the Summit stressed that partnerships are not a substitute for government responsibilities and commitments, but are rather intended to strengthen implementation by involving those who can make a contribution."* (Report SG to UN, 2003, page 4)

While multi-stakeholder approaches are rapidly entering the development-scene, there hasn't been much systematic thinking and reflection yet on the effectiveness of different modalities and on contextual factors influencing the success of these approaches. Because of this lack of systematisation multi-stakeholder approaches until the present day still have a high degree of "trial and error".<sup>6</sup>

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<sup>6</sup> UNDP and Worldbank are now bringing together case studies that might help to identify critical success-factors and bottlenecks. (See their respective Web-sites).

The development of concepts and approaches in public-private-civil partnership building has to a large extent taken place in developed and has been focused largely on economic aspects of development. Similar approaches in development countries are relatively new and bring in the additional challenge to make public-private-civil partnerships more instrumental to the ultimate goal of multi-stakeholder partnerships of fostering social-economic development and poverty reduction within the context of PRSP's and multi-sector approaches.<sup>7</sup> Some private sector development programmes of (international) donors have a limited sector-wide focus merely on the private sector as such. In this respect their primary concern is to strengthen Private Sector capacities in economic growth processes. To achieve this, creating an enabling environment for the private sector to operate and to provide specific business development services to private sector organisations is needed but not always a core part of their interventions. However, an effective enabling environment programme for PSD should include also actors from the public and civil sectors.<sup>8</sup>

### **A working definition of multi-stakeholder dialogue and partnerships**

To enable a more systematic reflection on multi-stakeholder co-operation and partnerships, the authors start with presenting a working definition of multi-stakeholder partnerships:

*Multi-stakeholder dialogue and partnerships are voluntary and collaborative relationships between various actors, originating from two or more of the public, private and civil sectors. All participants agree to work together to achieve a common purpose or undertake a specific task and to share risks and responsibilities, resources and benefits (adapted from a definition widely used by UN organisations).*

The Italics in the above definition provide more precision on the concept of partnerships for the specific purpose of this paper:

Multi-stakeholder dialogue: Multi-stakeholder interaction always involves a dialogue on common issues. This is in itself a basic requirement at the start of partnership building processes. The dialogue can result in partnerships between those relevant actors that can make a real contribution to tackle the issues, while other stakeholders can be involved through consultation and monitoring of the progress made in the partnerships.<sup>9</sup>

Two or more of the public, private and civil sectors: It is important to state that partnerships can be between public and private actors (PPPs). In addition to these, there are other partnerships possible that include other stakeholders, which increases their effectiveness to tackle social economic development and poverty reduction issues, which influence the situations of all these stakeholders.

The working definition presented above can be represented as a framework in which different forms of partnerships can be presented:

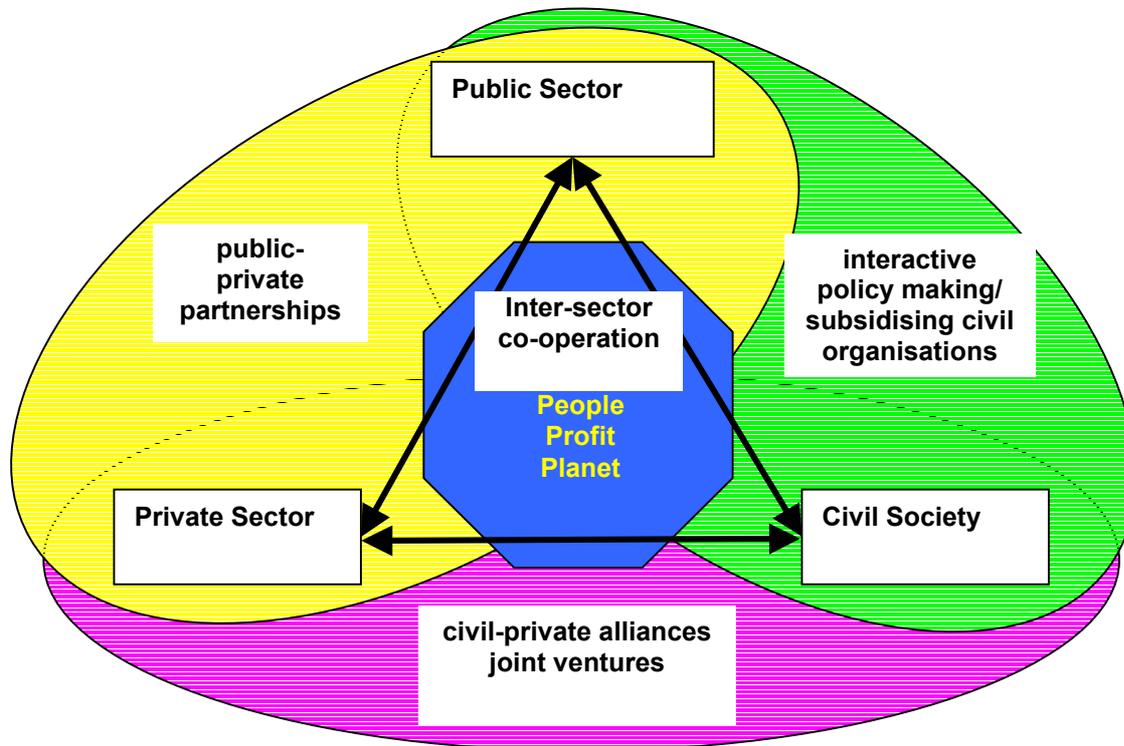
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<sup>7</sup> E.G. the network of Global Compact is largely internationally based. Only a limited number of private, public and civil organisations in developing countries has signed up to this initiative.

<sup>8</sup> In a recent evaluation of the PSD-programme of the Netherlands Embassy in Tanzania, conducted by the author of this paper (see van Gerwen et al. 2004) it was observed that the PSD had been designed and implemented in a somewhat isolated way. There were no linkages with the District Development programme that was focusing on the public sector in some of the same areas as the PSD-programme.

<sup>9</sup> The main author of this paper has co-conducted a research on public-private dialogue processes in Tanzania in the context of the preparation of the second generation PRSP in this country. Various relations of dialogue at different levels were identified. See van der Poel, N., van Gerwen, F and Olomi D. (2005).

Figure: Multi-stakeholder relations between public, private and civil sectors



The figure above shows the existence of three categories of bilateral relations between the sectors:

- a) public-private relations
- b) public-civil relations
- c) private-civil relations

At the heart of the image we can distinguish a fourth more complex relation between the three sectors as a whole:

- d) inter-sector co-operation

The figure illustrates that bilateral relations between two sectors are important contributions that can improve sustainability of development interventions. However only relations between the three sectors cover the whole figure and thus contribute to coherent and sustainable development interventions in all aspects (social, economic, cultural, political and environmental). It is in this heart of the image where the interests of the citizens (people), entrepreneurs (profit) and public institutions (planet, common good) meet and can be served by jointly negotiated and designed development initiatives. This paper is concentrating on this most far-reaching level of multi-stakeholder co-operation and partnerships, as the authors believe they are the most interesting in tackling social economic development and poverty reduction. (See van Gerwen, 2005, p.p. 1-5)

### Objectives and functions of partnerships

Partnerships can be categorised according to the following functions:

- *Joint Strategy Development* to ensure that interests of the different relevant stakeholders can be taken into account in the preparation of development plans<sup>10</sup>
- *Implementation of projects and delivery of services* to bring together specific expertise and inputs and improve efficiency and effectiveness of actions;

<sup>10</sup> This in fact is often more a platform for dialogue than a partnership in itself, but in many cases it is referred to as a partnership.

- *Development and innovation of projects, products and services* to pool resources in project and product-development phases. This partnership in development can continue in the implementation phase;
- *Sharing and co-ordinating resources and expertise* to benefit from complementary resources and to co-ordinate different contributions to key development issues. Especially important is the dissemination and sharing of existing know-how, knowledge and technology;
- *Harnessing markets for development* to support the development and expansion of sustainable markets locally, regionally, and globally;
- *Advocacy* to advance a cause or to place an issue on local, national and global agendas;
- *Developing rules, norms, and standards* to develop codes of conduct, reporting standards, or other norms and standards that structure business conduct in the global economy. While generally not enforceable, they create common reference frames that define acceptable behaviour;
- *Monitoring, evaluation and shared learning* to enable cross-organisational learning. (from SG report to UN, 2005, p.p. 4-9).

### **Lessons learned in development multi-stakeholder co-operation and partnerships**

In its progress-report on partnership development in the UN-system, the Secretary General to the UN General Assembly in 2005 points to some major critical success-factors and constraints in partnerships have been identified:

1. *Ownership*: In order for partnerships to be effective and sustainable – regardless of whether they are global or local in scope, globally or locally driven – they must have local ownership. Local ownership is a function of at least two factors: Substantial influence of intended beneficiaries on the conception, design, implementation, and independent evaluation of partnership programs, and the implementation of partnership projects through actors that are rooted in recipient country and that represent the interests of ordinary citizens. Since many partnerships are not owned by local stakeholders, they lack the commitment on the ground that is needed to facilitate sustainable implementation.
2. *Limitations of management*: Many partnerships also suffer from weak management, and often lack appropriate impact assessment mechanisms. Signs of weak management typically include: The absence of risk management strategies; inadequate day-today management; unclear or ambiguous roles and responsibilities of partners; non-existence of clear goals and objectives, or their insufficient communication; or failure of governing bodies to provide strategic direction and oversight. In most cases, because of a lack of monitoring mechanisms, such shortcomings are not detected in time, or they are consciously ignored in order to avoid conflict among partners. Weak partnership management reflects the general lack of experience in the management of complex multi-stakeholder initiatives, and also the lack of resources made available for putting the right tools and processes in place.
3. *Lack of impact assessment*: Impact assessment is key to ensuring accountability to all partners and the intended beneficiaries. While the delivery of results is not and cannot be the only measure of accountability, it is certainly an important one. Impact assessment is also crucial to facilitate effective learning – from successes as well as failures. Only if we know what works and what delivers can we make appropriate choices for the future. However, so far there are no mechanisms or systems in place that would facilitate learning across partnerships.” (SG-report to UN, 2005, p.p. 10-11)

A fourth constraint needs to be added to those identified above, which refers to the central topic of this research paper:

4. *Lack of process M&E instruments to monitor the progress and quality of partnership relations*. “Unlike programmed initiatives, which depend on long-term planning, partnerships are flexible, adjustable and have a built-in methodology for self-correction” (SG-report to UN, 2003). While the lack of impact assessment already has been identified as a constraint that needs to be solved (see point 3 above) it might be even more important to understand better the processes (flexibility, adjustments, self-correction etc.) in partnership-building to produce a certain desired

impact. Analyses of results and impact only of these partnerships do generally not provide sufficient information on processes and relationships of co-operation and conflict that take place while producing that impact. This calls for a need of inclusion for more participatory and process-oriented M&E approaches to complement efforts in result and impact measurement and to arrive at a more comprehensive understanding of critical success factors and failures in partnership building processes.

Some additional general lessons learned were summarised in a previous report of the Secretary General to the UN General Assembly in 2003:

5. *Partnerships require support*: Success in building partnerships depends on resources for the initial stage and the space and time to experiment. A successful partnership can have a far greater impact than a conventional project through increasing the efficiency of all actors and leveraging of private sector resources.
6. *Centralisation versus decentralisation*: Whether partnerships should be facilitated in a decentralised (i.e. local) fashion or whether central (i.e. national, regional or international) support structures should be developed depends on the type of partnership in question.<sup>11</sup>
7. *Partnerships involve experimentation and risk-taking, and challenge established hierarchical structures*. Partnerships present a challenge to established hierarchical structures. They usually operate horizontally and transcend institutional boundaries. Their philosophy and practice contrasts with established structures and often clashes with prevailing institutional arrangements. Reconciling the need for operational flexibility with existing organisational hierarchies is a major challenge and an invaluable opportunity for institutional change and renewal.
8. *A wide range of partners* from different stakeholder groups, with complementary competencies
9. *Shared vision of and commitment to partnership objectives* and sufficient common interest in meeting such objectives
10. *A strongly participatory approach*, which involves all partners in decision-making processes
11. *Agreements which set out the roles and responsibilities* of all partners and include clear targets
12. *Honest, open and regular communication* both within the partnership and with external stakeholders
13. *Recognition* that different stakeholders have *different types of power and/or resources* to bring to the table (e.g. economic power, political power, moral credibility, and development know-how) and that all of those resources have an important role to play in delivering the partnership's objectives
14. *Clear linkages between partnership objectives and processes and intergovernmental frameworks*
15. *Strong linkages with local and/or national-level decision-making processes* and stakeholders and a commitment to meeting local needs (parts extracted from: Report SG to UN, 2003, p.p.15-17).

Finally, the authors refer to a partnership research that was conducted by Hartwich, Janssen and Tola in Latin America in 2003. Their research confirms the validity of the constraints and lessons learned by the UN and provide a additional set of critical success-factors that focus on some process-characteristics of partnerships:

1. Partnerships can only build where the size of the perceived benefits is substantial for both partners.
2. Leadership and trust is essential for successful partnership building.

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<sup>11</sup> Project partnerships usually evolve in a highly decentralised fashion. Local ownership and detailed knowledge of micro-challenges, as well as the capacity to deliver and implement, are the defining features of successful project partnerships. In fact, dozens of partnership projects and, indeed, some of the most successful ones, have evolved bottom-up, often starting as small experiments and eventually growing (or failing) as implementation occurs. Strategic partnerships, however, are often initiated with the help and policy support of the central authority. In contrast, global strategic partnerships presuppose a central sustaining entity, which acts as a governance and resource hub. Such strategic partnerships may gain local ownership and take root, but support of a central authority is critical to their evolution (SG report to UN, 2003).

3. Partnerships evolve over time and need flexibility so they can adjust to changing contexts. (Hartwich, Janssen en Tola, 2003, p.p. 1-2).

This quite extensive list of constraints, critical success factors and lessons learned provides some interesting hypotheses for this research paper. Several of these aspects will be integrated in the M&E methods and tools to be applied in the field-study in Macedonia (see chapter 4 and 5). Through this the authors hope to generate some relevant input to some needs and challenges identified by the UN:

**Creating robust and inclusive approaches to partnership assessment.** Transparency and accountability are important for all UN-partnerships with non-State actors. Apart from internal integrity measures there is a need to assess and identify methodologies for best practices. Methodologies for assessments should be participatory and involve both the organisations concerned and wider groups of stakeholders interested in the issues being addressed. UN processes for assessing partnerships should also be linked to decision-making about whether to maintain or abandon partnerships that are failing to deliver on their objectives.

**Sharing lessons learned and identifying best practices.** A body of knowledge about successful partnership processes is already developing within many parts of the United Nations. However, there needs to be a stronger focus on disseminating that knowledge throughout the United Nations system. Active (e.g. meetings-based) and passive (e.g. web-based) strategies need to be developed. United Nations-system focal-point meetings should be held on a more regular basis. (SG-report to UN, 2003, p.p. 18-20).

## 2. Participatory and process-oriented approaches in Monitoring and Evaluation

DAC/OESO mentions as main purposes of monitoring and evaluation (M&E):

1. “to improve future aid policy, programmes and projects through feedback of lessons learned;
2. to provide a basis for accountability, including the provision of information to the public.”  
(DAC/OESO, 1991, page 5).

This description of the purposes of M&E nowadays is quite common. While in the past M&E was largely seen as instruments to enable organisations to be accountable towards external stakeholders in the past decade the paradigm on M&E has shifted. The increasing focus on organisational development and performance and the introduction of the concepts of the “learning organisation” and “knowledge management” has caused an increasing awareness that M&E is a very useful tool to enable this organisational learning.

The shifts in paradigms in M&E is well described and summarised in “the fourth generation evaluation” by Guba and Lincoln (1989). The new developments in participatory and process oriented M&E are all situated within “the fourth generation evaluation”. This is to say that further shifts in paradigms are still occurring and new methods, tools and instruments are being developed.

M&E approaches and instruments tend to have a strong orientation towards results. Actual progress in projects and programmes is measured against objectives and intervention logic that was set in the planning stage of these interventions. Logical Framework approaches have developed into a standard tool that is often used in development contexts. While this orientation towards results in itself is extremely valuable and has enabled development organisations to strengthen accountability and learning, this orientation shows some limitations, particularly with respect to learning processes. As a response new process-oriented approaches and tools in M&E have been introduced during the past decade. The purpose of this process-oriented M&E is to enable organisations to better understand not only what has been achieved and why (or not) but also how these results have been achieved.

This paper focuses on these process-oriented M&E approaches and tools, because our interest is to understand better the processes of development of multi-stakeholder dialogue and partnerships, as a necessary complement to result and impact measurement. Until present, little experience has been built in applying process-oriented M&E tools in this context, let alone systematisation of these experiences.

A second shift in paradigm in M&E approaches has occurred. While in the past M&E tended to concentrate on objective interpretation of facts and figures (Objectively Verifiable Indicators; OVIs and SMART-indicators<sup>12</sup>), provided by systems or (in case of evaluations) by objective external evaluators, more recently subjective and cross-checked interpretation of data has become increasingly accepted. The complexity of change-processes requires a broader set of instruments to interpret the wide variety of data. SPICED indicators<sup>13</sup> were added to the well-known SMART-indicators. Participatory methods for M&E were introduced allowing for the input of different stakeholders involved in the activities to be monitored and evaluated.

Below an overview is given of some process-oriented, participatory and multi-stakeholder methods and tools in M&E that have been introduced over the past decades. Of course many other methods and tools have been developed, but for the purpose of this paper we focus on those that are most relevant to the central question of this paper.<sup>14</sup>

<sup>12</sup> SMART: Specific, Measurable, Achievable, Relevant, Time-bound indicators

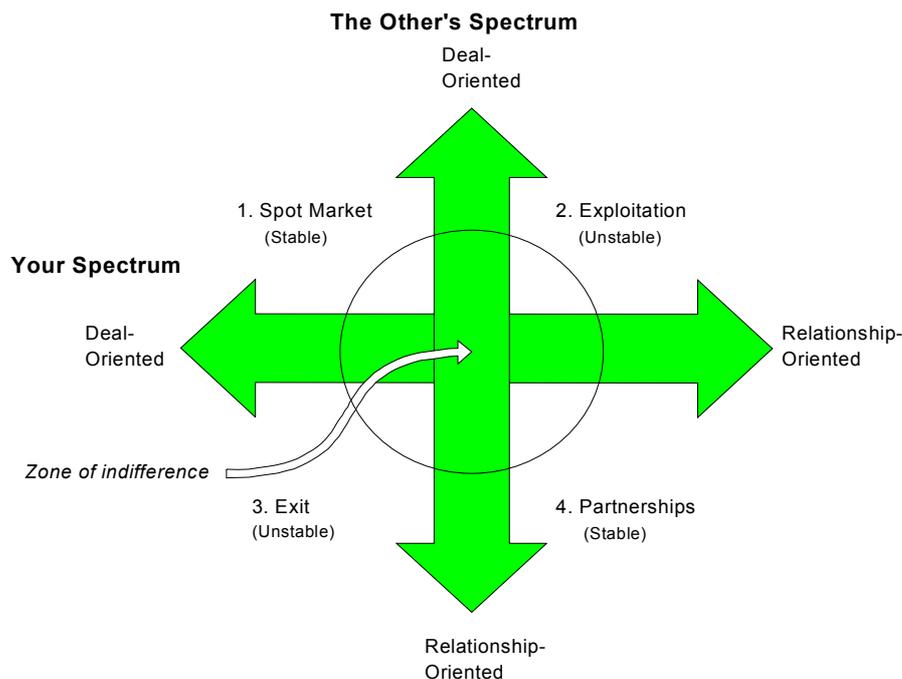
<sup>13</sup> SPICED: Subjective, Participatory, Interpreted and communicable, Cross-checked and compared, Empowering, Diverse and desegregated indicators

<sup>14</sup> Many tools are related to visualising results of analyses and evaluations to make them more understandable for the stakeholders involved. A great many of them are related to rapid appraisal processes. A well-known

## Conceptual framework to analyse multi-stakeholder partnerships

Before we can introduce methods, techniques and tools the conceptual framework on multi-actor dialogue and partnerships (introduced in chapter 1) needs to be further operationalised. We will use the following framework, called the relationship-grid.

Figure: the relationship grid



Source: MDF syllabus networking and network analysis, 2002

The relationship grid is an important addition to the multi-stakeholder framework, presented in the previous chapter, because it deals with the core interests and intentions of different stakeholders within a relation of co-operation or partnership. The framework is developed to analyse co-operation and partnerships between two specific stakeholders but can be expanded to include a multiple number of stakeholders.

It analyses the intentions and interests of the two parties in the relationships both ranging on a scale from extreme deal-orientation to extreme relationship-orientation. If in the spectrum of the first organisation (your spectrum) the orientation is very much oriented to short-term results and “quick deals” while the other partner (other’s spectrum) is interested in a long-term relationship to achieve long-term sustainable results, the relationship is likely to be unstable. This is because the

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example is the “chapati or roti diagram”, where real chapatis are used to visualise problems and their mutual relations. Similar versions are used with stones or other locally available materials. Tools that have been developed to understand better cause and effect relations are the “problem tree” and “fishbone diagram”. Other tools have been developed to improve methods for interviewing stakeholders. An example is “appreciative inquiry” that is focused on obtaining a more in-depth analysis of causes and problems. A nice overview of different M&E methods and instruments is provided on the Web-site of the International Agricultural Centre: [www.iac.org](http://www.iac.org). MDF has produced a booklet and CD-ROM with descriptions and practical instructions for the use of tools for analysis and M&E; The Tango for organisations, available through the Web-site: [www.mdf.nl](http://www.mdf.nl)

other party runs the risk to be exploited by the short-term deals the first organisation wants to achieve.

The same is true when the other partner is deal-oriented and your own organisation is focused on a longer-term relationship. Because you will run the risk to be exploited by the other party it is likely that you will withdraw (exit) from the relationship.

If both organisations are focused on “quick deals” the relationship is stable but it will not have a long-term orientation (however a sequence of quick deals might result in a longer-term relationship). In this case both parties will be satisfied in the relationship but it is impossible to predict how long the temporary alliance will last.

The last possibility is that both parties are interested in establishing a longer-term relationship. If this is the case the relationship is again stable and it can evolve into a long-term partnership. In the central area of the spectra of both organisations there is a zone of indifference. If the interests and intentions towards deals or long-term relationship are somewhere in the middle of the spectra, relationships and partnerships can be established and both parties will be more or less satisfied with it. From this zone of indifference the relationship might evolve in either of the four directions depending on the experiences in the partnership.

The relationship grid, for the purposes of this paper, has been translated into a tool for quick assessment of interests of different partners in a bilateral relation (and this tool will be tested during the field-study in Macedonia)<sup>15</sup>. This framework also serves as a basic model for understanding other techniques and tools, presented below, that can be used to assess process and quality of multi-stakeholder partnerships, but are addressing more specific factors.

## **Techniques and Tools:**

### *Participatory or Rapid Rural Appraisal (PRA/RRA)*

Participatory or Rapid Rural Appraisal has become widely known in the international development community. Its main function was to provide a locally based and participatory analysis of the context of project-interventions and to identify the objectives and activities in these interventions. The same method can also be applied in M&E during the implementation phase of these development interventions, although that has been a less common practice.<sup>16</sup>

RRA/PRA has been developed and applied in the seventies and eighties and is still widely used. It has been one of the first methods/techniques that applied the insights of the fourth generation of evaluation.

The method is widely documented in literature and there are many reviews available on the effectiveness of this method. Therefore it will not be discussed nor further researched in this paper. But as its development has been very important for development practice, in project-identification, implementation and M&E it is important to briefly refer to this technique. Techniques of PRA/RRA

<sup>15</sup> The testing was, due to time constraints only possible in Kičevo and the results are presented in annex 2.

<sup>16</sup> In addition to PRA/RRA reference can be made to some other tools that are particularly useful during the identification and inception-stages of development interventions especially those in multi-stakeholders settings (these tools are also more widely applicable during implementation for M&E purposes). Some tools are focused on identifying all relevant actors around a development-issue or problem and the quality of their mutual relations (inter-relationship diagrams or institutiogrammes). Other tools are focused on the analysis of factors and forces in relation to a development issue or problem (force field analysis or environmental scanning). A final set of tools is related to analyse the coverage of services and target-groups or clients by different actors to identify gaps and opportunities for co-operation (this tool is widely used in the Private Sector as competition-analysis. In development contexts it is also known as coverage-matrix). For more information on these tools we refer to “the Tango for organisations”, MDF, 2004.

are not limited to rural contexts, but are also applicable in other contexts such as local economic development in urban areas.

### *Focus groups*

The technique of focus group meeting is designed to use group discussion in order to collect general information, clarify details or gather opinions about an issue from a small group of selected people who represent different viewpoints. It can also be used to build consensus and/or to validate findings from previous research or M&E-results.

If facilitated well focus-group meetings can bring out detailed information. It generally stimulates rich responses and also provides a valuable opportunity to observe discussions and to gain insights into behaviours, attitudes, language and feelings. It is also a powerful instrument to validate findings and insights from previous research and/or other sources.

This method can be used to obtain a consensus view. However, a small group of people cannot represent all views held by, for example, an organisation or community. On the other hand, if the group is not homogeneous enough, there can be great disagreement. The composition of the group should be considered carefully.

Focus groups can generate focused insights more quickly and generally more cheaply than through a series of key informants or formal social surveys. (From: IAC: [www.iac.org](http://www.iac.org))

The focus group method has been applied in multi-stakeholder group meetings in the municipalities during the field-study in Macedonia. These meetings were focused on the validation of earlier research findings in the municipalities (see chapter 4).

### *Open Space techniques*

“Open Space Technology” is a way to enable multiple groups and individual stakeholders to create inspired meetings and events. In Open Space meetings, events and organisations, participants create and manage their own agenda of parallel working sessions around a central theme of strategic importance, such as: What is the strategy, group, organisation or community that all stakeholders can support and work together to create?

This technique is particularly relevant in multi-stakeholder and partnership settings as it allows all stakeholders to participate actively in the meeting.

Open Space meetings are particularly effective in bigger group sessions, even involving up until several hundreds of people. It involves working in one-day workshops, three-day conferences, or the regular meetings within partnerships. The common result is connecting and strengthening of what's already happening in the organisation or a partnership: planning and action, learning and doing, participation and performance.

Open Space works best when the work to be done is complex, the people and ideas involved are diverse and there is urgency for finding solutions. While Open Space is known for its apparent lack of structure, it turns out that Open Space meetings are actually very structured, but that structure is fit to the people and the work at hand, that it goes unnoticed in its proper role of supporting (not blocking) the work.

Experiences have shown that the Open Space Technique is powerful in involving multiple stakeholders and invoking their active participation.<sup>17</sup> It is also a technique that produces results in larger group settings within a short period of time. As such it is an interesting technique to use in

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<sup>17</sup> The main author of this paper has worked with Open Space Meetings in an evaluation-mission with a large group of different stakeholders involved in the Education Programme of BRAC in Bangladesh (2003). In that setting the open space meetings proved to be quite effective in a setting of evaluation of that education programme. (van Gerwen, 2003, see references)

multiple stakeholder settings. Within the framework of the field-study we have not been able to test this instrument as time didn't allow to organise bigger sessions (so in the field-study the focus group meetings were used as a more appropriate tool for smaller sessions). The international Website on Open Space, however, provides several examples of the use and results of Open Space meetings in large (multi-stakeholder) group settings.<sup>18</sup> (See for more information on open space techniques: [www.openspaceworld.org](http://www.openspaceworld.org))

### *Most Significant Change technique*

The most significant change (MSC) technique can be used in participatory monitoring and evaluation. It is participatory because many project stakeholders are involved both in deciding the sorts of change to be recorded and in analysing the data. It is a form of monitoring because it occurs throughout the program cycle and provides information to help people manage the program. It contributes to evaluation because it provides data on impact and outcomes that can be used to help assess the performance of the program as a whole.

Essentially, the process involves the collection of significant change (SC) stories emanating from the field level and the systematic selection of the most significant of these stories by panels of designated stakeholders or staff. The designated staff and stakeholders are initially involved by 'searching' for project impact. Once changes have been captured, various people sit down together, read the stories aloud and have regular and often in-depth discussions about the value of these reported changes. When the technique is implemented successfully, whole teams of people begin to focus their attention on program impact.<sup>19</sup> (From: The 'Most Significant Change' (MSC) Technique: A Guide to Its Use" by Rick Davies and Jess Dart (2005)).

As processes in building multi-stakeholder partnerships are likely to be affected by many unexpected and often external influences that often were not anticipated at the start (e.g. as assumptions in a logical framework), we believe the MSC technique is particularly useful as an M&E-tool in these settings. The method could generate important additional information on processes and external factors in partnership building that with usual instruments could not be identified. The MSC method will be used in the field-study (see chapter 4).

### *(Self)-Assessment techniques*

(Self)-assessment techniques have become increasingly important over the past decades. While originally the technique was introduced in the context of Human Resource Development as an instrument to assess own personal performance qualities and on the basis of that define a personal development plan, it was later adopted by organisations to assess organisational performance. The technique was then based upon the collection of different individual assessments of stakeholders within the organisation to assess different aspects of organisational performance. The results are then accumulated to arrive at a joint assessment of performance criteria. Three relevant categories can be distinguished for use as an M&E instrument:

1. Most stakeholders give a positive assessment of a specific performance aspect: it is then likely that the organisation is doing well and no urgent actions are needed;
2. Most stakeholders give a negative assessment of a specific performance aspect: it is then likely that the organisation is not doing well and urgent actions are needed;

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<sup>18</sup> It is important to state that Open Space Web-site is a communication instrument of the International Open Space Society and, not being independent, therefore subjective in its presentation of facts and results.

<sup>19</sup> The main author of this paper has applied the Most Significant Change Method in several occasions both in the context of evaluation and research. Together with IBIS (Central America), an organisation that has been actively involved in developing and applying the MSC in M&E systems and that has been under research of Rick Davies in the elaboration of the Guide on MSC, this method was applied to research different learning styles within IBIS Central America and its regional counterparts. The experiences are available in a publication in Spanish: ¡Organicemos el Aprendizaje! (van Gerwen, 2004, see list of references).

3. The assessments show a significant variety in assessments from negative to positive: in this case the aspect under assessment is ambiguous or has different consequences for different people within the organisation. Further discussion is needed to properly assess this aspect.<sup>20</sup>

More recently 360-degrees assessment-methods in Human Resource Development<sup>21</sup> have been developed. They are complementary to self-assessment in the sense that different other persons in addition to the central person in the assessment give their assessments to produce an overall assessment of the performance of a specific person. It is interesting to consider a similar use of such an instrument to assess organisational performance in an inter-organisational and partnership context. Thus far we have not encountered systematic use of such an approach in organisational assessment, let alone in the context of assessment of multi-stakeholder partnerships. It provides interesting material for further experimentation and we will try to adapt a self-assessment technique into a technique for assessment of multi-stakeholder partnerships by all stakeholders involved.

Research on the Internet provided us with a model of a questionnaire that might be used for this purpose. In developing public-private partnerships in Health-care in the United States a self-assessment technique was adapted for multi-actor use and putting aspects of partnerships central to the questionnaire. (Center for the Advancement of Collaborative Strategies in Health at The New York Academy of Medicine. The instrument is presented on: [www.cacsh.org](http://www.cacsh.org)). We have slightly adapted this questionnaire and will use it in the context of multi-stakeholder partnerships in the field-study in Macedonia.

Self-assessment alone is not enough to provide a full image of the process and quality of a partnership. It is also important to assess perceived performance of the other party(ies) in the partnership. We have developed an additional questionnaire (based upon the same self-assessment technique) but this time focused upon the performance of an other party in the partnership to generate information on aspects of, for example, trust and openness in the relationship. This results of this "assessment-of-the-other" complements the self-assessments and provides a more complete 360-degrees assessment of the partnership.<sup>22</sup>

#### *Evaluation wheel*

The evaluation wheel has been developed to evaluate different aspects of a development intervention in a visual way.<sup>23</sup> The number and type of aspects can be identified according to the needs of the different stakeholders involved. To avoid too much detail it is recommended to limit the number of aspect to a maximum of ten. All (groups of) stakeholders can individually make an assessment of each of the aspects on a scale from 1 to 10 and draw the results in the evaluation wheel. The different individual assessments can be compared and discussed in a session amongst all stakeholders. Especially the scores that show big differences between the individual assessments or the ones that are assessed low by all individuals need further discussion. As a result of the group-discussion it might be possible (but it is not required, especially when the different assessments are relevant inputs to identify follow up actions) to elaborate one evaluation wheel to summarise the joint conclusions.

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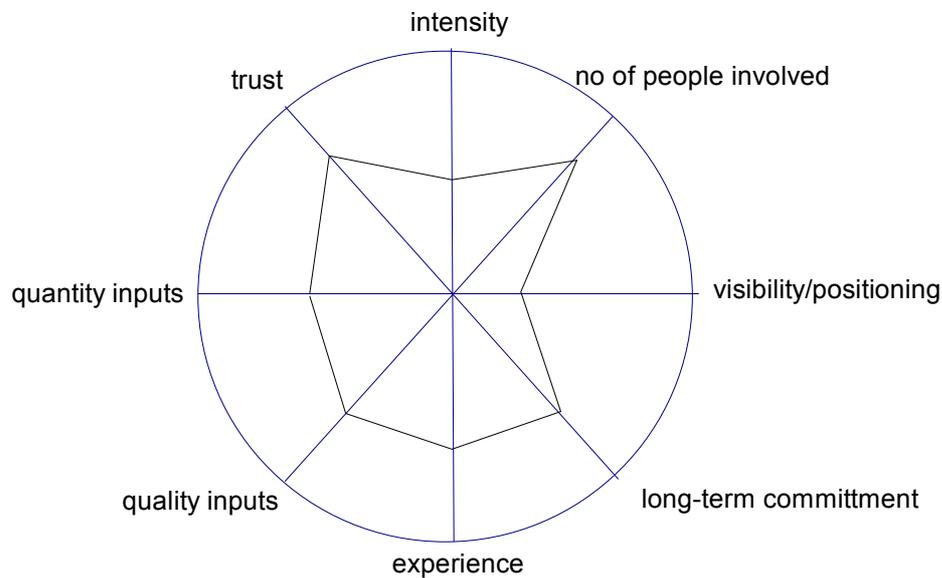
<sup>20</sup> SNV (Netherlands Development Organisation) has built relevant experience in the use of this instrument in measuring its organisational performance.

<sup>21</sup> For more information on 360-degree assessment methods in HRD we refer to: [www.pantesting.com](http://www.pantesting.com)

<sup>22</sup> This last questionnaire is developed based upon tools for analysis of relationship and collaboration between two different organisations that were previously designed by MDF, Training & Consultancy. These instruments are the collaboration matrix and relationship-audit. For further information on these instruments we refer to "The Tango for Organisations", MDF, 2004 (see references)

<sup>23</sup> For a more detailed description of the evaluation wheel, see [www.iac.org](http://www.iac.org)

A hypothetical example of an evaluation-wheel (adapted to a multi-stakeholder partnership process) is provided below:



In this evaluation wheel some critical aspects of partnerships are presented. The image shows that the overall assessment of the partnership scores slightly higher than average. Specific aspects in the partnership are valued somewhat higher: trust and the number of people involved. These can be considered the strengths of the partnership. On the other hand one can see that visibility/positioning and intensity of the partnership score significantly lower. Based upon the assessment of these weaknesses specific actions to improve visibility and intensity of the partnerships can be identified.

The evaluation wheel is particularly powerful when it is used with regular intervals. It then provides a picture of the “state of the art” of partnership at different moments in time. The absolute scores on the different aspects are not the most interesting ones, but the relative changes in scorings over time provide a good insight in how a partnership is developing.

The evaluation wheel will be tested in the case study in Macedonia. For that purpose specific aspects have been identified, partially based upon some lessons learned and critical success factors that were identified in chapter 1 and including some aspects that were related with the specific context of the municipalities in Macedonia.

### 3. Context of the field-study: Local Economic Development in Macedonia

The United Nations Development Programme in Macedonia in 2004 has initiated a pilot project on local economic development based on multi-stakeholder partnerships in two municipalities: Štip (including the neighbouring rural municipality of Karbinci) and Kičevo. The programme is called "Capacity Building of Local Governance - Development of an Enabling Economic Environment"<sup>24</sup>.

The main goal of the programme is to contribute to the sustainable socio-economic development by strengthening capacities of local governments for efficient delivery of services and supporting their active role in the development processes and by creating an enabling environment for the growth of the private sector. It is aimed at strengthening the capacities of local governments as facilitators rather than obstacles in the new decentralised environment in Macedonia. This means recognising that local governments have at least three key roles in relation to Local Economic Development (LED):

- To provide leadership in policy formulation;
- To administer policy, programmes and projects.
- To be the main initiator of economic development programmes through public spending, regulatory powers and promotion of business development.

The Project supports the Local Economic Development (LED), using a partnership approach leading to the development of an integrated framework for LED that will help to channel and maximise the use of scarce resources, particularly by working with existing local institutions, programmes or initiatives in the implementation of the project.

It is envisaged that the two municipalities, Kičevo and Štip receive technical assistance and seed capital (municipal development fund) to acquire specific knowledge in local economic development methods in order for them to make full advantages of the new tools to foster local development policies and projects. Municipalities should benefit from the disseminated experience and reports whereas potential entrepreneurs (such as the unemployed) and micro, small and medium-sized enterprises should directly benefit from project assistance. The overall business environment in the two municipalities is expected to become more favourable, the level of services is expected to improve, benefiting the whole community.

The project includes facilitation of the LED process through several instruments:

- Workshops on establishment LED partnerships in each municipality, problem identification, development of LED strategy;
- Training for increased capacity of the involved stakeholders;
- Exposure visits.

The choice of this programme and municipalities for the field-study on application of participatory and process-oriented M&E instruments was made for two main reasons:

#### 1. Similar national and different local contexts

Apart from the same national context of the two municipalities, both of them have different local contexts that affect the LED process and the LED partnerships. They belong to different regions and have different sets of problems that need to be addressed.

Macedonia became an independent state after the split-up of the former Yugoslav federation and entered a process of transition of its political and economic system. It was the only of the six

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<sup>24</sup> MDF and MCIC (where to the authors of this paper belong) have jointly been involved in the initial implementation stages of the LED project. However, neither of the authors was directly involved in it. This provided the authors a limited level of information that was enough to rather quickly conduct the research on one hand and not being biased while researching on the other, which might have been the case if overburdened with information around the project. Finally, this research can provide beneficial feedback to MDF and MCIC, but also to UNDP, the local LED partnerships as well as other actors pursuing multi-stakeholder partnerships.

republics that gained independence pursuing peaceful policies. In the transition years it persisted many political and economic hardships, including the crisis in the neighbouring Kosovo in 1999 and a constantly high unemployment rate (estimated at over 30%). In 2001 it was faced with an armed conflict with ethnic Albanian insurgents that ended with the signing of the Ohrid Agreement (2001) providing greater political rights for the ethnic communities in the country. Despite such developments, the macroeconomic situation is stable with modest economic growth. Some of the major challenges ahead are continuing with the reforms and integration with the European Union.

One of the latest big reforms were the recent territorial division of the country and the parallel process of decentralisation of power, characterised by mergers of smaller rural areas with other rural and/or urban areas. This is emphasised because it is closely related to the ongoing LED processes including UNDP's pilot project in Štip and Kičevo, used as a case study for this research.

Štip and the nearby rural municipality of Karbinci are in the central eastern part of Macedonia. The textile industry is the main economic activity. The big textile enterprises from the socialist period due to a number of reasons have lost their breath in the transition towards a market economy, which in turn were replaced by the emergence of new privately owned textile businesses. After the initial success of the latter, they currently face new challenges with the fierce competition coming from the eastern countries (leaders among which are China and India). Thus, the local economic development in Štip is constantly being undermined by the over-reliance on a single sector and requires more effort and innovative ideas by the LED partners.

Kičevo is situated in South-western of Macedonia. Apart from the similar economic problems related to the transition (not necessarily with textile), Kičevo is also an ethnically mixed region with Macedonians and Albanians being the largest ethnic communities. Although there were no military activities in the Kičevo region, the ethnic aspect is a very sensitive issue. Due to such sensitivities and the political pressures about the change of power (the dominantly ethnic Albanian municipalities would outnumber the ethnic Macedonian population), the merger of the wider Kičevo region was postponed until 2008.

## **2. Different results of the LED process**

The UNDP initiated LED process in the two municipalities has thus far produced different results with Štip being somewhat more satisfactory than in Kičevo. More precisely, in Štip (including Karbinci) there is a functional LED partnership as well as a LED office within the municipality, finalised LED strategy that is already adopted by the Municipal Councils and an established framework for Municipal Economic Development Fund. On the other hand, the process Kičevo is somewhat slower because of the following reasons:

- Lower level of commitment of the LED partnership;
- Lack of institutional embedding of the LED-team within the municipal administration;
- Non-functional Municipality Council because no chairperson is elected and hence although a LED strategy is developed it still waits adoption by the council;
- Law on territorial division means different municipal structure as from the next elections, which makes it difficult to think on the long-term;
- The status of surrounding municipalities and their participation in the local partnership and LED-process is not clear.

The differences in results between the two municipalities provide a good opportunity to test a basic assumption of this paper; that quality of partnership's processes affects the quality of its end results and impact.

## 4. Participatory and process M&E in local economic development in Macedonia

The field-study in the two municipalities in Macedonia was aimed to test participatory and process-oriented M&E tools in multi-stakeholder settings. This chapter illustrates which process-information these techniques and tools can generate. This information also sheds light on the results and impact of the LED-programme of UNDP and the local partnerships in the two municipalities, Štip and Kičevo, in Macedonia and it provides additional process-related explanations to the degree in which these results and impact have been obtained. However, the information in this chapter cannot be considered as a monitoring or evaluation report on the LED-programme of UNDP and the partnerships developed, as this research was not integrated in the M&E planning of UNDP.<sup>25</sup>

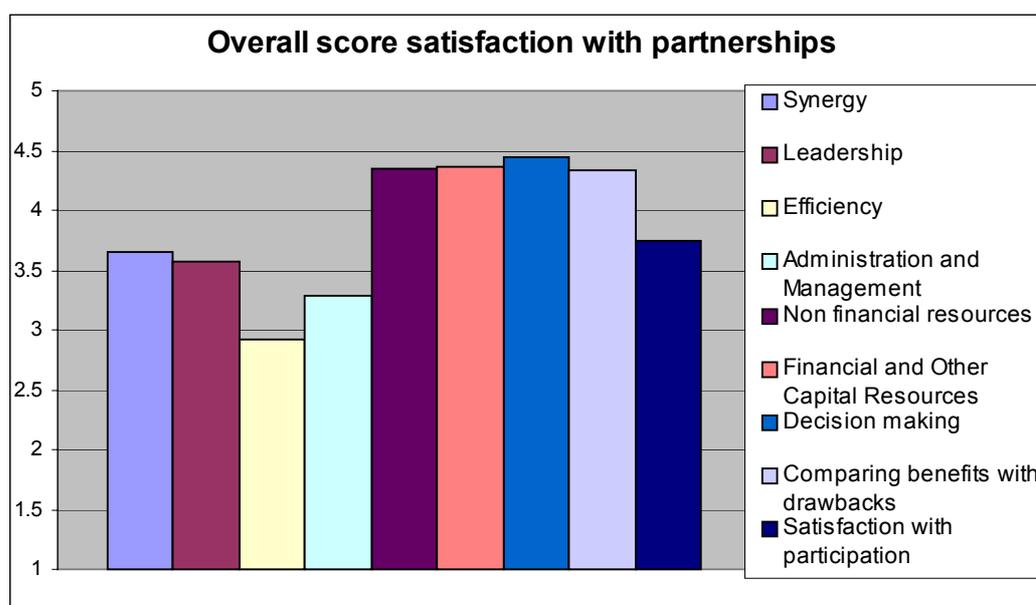
Paragraph 4.1 describes the results obtained in the use of the selected participatory and process-oriented M&E tools. This analysis focuses on the results obtained in the municipality of Štip. (to avoid too much repetition, the results of the tools in Kičevo are presented in annex 2). Paragraph 4.2 presents a comparison of the main results between Štip and Kičevo and shows how the M&E tools can be used for comparative purposes. In the final paragraph (4.3) some experiences in using the tools and opinions of stakeholders on these tools will be discussed.

### 4.1. Results of testing of participatory and process-oriented M&E tools

#### *Self-assessment questionnaire*

Self-assessment questionnaires to analyse different aspects of multi-stakeholder partnerships were sent out to different people in the different public, private and civil sectors in both municipalities. Respondents were asked to particularly look at the performance of their own organisation within the partnership. The questionnaires were filled out individually by a limited number of respondents and there have been no respondents corresponding to the civil society sector. The analysis therefore is limited to public and private stakeholders.

*Table: outcome self-assessment questionnaires in municipality of Štip*



<sup>25</sup> The populations of respondents, interviews and focus-group meetings were too small to generate statistically relevant conclusions and therefore should be looked at as approximations. However, in cross-checking data from the different instruments the findings certainly point towards the right direction (which was also confirmed by LED staff of UNDP).

The outcomes of the questionnaires have been clustered in seven different relevant aspects of multi-stakeholder partnerships (the first seven columns in the figure). A first quick glance at the seven aspects shows that overall opinion of the stakeholders on the partnerships is above average (3), which means that there is quite some satisfaction with the partnership, but on some aspects there is still room for improvement.

The columns show that the highest appreciated aspects in the partnership are: “decision-making”, “availability of non-financial resources” and “financial and other resources”. The highest satisfaction with “decision-making” reflects that the local partnership is providing sufficient space and opportunity for participation of the different stakeholders. As the partnership is a new initiative in the context of the municipality it is providing a historic new instrument/forum for discussion and joint planning and the possibility to reach joint agreements. These aspects are valued highly by the stakeholders in the partnerships.

Analysing scores on the two questions related to “resources” shows that appreciation is particularly caused by the fact that the LED-programme had provided ample input of information and analysis on the economic situation in Štip. The programme had provided good quality contacts with the target-groups and with relevant decision-makers in the context of local economic development. The availability of information and contacts had provided credibility to the partnership. The social economic situation in Štip provided sufficient material resources (such as land) to enable economic planning in the partnership, although opinions were less favourable on the availability of additional (local and external) funding for economic development in Štip.

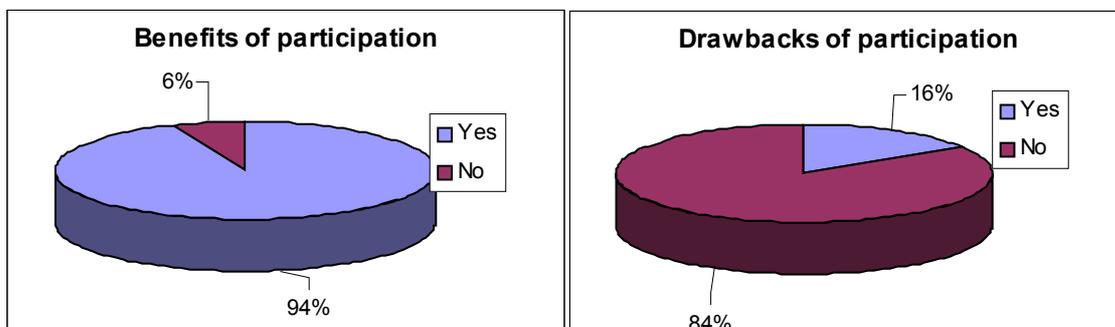
The lowest appreciation by the stakeholders is related with efficiency and administration and management of the local partnership. This is particularly caused by the fact that individual organisations in the partnership didn't see a clear and significant contribution of financial resources in the partnerships by other organisations within it (contributions were mainly limited to time and effort). This has limited the efficiency of the partnership. Administration and management was considered particularly weak in terms of the secretarial support to the partnership.

These findings are in line with UNDP's own opinions on the progress of the partnerships and provide some specific points of attention for follow-up in the partnership building process.

The final two columns show that respondents value the benefits of the partnership more highly than the drawbacks and that their overall appreciation of the partnership process is higher than average. This positive appreciation is in line with the good progress of the LED-process and local partnership in Štip and it explains why results and impact in this municipality have been satisfactory up until the present day.

The questionnaire also addressed more detailed aspects of benefits and drawbacks of the partnership. The results are shown in the figures below:

*Figure: benefits and drawbacks in the partnership in Štip*



The figures above show that a vast majority of aspects is considered beneficial for the partnership. The negative appreciation was related to the facts that the partnership had not yet been able to

achieve a high public profile and image and that it had not sufficiently been able to attract additional funding and finance. The drawbacks show more or less the same; respondents identify some drawbacks but most of the theoretically possible drawbacks have not (or only very limited) occurred. The most significant drawback identified was the diversion of time and resources away from other priorities in organisations and in some cases experiences of frustration were voiced by respondents by not seeing sufficient results in time.

These two figures again confirm that in the partnership in Štip the parties involved in the partnerships clearly see more benefits than drawbacks in the partnership. At the same time all three figures show that satisfaction can still be improved through particularly addressing efficiency and management and administration aspects and considering more explicitly the need to improve the capacity of the partnership to attract outside funding and finance for local economic development in Štip.

### **Assessment questionnaire of binding and unbinding factors in the relationship/partnership (assessing the other party in the relationship)**

A second tool applied in the case study was a questionnaire to identify and measure the degree in which different aspects and characteristics of the other party influence the quality of the relationship. This assessment of “the other party” is complementary to the first self-assessment questionnaire, which focuses on how an organisation or an individual perceives its own role and position in a partnership. To facilitate responding to the questionnaires the respondents were asked to identify one specific organisation in another sector as their own (either public, private or civil) to be able to base the responses upon experiences with a specific and real organisation.

The results of this questionnaire are presented in the figure on the following page.

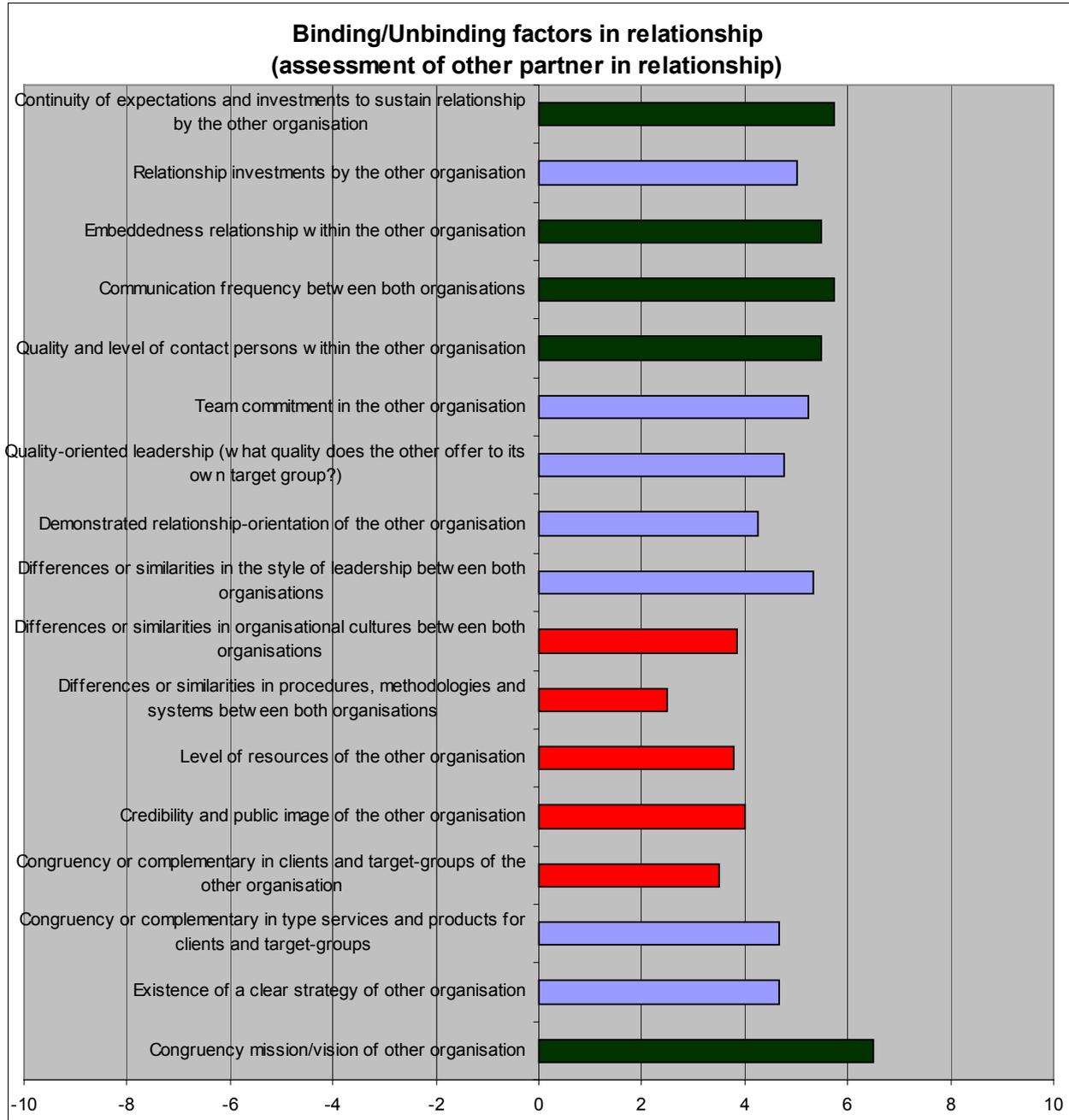
The scale in scoring of the different factors ranged from unbinding factors and forces on the left side (very strong is minus ten and very weak is minus one) to binding factors and forces on the right side (very limited is one and very strong is ten).

A first glance and the figure immediately shows that the overall assessment of the local partnership in Štip is favourable. All aspects of binding or unbinding factors and forces have been scored positively. Although one needs to be a bit cautious in interpreting the results of this questionnaire in an absolute way<sup>26</sup>, the relative differences between the scores on the different aspects provide interesting insights. The lowest scores are presented in red and the highest in green. It is safe to assume that the green factors point towards the stronger binding forces in the relationship and the red ones to a larger degree of unbinding forces.

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<sup>26</sup> In the use of this questionnaire there have been some problems in the interpretation of the scales by respondents and therefore a word of caution is needed on the reliability of the outcomes of this questionnaire.

Figure: binding and unbinding factors in relationships in Štip



Analysis of the figure leads to the following findings on the experiences in the partnership in Štip:

1. Within the partnership the different stakeholders involved perceive a strong congruence in mission and vision of the different organisations in relation to the common objectives of this partnership (however, outside the partnership significant differences in vision and mission of different stakeholders might still occur).
2. The continuity of expectations and efforts to sustain the relationship, especially in terms of continued involvement of people in the organisations is valued highly by the stakeholders. This is pointing towards strong personal relations and the fact that trust has been built during the participation of the different stakeholders in the partnership in Štip.
3. The most unbinding factor is related with differences in procedures, methods and systems between the different organisations involved in the relationship. This is not surprising as private

and public sector organisations have very different modes of operations and systems of accountability. This finding however points towards a need of interventions that are geared towards more mutual understanding of these procedures, methods and systems and on the longer-term more cross-fertilisation of these.<sup>27</sup>

4. Related to the point above it is notable that cultural differences between organisations in the public and private sector inhibit in a certain degree mutual understanding. It is likely that these cultural differences are largely related to the differences in procedures, methods and systems and the same type of interventions is needed to improve mutual understanding.
5. Other areas that merit more attention in future actions to further improve the partnership in Štip are:
  - Identifying more opportunities for complementarity and co-ordination in serving the same target-groups and to make sure that target-groups that are not yet being served are also covered by the joint efforts in the partnership;
  - Different stakeholders have different capacities in generating financial resources for local economic development. This aspect has also been identified in the first self-assessment questionnaire. This points towards a need create mechanisms to improve transparency on how and how much resources are invested in the partnership. This can be complicated because there are many indirect mechanisms such as local taxation of the private sector and the citizens by the public sector. The issue of the level of local taxation and the way this taxation is spent on local economic development is important as this is not purely a public investment because an important source of this spending is the local population and the private sector. Providing more information on sources and destinations of local taxation could greatly improve mutual understanding. This issue probably cannot be addressed by the LED-programme alone but it involves linkages and co-operation with those institutions and organisations that are involved in decentralisation programmes, public sector reform (and particularly tax-reform).
  - The public image of the other party in the partnership is also identified as one of the weaker aspects in the partnership. This is related to the issue of transparency and accountability of both public and private sector organisations. This could be taken up in the LED-programme proposing actions to strengthen public transparency and accountability of the different stakeholders involved in the partnership.

These provisional insights and conclusions correspond to findings of UNDP in the LED-programme and they are also in line with more general insights in local economic development and partnership experiences. The results of this questionnaire provide relevant insights and points for possible improvement for the further development of the local partnership in Štip and increased effects and impact of the LED-programme in the further future.

### **Evaluation wheel**

A specific set of aspects was developed for application of the evaluation wheel in the context of the LED-programme and the local partnerships in the municipalities in Macedonia. The selection of these aspects is based upon analysing the most relevant success-factors in public-private partnerships as presented in chapter 1. In addition to this, a specific aspect was added to address the issue of multi-ethnic composition of some municipalities in Macedonia.

The evaluation wheel was applied during a focus-group meeting in Štip and respondents were asked to individually assess a set of nine different aspects (see the figure of the evaluation wheel below) on a scale of one (most inhibiting of negative influence) to ten (most enabling or positive influence). The results of these individual assessments were transferred to an evaluation wheel on a flip-chart in front of the group to enable a short group discussion on the results.

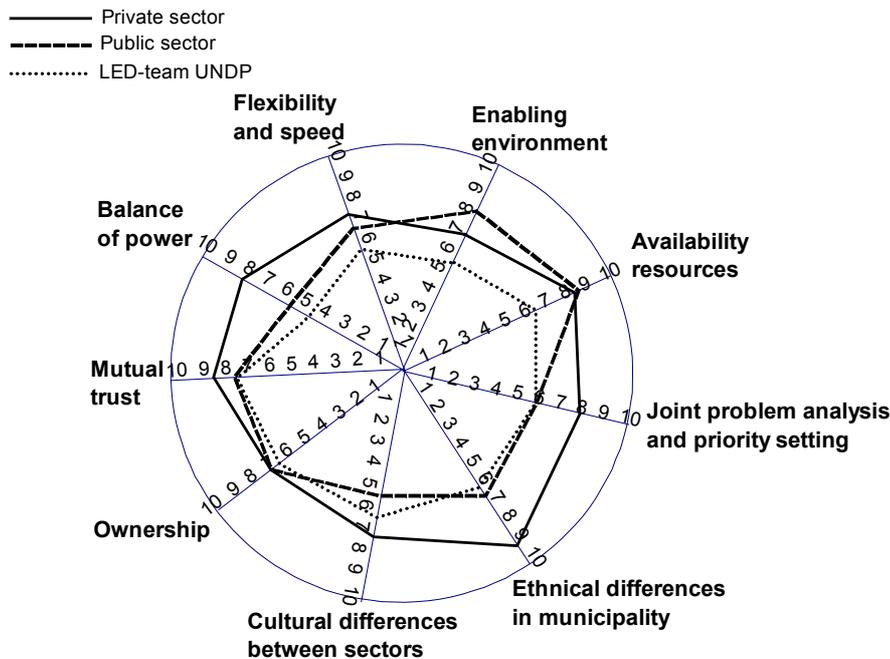
The focus-group meeting was attended by public and private sector representatives and local staff of the LED-programme of UNDP. Unfortunately no civil society representatives were present. The

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<sup>27</sup> In the Western world cross-fertilisation has been a more common practice and particularly the public sector has adopted many ideas of the private sector to improve its efficiency and effectiveness. A provisional conclusion in the Macedonian context is that this cross-fertilisation still largely has to take place.

evaluation wheel therefore contains the accumulated scores of only three different groups of stakeholders in the local partnership.

Figure: Results evaluation wheel in the municipality of Štip



A first glance at the results of the evaluation wheel shows that all different stakeholder groups in Štip have an overall positive assessment of the different aspects of the local partnership, as almost all scorings are above the mean score of five. This image corresponds to the overall results in the assessment questionnaires (see above).

A more detailed analysis of the evaluation wheel shows the following findings:

1. The overall assessment of the local partnership is most positive among the private sector representatives, as in six out of nine aspects it has given the highest scores. The lowest assessment is given by the local LED-staff of UNDP giving five out of nine aspects the lowest score. This image indicates that the LED-staff of UNDP did have slightly higher expectations of the results and outcomes of the LED-programme and the local partnership than actually realised. This is not surprising, as staff of UNDP is watching the progress of the LED-programme more critically and with an outside perspective (as they are not directly involved within the partnerships). As such they also take into account external factors and conditions that might not be so clearly visible for the participants within the partnerships. In spite of this somewhat more critical view, the UNDP LED-programme staff also assesses most factors above average, which shows general satisfaction with the progress of the LED-programme and the performance of the partnerships. The highest satisfaction of the private sector shows that it has least suffered from the different aspects identified or that its original expectations were not that high.
2. The highest overall appreciation by all stakeholder-groups of the aspects in the evaluation wheel is with Availability of local resources and with Mutual trust. This corresponds with earlier findings in the assessment questionnaires.

3. The most critical assessment is related with cultural differences between the sectors and flexibility and speed of actions in the partnership. These factors have earlier been identified in the assessment questionnaires.
4. The highest differences in assessments between the sectors are related with the appreciation of the balance in power between different stakeholders and ethnical differences in the municipality. The private sectors looks most positively at the balance of power in the partnership, which indicates that they are able to realise their goals within the partnership. This is coherent with the higher overall scoring by the private sector on all aspects in the evaluation wheel. Apparently public sector organisations feel a certain degree of lack power in decision-making and actions of the partnership. This might be related with under-representation in the partnership or lack of internal mechanisms for decision-making within the public sector, which might have put them behind the initiatives of private sector organisations. However, this difference needs to be further investigated. The difference in assessment of the importance of ethnical differences in Štip has to be discarded from this analysis, as respondents indicated that this aspect was explained in an ambiguous way.
5. The Private sector representatives are most positive on the aspects of mutual trust and availability of local resources and don't indicate a specific aspect negatively.
6. The Public sector representatives are most positive on the aspects of enabling environment for the local partnership and the availability of local resources.
7. Local staff of the LED-programme of UNDP doesn't assess specific aspects as particularly positive or negative, but the appreciation of the balance of power within the partnership by the local LED-staff is the only aspect in the wheel that shows a score below the average figure of 5. This indicates that while the local stakeholder groups don't indicate this aspect as a problem or bottleneck, the local LED-staff, as an outside stakeholder in relation to this partnership, has some concern about this balance of power. This is consistent with the fact that the assessments of the public and private stakeholders on balance of power were quite different. This definitely merits further discussion between the local stakeholders and the LED-staff in the follow-up of the local partnership.

The list of findings above shows clearly that the evaluation wheel can quickly generate a wealth of detailed information on the local partnership. In a way it provides a kind of "snapshot" of the state of the art in the partnership.

### **Most Significant Change Technique**

The most significant change method has been applied in individual interviews with representatives of the different sectors. The interviews took approximately one hour, including an introduction to the interview. In Štip in total four interviews were conducted.

The main purpose of the interviews was to identify process aspects and changes in the context of the partnership and the LED-programme that could not be identified by using the other instruments. The selection of the most significant change stories/examples is based upon the criteria of complementarity to other findings in the other tools.

Some most significant change stories in Štip point to the following additional relevant findings:

1. Importance of informal dialogue has contributed to mutual trust in the partnership. It was stated that prior to the partnership there were different opinions (in a rather negative sense) among the representatives of different sectors, based on insufficient information about the other party. The informal dialogue brought people closer and enabled an information flow on issues not necessarily related with the LED process;
2. The issue of social responsibility of private sector enterprises. The partners are aware of the importance of the appropriate type and level of education of the population that would suit within the local labour demand. Therefore, efforts have been made to establish co-operation among institutions of different sectors such as local businesses, Employment Agency and schools for initiatives as development of a special curriculum, internships, apprenticeship, training, etc.;
3. The opening of a regional faculty as a step towards establishment of a university in Štip is considered an important opportunity for development in Štip. This would pull other sectors as well and hence would add to a more diversified basis of the local economic development;

4. Related to the LED process, almost all respondents brought out the example on their joint reaction against the attempt of a former LED partnership member to impose his personal agenda. This attitude has not been accepted by the partnership.

These stories can provide important additional information to the results of questionnaires and assessment tools. It is particularly useful as information to better understand specific results in relation to specific local processes and it has served as a tool for cross checking of information.

The story on the importance of informal dialogue in relation to trust building has been useful in relation to the fact that mutual trust in the partnership in Štip is rated very high. In fact much higher than one would expect based upon general experiences in inter-sector dialogue processes in many countries in the world. Apparently the relations in Štip have been close because of the small scale of the municipality and histories of public sector officials in the private sector and sometimes people that are active in both sectors at the same time. These aspects help to understand the high score on trust built in the local partnership as shown in the assessment questionnaires and evaluation wheel.

#### 4.2. Comparison of main findings in the municipalities of Štip and Kičevo

Within the limited scope of the field-study the assessment questionnaires have been applied in the same manner in both municipalities.<sup>28</sup> In this paragraph the results of the two assessment questionnaires are compared and analysed in order to obtain more insight in the comparative strengths of these M&E instruments. A word of caution is in order; the field-study has been limited in scope and time therefore the findings in this paragraph should be considered as provisional findings and are not statistically relevant.<sup>29</sup>

Figure: Comparison results of partnership-assessment questionnaires, Štip and Kičevo



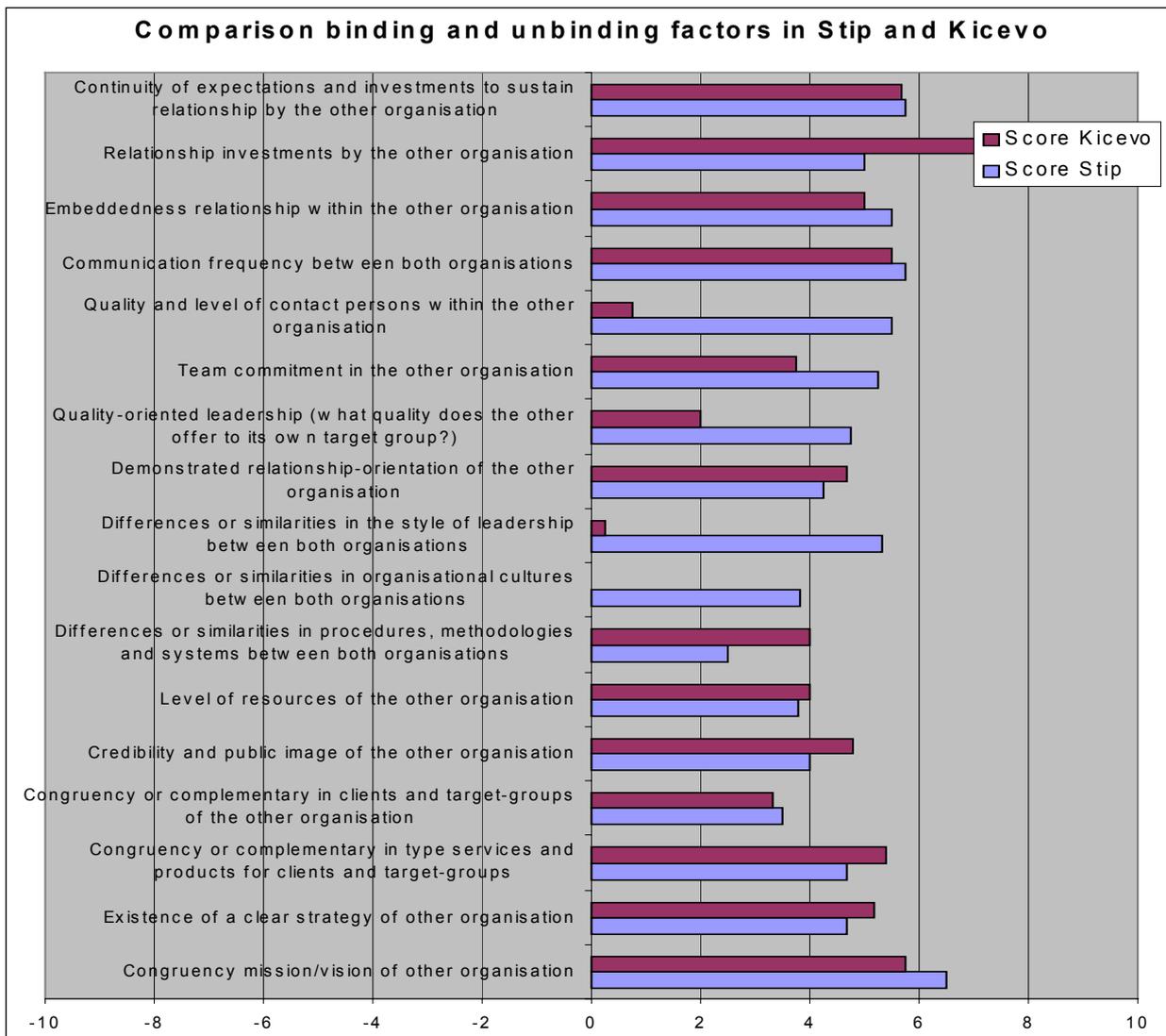
<sup>28</sup> The presentation of findings the specific results on Kičevo are presented in annex 2.

<sup>29</sup> The number of respondents in both municipalities was limited, which combined with different backgrounds and contexts makes comparison difficult. In addition to this the distribution of respondents to the questionnaires in Štip and Kičevo was different over the public, private and civil sectors.

The figure above shows that in both municipalities the overall satisfaction of the stakeholders participating in the partnership is above average, but most aspects are assessed slightly to significantly lower in Kičevo (first seven columns). At the same time the stakeholders in both municipalities express that the benefits of the partnership are outbalancing the drawbacks (second final column), but again in Kičevo the stakeholders perceive slightly more drawbacks as is the case in Štip. The level of overall satisfaction (last column) with the partnership is approximately equal in both municipalities.

Only in two aspects, significant differences between Štip and Kičevo can be observed. The availability of resources (both financial and non-financial) made available to the partnership by both external and local sources is significantly lower in Kičevo, which points towards a more precarious social-economic starting-point for the partnership. This is in line with economic data on the municipalities that show that the economic situation in Štip is quite favourable while this is not the case in Kičevo. The lowest scoring aspects within the partnership for both municipalities are efficiency and administration and management. This points towards the possibility of follow-up interventions to specifically address these aspects to strengthen the local partnerships. In addition to this in Kičevo additional interventions are needed to address the unfavourable local economic conditions in this municipality.

Figure: comparison binding and unbinding factors in the partnerships in Štip and Kičevo



The results from the second questionnaire in the two municipalities do not show the same coherence, as was the case in the first questionnaire.<sup>30</sup> Therefore we will only discuss those aspects that show the biggest differences in scorings, which likely point to the most relevant differences between the two municipalities:

- While the appreciation of congruency and complementarity in vision and strategy is perceived generally binding in both municipalities it is noteworthy that differences in organisational culture and (styles of) leadership are apparently bigger in Kičevo. Strangely enough these observed differences are not extended to differences in procedures and methodologies; this last aspect is scored much higher in Kičevo. This internal difference shows that the way of responding to the questions in Kičevo has been less coherent. Combining the different sources of information (interviews and other questionnaires) we can draw the provisional conclusion that the partnership in Kičevo has contributed in a lesser degree as has been the case in Štip to increased understanding and co-operation to improve mutual understanding between organisations.
- In relationship to leadership (two aspects in the comparison above) we can observe significant difference between both municipalities. The intensity and level of contact-persons in the partnership in Kičevo is less high than has been the case in Štip. Apparently the institutional and top-level commitment of the different stakeholders in Štip has been higher. However, other responses to other questions show that the quality and intensity of relations between the persons that did actively participate in the partnerships don't show much difference between both municipalities.
- The response in relation to the quality-orientation of the organisations also shows a significant difference between Štip and Kičevo. We have not found a plausible explanation for this factor.

An important conclusion that can be drawn upon the combination of the different tools and the interviews in both municipalities is that the process of LED and the functioning of the local partnerships is perceived positively by those participating actively in it. The level of satisfaction with the process in both municipalities is largely similar. However, the contextual environment of the local partnership in Kičevo is much more complex and problematic than has been the case in Štip. This difference contributes to the explanation of the fact that the results of the LED-process generally have been evaluated more positively in Štip.

### **4.3. Experiences in the application of the techniques and tools in Štip and Kičevo**

The different techniques and tools that are analysed in the previous paragraphs (including the relationship grip that has only been tested in Kičevo, see annex 2) have been applied during short visits of one day in which interviews were complemented with a group-meeting at the end of the day. Prior to the visits, local stakeholders had received the two assessment questionnaires and the respondents returned them to the researchers during the visits to their respective municipalities.

The results of the interviews and questionnaires have been discussed with local LED-staff of UNDP in the focus meeting at the end of the visit (only in Štip) and with a staff-member of UNDP who accompanied the researchers during the field-visits. An additional meeting with a national staff-member of UNDP was organised to discuss preliminary findings. Finally the draft version of the findings and of the relevant chapters in this paper have been submitted for comments to the national office of UNDP and comments were integrated in this paper.

The field-visits occurred in a pleasant environment and all people were very co-operative in providing information on the questionnaires and during the interviews.

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<sup>30</sup> The number of respondents in Kičevo to this questionnaire was lower than in Štip and the discussion around this tool also demonstrated that the second questionnaire caused somewhat more confusion among the respondents. In Kičevo there have been more mixed opinions by the respondents on each question, which might be an indicator of the fact that the development of the local partnership and the process of LED in Kičevo is slower and more ambiguous.

The assessment questionnaires generally were filled out in a comprehensive way, which showed that questions and instructions were reasonably understandable to the respondents, although the second questionnaire proved to be somewhat more difficult and ambiguous. The time needed for filling out the questionnaires was according to the provision that was provided with the instructions. The assessment questionnaires take approximately a half to one hour to fill out. This is a significant time-investment, but the wealth of information it generates is worth the effort.

During testing of the M&E instruments feedback of the respondents on the clarity, user-friendliness and applicability was requested. This feedback has enabled the researchers to improve and further adapt the instruments after the field-study. Own experiences of the researchers have also been integrated in the final versions of the instruments. These can be found in annex 1. The specific feedback of respondents and participants to the instruments and the experiences of the researchers is presented in annex 3 to avoid a too technical discussion on the instruments in this paper.

## 5. Conclusions and recommendations on M&E in multi-stakeholder settings

This chapter presents some provisional conclusions on the context of the LED programme of UNDP in Macedonia and the process of setting up local partnerships in the municipalities in the light of the lessons learned in multi-stakeholder partnerships in chapter 1. Paragraph 5.2. presents conclusions and recommendations in relation to the general applicability of participatory and process-oriented M&E techniques and tools in the analysis of processes of multi-stakeholder co-operation and partnerships.

### 5.1. The process in Macedonia in the light of lessons learned in the donor community on multi-stakeholder processes

The LED programme of UNDP has used multi-stakeholder partnerships as a main intervention strategy to promote local economic development in the two municipalities of the field study. While doing so it has focused on some specific functions of partnerships.

The main function of the local partnerships has been to serve as a platform for dialogue for all relevant stakeholders in local economic development planning. As such they have fulfilled the task of *Joint Strategy Development* as mentioned in chapter 1. In both cases the partnerships have succeeded in developing strategic local economic development plans. All stakeholders involved expressed satisfaction with the quality of dialogue and co-operation in the partnerships and they have developed ownership of these strategic plans. Contextual factors were very different in both municipalities and this has affected the degree of success and progress of the LED programme. In Štip the results are considered generally more satisfactory than in Kičevo. These differences are in a large degree process-related.

In Štip the partnership has particularly performed better in its functions of *advocacy* and *sharing and co-ordinating resources and expertise*. The advocacy was more effective because relations with the municipal council and mayor were significantly better than in Kičevo. The Municipality of Štip has adopted and approved the strategic local economic development plan while in Kičevo this approval is still pending. Availability of local economic resources in Štip was more favourable than in Kičevo, which created better conditions for pooling of these resources to invest in local economic development.

Both partnerships have not yet developed functions in implementation of projects and activities. It is considered the task of the municipality to co-ordinate this implementation and to establish partnerships for this purpose. The partnerships serves to feed in into these tasks and functions of the municipalities and to follow up on the progress in implementation of the strategic local economic development plan.

Because of the better local conditions and higher quality of relationships in Štip the partnership is likely to produce a real economic impact at a shorter term than is the case in Kičevo. But it is still too early to assess economic impact as the strategic plan in Štip has only be adopted in the first semester of 2005 and in Kičevo this is not yet the case.

From the list of lessons learned and critical success factors in multi-stakeholder partnerships (chapter 1), the results of testing the participatory and process-oriented M&E instruments illustrate that the following factors have been relevant in the Macedonian municipalities:

1. *Ownership*: The stakeholders participating in the local partnerships show a strong sense of ownership with the initiative. They point to the fact that there is synergy in the partnership and that the different stakeholders are committed to contribute with their efforts (mostly time and energy, but in a lesser with financial resources). The approach of the LED-programme has enabled this ownership by inviting and involving all relevant stakeholders in the municipalities. However, this sense of ownership is still limited to the stakeholders directly involved in the partnership. Especially

in Kičevo it is clear that the municipal government does not yet consider the local partnership as an important input to its policy formulation.

2. *Shared vision of and commitment to partnership objectives:* The results of the M&E instruments also show that the local partnerships have been successful to create a common agenda for local economic development and a recognition that different stakeholders can contribute to this agenda. The partnerships envision a road towards local economic development in the municipalities. In spite of the fact that this shared vision and commitment to the partnership's objectives exists also in Kičevo it is noteworthy that the vision in this last municipality is not a real long-term vision. It is overshadowed by the fact that in 2008 a territorial reorganisation of the municipality will take place. This reorganisation will take place in a difficult and tense ethnic context. This reality makes it extremely difficult to envision the economic future of Kičevo beyond 2008.

3. *A strongly participatory approach:* The approach of the LED-programme has been strongly participatory and the responsibility for the management and co-ordination of the local partnerships is in the hand of the local stakeholders themselves. LED-staff of UNDP merely takes a facilitation role. The stakeholders indicate that they can make an active contribution to the partnership and they value highly their influence in decision-making mechanisms and moments in the partnerships.

4. *A wide range of partners:* The local partnerships in the municipalities involve stakeholders from the three sectors: public, private and civil. This has enabled a platform for an integral and holistic discussion on local economic development. The different stakeholders recognise their stakes in the strategic local economic development plans. The results of the use of M&E instruments point towards two, related, critical points. The private sector stakeholders appear to be the most positive on the progress of the local partnerships, which indicates that they might have realised more points of their agenda than other actors. At the same time balance of power is assessed most critically in the evaluation wheel. This might indicate that the private sector has been prepared and organised better to realise their stakes in the partnerships. The public stakeholders, especially in Kičevo, appear to face some constraints, related to the embedding of their participation in the local municipal administration. At this level institutional support to the public representatives in the partnerships appears to be lacking.

5. *Recognition that different stakeholders have different types of power and/or resources:* the aspect of balance of power and resources has been mentioned under point 4. The results of the M&E instruments indicate that unequal balance of power is perceived as one of the most critical factors in the partnerships. While differences in power and resources are a fact of life, they might be more openly discussed within the partnerships to develop ways in dealing with this. This might establish a priority in monitoring the partnership over time and assess the way in which the different stakeholders perceive unequal power and resources regularly over time (e.g. once a year).

6. *Honest, open and regular communication:* While the stakeholders in the partnerships indicate that they are satisfied with communication and trust within the partnerships, they also point towards differences in culture between the public, private and civil sectors. Sometimes the lack of understanding of each other's sector logic, rules and procedure is a limiting factor in communication. Although this is not indicated as problematic in the partnerships and in fact the mere fact of participating in them is contributing to better understanding, these differences in culture are there. This might point to a critical factor that could strengthen the success of the local partnerships; more exchange and exposure towards each other's sectors is likely to have a strong impact to improve mutual understanding and this could be realised in follow-up activities within the partnerships.

7. *Limitations of management:* In both cases the weakness of administrative and management support to the partnerships is singled out as the most important limiting factor in the performance of the partnerships. This points towards a need to address management related issues in follow up activities with the local partnerships.

8. *Partnerships require support:* A second more critical limiting factor for the success of the local partnerships, especially in Kičevo, is the lack of mechanisms for access to external resources,

especially funding. The economic situation in Kičevo is far from favourable to kick off economic development pooling only from locally available resources. In a lesser degree this is also true for Štip. This establishes a need to link up the local partnerships with higher levels of government, economic actors and development partners. The strategic local economic development plans, of course, are a crucial instrument for this. As these plans have only recently become available, actions in linking the local level with higher levels and to pool additional resources for implementation of these strategic plans has yet to take place. The future success of the local partners will depend on establishing *strong linkages between local and national-level decision-making processes*

9. *Partnerships evolve over time and need flexibility so they can adjust to changing contexts:*

Although the process of the local partnerships in the LED-programme is fairly recent, it is clear that their development is highly dependent on changing contextual factors. In Štip these changes in context have taken a positive route, such as the perspective of the establishment of a faculty of a University as a new development pool. In Kičevo contextual factors are more critical as recent local elections have created a situation of lack of embedding of partnerships in the local municipal government and the upcoming territorial reorganisation of the municipality is limiting the long-term scope of strategic local development plans. This provides a strong challenge for the future of the process in Kičevo.

## 5.2. Conclusions and recommendations on the M&E-tools used

2. The techniques and tools presented in this paper are able to generate relevant information on processes of multi-stakeholder co-operation and partnerships. All the techniques and tools provide the opportunity to integrate opinions of all different stakeholders involved. The field-study in Macedonia was limited in terms of number and variety of stakeholder participation and therefore the instruments were only capable to generate first approximations to findings (not "hard" M&E data). However, if the number and variety of participants is higher each specific tool is capable to deliver desegregated information on opinions of each stakeholder-group. The higher the number of respondents the more reliable the aggregate information becomes;
3. Cross-checking of outcomes of different techniques and tools improves the quality of analysis. Additionally multi-stakeholder meetings, such as focus-group meetings are useful techniques for validation and discussion of findings in participatory way. Most Significant Change Interviews are another technique for cross-checking and validation of finding. It is recommendable to use a minimum number of different tools and techniques to arrive at more reliable M&E data;
4. The techniques and tools are capable to relatively quickly and simply generate analysis of data of multiple groups of stakeholders. Therefore application techniques and tools can be done with limited additional budget consequences and with a modest additional investment of individual project or programme staff and the stakeholders involved. Providing responses to the questionnaires will not take much more than an hour and analysis can be done in a matter of a few hours.
5. The assessment questionnaires and the assessment sheet with the evaluation wheel can be applied as regular M&E activities to provide information on changes over time. Although this could not be done in the field-study in Macedonia (which was only at one point in time) the type of information generated by these tools provides interesting information that can be compared over time (e.g. a half year or a year's period) in order to assess how the multi-stakeholder co-operation or partnership is developing. This is in fact the most important value of the tools presented in this paper: a process can only be monitored over time when at specific intervals comparable information is being produced;
6. As said above, the tools and techniques can be used to generate desegregated information on perceptions of specific stakeholders on processes of co-operation and partnerships. Comparison of these different opinions can be used to either identify those aspects of multi-stakeholder partnerships that are most ambiguous and/or conflictive, or to provide interesting

input for focus-group meetings or other forms of multi-stakeholder meetings. While doing this, it is important to systematise and organise the information in such a way that opinions of individuals cannot be identified in these meetings (confidentiality has to be guaranteed at all times <sup>31</sup>);

7. The techniques and tools presented in this paper can and should be adapted to specific local situations and designs of partnership programmes. This requires changing, deleting or adding specific questions and or aspects that are most relevant to the local situation to make questionnaires and assessments more effective in measuring specific aspects. Although the techniques and tools presented in this paper will generate relevant information in all multi-stakeholder settings, they should be looked at merely as models and examples;
8. Comparative analysis of outcomes of these instruments is valid in similar local settings and within the same set-up of a programme in different settings. The possibility hereto has been shown (but because of time constraints not fully exploited) in the field-study on the LED-programme of UNDP and the local partnerships in the two municipalities in Macedonia);
9. Bias in assessment questionnaires and sheets is not uncommon and can be positive or negative. The field-study appears to show a positive bias in most responses (probably because the most active and involved persons in the local partnerships participated in the field-study). If clear signs of biases exist it is recommendable to analyse scoring on scales not so much in an absolute way but in a relative way. The lowest scorings (even though they might be on the positive side of the scale) are likely related to more critical factors or problems and bottlenecks. The highest scores likely refer to successful experiences;
10. Questionnaires that are distributed on paper or by email always require close follow-up to get sufficient and timely responses. This requires an active secretarial support and close follow up by people with direct contact with the respondents;
11. The techniques and tools in this paper have been adapted and improved after the field-study in Macedonia (see annex 1). The experiences of the researchers and the feedback of the local stakeholders have been used for this purpose.

In addition to this list of conclusions and recommendations on the applicability of participatory and process-oriented M&E instruments in multi-stakeholder contexts a final more general recommendation is in order.

The modest field-study that has been conducted to test the techniques and tools in this paper merely shows some interesting possibilities for their use in multi-stakeholder settings and the analysis shows what kind and quality these techniques and tools can generate. This is an important step towards systematisation of experiences in an area where little systematisation previously existed. But it remains obvious that further research and testing of these techniques and tools is needed, especially to analyse potential for comparative and longitudinal analyses. The authors hope that this paper provides some interesting guiding questions and hypotheses for such further research.

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<sup>31</sup> This is a general recommendation. However, there might be situations in which co-operation and partnerships are so far developed that mutual trust and openness between all stakeholders already exists. In such situations it is not always needed to guarantee confidentiality. Confronting different opinions of stakeholders might than be a very effective way for progress in dialogue and finding solutions.

## **6. Inclusion of participatory and process M&E approaches in multi-stakeholder settings: Conclusions and Recommendations to donors**

In this final paragraph the findings, conclusions and recommendations with regard to the use of participatory and process approaches in M&E in multi-stakeholders are related to some of the core issues under discussion in this conference on “reforming the business environment”. Three specific core issues of the conference have been selected for this purpose:

### **Promoting public-private dialogue**

In the report of the Secretary-General to United Nations General Assembly of August 2003 on partnerships of UN-organisations with particularly the private sector it is stated that “the fact that partnerships must meet the test of the real world is their inherent strength. It ensures that the Organisation’s resources will be progressively directed towards successful undertakings and thereby contribute to overall productivity and effectiveness. Unlike programmed initiatives, which depend on long-term planning, partnerships are flexible, adjustable and have a built-in methodology for self- correction” (page 14). This argument underscores one of the central arguments in this research paper. The process of building partnerships is at least as important as its results and it can not be looked at in a mathematical way. At the same time this paper has argued that assessment of the process and quality in public-private dialogue and partnership processes is still not a common practice and at an incipient stage. Most of the existing M&E instruments are focussing on results, outcome and impact of interventions. This is also true for multi-stakeholder interventions. The progress and quality of the multi-stakeholder co-operation and partnerships is an important condition for reaching these results, outcome and impact, but many existing M&E tools are not the most appropriate to measure the quality of processes. In this paper some new instruments in M&E that are participatory and more process-oriented (within the paradigm of the fourth generation of evaluation) have been adapted to specific multi-stakeholder processes at the local level and they have been provisionally tested in the field-study.

The provisional findings of this field-study show that the participatory and process-oriented M&E tools provide relevant information on processes of multi-stakeholder dialogue and partnership-building, which are complementary to result-oriented M&E approaches. Although further testing and development of the tools developed in this paper is recommendable, a strong recommendation to the international donor-community involved in multi-stakeholder dialogue and partnership-building can be made to enrich M&E approaches and instruments with the type of tools that have been presented in this paper.

In addition to this recommendation, the authors recommend to apply these participatory and process-oriented M&E tools on a regular basis over time. This will provide the opportunity to at specific points “take a snap-shot” of dialogue and partnership processes and compare these “snapshots” over time. Particularly the comparison of these process data over time will enable monitoring of the health of the dialogue and partnerships over time and basis upon that take appropriate process interventions to tackle problems and challenges in these processes.

### **Role of the private sector**

An important pre-condition for effective dialogue and partnerships is the participation of all stakeholders in identification of problems, analysis and the planning and realisation of interventions. This doesn’t automatically mean that all these stakeholders should participate in actual partnerships, but they should at least have the means to influence the actions and objectives of these partnerships over time. This requires the use of participatory M&E instruments to enable a critical monitoring and evaluation of the development of dialogue and partnership process by those in it and those affected through it. Addressing this core-issue of the conference, which is focused on the role of the private sector, the authors wish to state that the following recommendations are equally relevant to all other possible stakeholders.

The tools described in this paper provide an interesting opportunity to generate and compare opinions and appreciation of different stakeholders on aspects of a multi-stakeholder co-operation

and partnership process in a quick and cost-effective way. The tools described provide relevant information on perceptions of each stakeholder group, provided that sufficient individual respondents in each group provide their input to the instruments. In addition to generating interesting desegregated information for M&E purposes, the instruments, and particularly the accumulated and visual presentation of its results, can be used for discussion in multi-stakeholder groups without threatening individual respondents.

A more general recommendation, which is eminent from the literature and confirmed in the LED-programme of UNDP in Macedonia, is that interventions geared towards local economic development should not only be directed to and focused on the private sector only. They should also take into account stakeholders of the public and civil sector. While this is certainly relevant in the local context, where all these actors actually meet in concrete initiatives, it is likely that this is also the case at the national level. If this is true it is likely that a Sector Wide Approach like intervention on that is focusing on private sector development only shows great risk of failure. The authors therefore recommend donors that are involved in private sector development consider the needs of involvement of public and civil actors in their approaches.

### **Local dimensions to business environment reform**

The focus of many Private Sector and Business Environment Programmes is nation-wide, while the concrete interaction of stakeholders takes place at all levels, especially at the local level. This paper has been set in a context of establishing (local) multi-stakeholder partnerships as a strategy for (local) social economic development and reform of the business environment. These partnerships are becoming an increasingly used strategy in development interventions. The authors of this paper support this strategy and believe that partnership can contribute to ownership and sustainability of these development processes (although these assumptions in themselves were not analysed). Experiences at the local level involve concrete interaction of stakeholders around concrete issues, problems and challenges and therefore provide a good basis for further development of strategies and approaches in many areas. This paper is focusing on the use of M&E techniques and tools at the local level. They can be used as long as concrete stakeholders are involved in such processes and therefore these types of techniques and tools are certainly also usable and adaptable for use in regional, national and maybe even international multi-stakeholder contexts and processes.

This paper is also a claim towards actors in the development community to remain involved in local multi-stakeholder processes or to ensure that their interventions at higher levels permit and enable that these local multi-stakeholder processes can continue to take place. This requires reflection on some important aspects in development paradigms by donors who are involved in private sector, business environment reform and multi-stakeholder co-operation and partnerships:

1. The fact that private sector development and business environment strengthening are fundamentally multi-sectoral: involving stakeholders from private, public and civil sectors but also often covering different productive sectors. This requires appropriate development perspectives and agenda's for dialogue on international aid with governments of recipient countries. A Sector Wide Approach might not be sufficient to deal with these issues;
2. The national level provides an important institutional framework for lower level multi-stakeholder processes. Development interventions and the agenda for dialogue at the central level should contain elements that can support and enable processes at de-central levels;
3. Local level experiences are important base-material to learn from and to extract elements for policy dialogue at higher levels. This requires mechanisms for contact and exchange with the local level. As a common saying in management literature states: Ideas and vision for change should come from the top, but the best concrete ideas and insights on how to improve elements in the change process should come from the bottom (Mastenbroek, 1998). The authors believe that this is also relevant for actors in the development community, especially those actors that are involved in generating new and innovative forms of multi-stakeholder co-operation and partnerships.

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- [www.iac.org](http://www.iac.org): International Agricultural Centre (tools and techniques for M&E)
- [www.cacsh.org](http://www.cacsh.org): Partnership Assessment Questionnaire
- [www.mdf.nl](http://www.mdf.nl): Models, techniques and tools on M&E
- [www.openspaceworld.org](http://www.openspaceworld.org): Open Space Technique
- [www.pantesting.com](http://www.pantesting.com): 360 degree methods (and others) in Human Resource Management
- [www.unglobalcompact.org](http://www.unglobalcompact.org): The Global Compact Initiative

## Annexes

### Annex 1: The formats of techniques and tools adapted according to results of provisional testing in Štip and Kičevo

#### Partnership Assessment Questionnaire

Please take 30 minutes of your time to check the boxes in this questionnaire.

Indicate in the table below:

- the name of your organisation (please also check box of your own sector)

*N.B. In case you want to keep the name of your organisation anonymous, this is possible, but please don't forget to tick the box of the sector you belong to.*

Name of your Organisation	Public (local, regional or national government or institute directly subordinated under it)	Private (entrepreneur, or commercial organisation with profit motive)	Civil (NGO or grass-root organisation serving interests of citizens)	Other (not possible to categorise under the categories in local/national context)

We would like to ask you to focus your attention in responding to this questionnaire on how the different partners in the partnership are jointly performing (this includes the performance of your own organisation, but not only!).

If you don't have an opinion on a specific question or don't have sufficient information to form a reasonable certain obtain, please leave the respective box unchecked.

<b>Synergy</b>					
<i>Please think about the people and organisations that are participants in your partnership</i>					
	<i>Extremely well</i>	<i>Very well</i>	<i>A bit</i>	<i>Not so well</i>	<i>Not well at all</i>
In what degree are partners jointly able to identify new and creative ways to solve problems?					
How well are your partners able to develop goals that are widely understood and supported among all partners in the partnership?					
How well are the partners able to carry out joint activities that make use of each partner's specific experiences and expertise?					
How well are all partners jointly able to implement strategies that are most likely to work in the community?					
In what degree do the partners include views and priorities of the people affected by the partnership's work?					
How well are the partners able to identify and analyse the relationship between the (current and proposed future) solutions and the problems the partnership is trying to address?					
How well are the partners able to					

respond to the needs and problems of the community?					
In what degree are the partners able to obtain support from individuals and organisations in the community (who either could have been supporting or blocking the partnership's plans)?					
<b>Synergy</b> <i>Please think about the people and organisations that are participants in your partnership</i>					
	<i>Extremely well</i>	<i>Very well</i>	<i>A bit</i>	<i>Not so well</i>	<i>Not well at all</i>
How well are the partners able to clearly communicate to people in the community how the partnership's actions will address problems that are important to them					

<b>Leadership</b> <i>Please think about all of the people who provide either formal or informal leadership in your partnership. Please rate the <u>total effectiveness</u> of your partnership's leadership in each of the following areas:</i>					
	<i>Excellent</i>	<i>Very good</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>
Taking responsibility for the partnership					
Inspiring or motivating people involved in the partnership					
Empowering people involved in the partnership (making them more self-confident)					
Communicating the long-term vision and mission of the partnership					
Working to develop a common way of communicating (language) within the partnership					
Fostering respect, trust, inclusiveness and openness in the partnership. Creating an environment where differences of opinion can be voiced					
Resolving conflicts among partners					
Combining the perspectives, resources and skills of partners					
Helping the partnership to be creative and look at things differently					
Recruiting diverse people and organisations into the partnership					

<b>Efficiency</b>					
	<i>Excellent</i>	<i>Very good</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>
Your partnership uses all partners' <u>financial resources</u> .					
Your partnership uses all partners' <u>in-kind resources</u> (e.g. skills, information, contacts, space, equipment)					
Your partnership uses the <u>time</u> input of all partners					

## Administration and Management

	<i>Excellent</i>	<i>Very good</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>
Co-ordinating communication among the partners					
Preparing materials that inform partners and help them to make timely decisions					
Organising partnership activities, including meetings and projects					
Providing orientation to new partners as they join the partnership					
Evaluating the progress and impact of the partnership					
Applying for and managing grants and funds					
Performing administrative and secretarial tasks					
Minimising the barriers to participation in the partnership's meetings and activities (e.g., by holding them at convenient places and times, and by providing transportation and childcare)					
Co-ordinating communication with people and organisations <u>outside</u> the partnership					

## Non financial resources

*A partnership needs non-financial resources in order to work effectively and achieve its goals. For each of the following types of resources, to what extent does your partnership have what it needs to work effectively?*

	<i>All of what it needs</i>	<i>Most of what it needs</i>	<i>Some of what it needs</i>	<i>Almost none of what it needs</i>	<i>Non of what it needs</i>
Skills and expertise (e.g., leadership, administration, evaluation, law, public policy, cultural competency, training, community organising)					
Data and information (e.g., statistical data, information about community perceptions, values, resources, and politics)					
Connections to target populations					
Connections to political decision-makers, government agencies, other organisations/groups					
Legitimacy and credibility (maybe not clear for ordinary person)					

Influence and ability to bring people together for meetings and activities					
--	--	--	--	--	--

### Financial and Other Capital Resources

	<i>All of what it needs</i>	<i>Most of what it needs</i>	<i>Some of what it needs</i>	<i>Almost none of what it needs</i>	<i>Non of what it needs</i>
Money					
Space					
Equipment and goods					

### Decision making

	<i>Extremely comfortable</i>	<i>Very comfortable</i>	<i>Somewhat comfortable</i>	<i>A little comfortable</i>	<i>Not comfortable at all</i>
How <u>comfortable</u> are you with the way decisions are made in the partnership?					
	<i>All of the time</i>	<i>Most of the time</i>	<i>Some of the time</i>	<i>Almost none of the time</i>	<i>None of the time</i>
How often do you <u>support</u> the decisions made by the partnership?					
How often do you feel that you have been <u>excluded from</u> the decision making process?					

### Benefits of participation

*For each of the following benefits, please indicate whether you have or have not received the benefit as a result of participating in this partnership.*

	Yes	No
Enhanced ability to address an important issue		
Development of new skills		
Heightened public profile		
Increased utilisation of your expertise or services		
Acquisition of useful knowledge about services, programs, or people in the community		
Enhanced ability to affect public policy		
Development of valuable relationships		
Enhanced ability to meet the needs of your constituency or clients		
Ability to have a greater impact than I could have on my own		
Ability to make a contribution to the community		
Acquisition of additional financial support		

### Drawbacks of participation

*For each of the following drawbacks, please indicate whether you have or have not experienced the drawback as a result of participating in this partnership.*

	Yes	No
Diversion of time and resources away from other priorities or obligations		
Insufficient influence in partnership activities		

Viewed negatively due to association with other partners or the partnership		
Frustration with lack of understanding of the other partners and lack of results		
Insufficient credit given to me for contributing to the accomplishments of the partnership		
Conflict between my job and the partnership's work		

<b>Comparing benefits with drawbacks</b>					
	<i>Benefits greatly exceed drawbacks</i>	<i>Benefits exceed drawbacks</i>	<i>Benefits and drawbacks are equal</i>	<i>Drawbacks exceed benefits</i>	<i>Drawbacks greatly exceed benefits</i>
<b>So far, how have the benefits of participating in this partnership compared to the drawbacks?</b>					

<b>Satisfaction with participation</b>					
	<i>Completely satisfied</i>	<i>Mostly satisfied</i>	<i>Somewhat satisfied</i>	<i>Little satisfied</i>	<i>Not at all satisfied</i>
How satisfied are you with the way the people and organisations in the partnership work together?					
How satisfied are you with the partnership's plans for achieving its goals?					
How satisfied are you with the way the partnership is implementing its plans?					
How satisfied are you with your role and influence in the partnership?					

Thank you for taking your time to fill out this questionnaire!

### Questionnaire “binding and unbinding forces in a partnership”

For the purpose of this questionnaire please select your own organisation and another organisation’s directly involved in the partnership (not from your own sector (public, private or civil). For example, if you are a **private** sector organisation please select a **public** or a **civil** organisation. Choose the organisation that, in your opinion is amongst the most important players in your partnership and one that you are reasonable familiar with.

In this questionnaire we ask you to give your assessment of the degree in which you assess that characteristics of the other organisation are matching with yours or the degree in which this match between the other organisation and your are strengthening or weakening the partnership.

Indicate in the table below:

- the name of your organisation (please also check box of your own sector)
- the name of “the other” organisation (please also check box of sector of the other organisation)

*N.B. In case you want to keep the names of your and the other organisation anonymous, this is possible; but please don’t forget to tick the box of the sector you belong to.*

Name of your Organisation	Public (local, regional or national government or institute directly subordinated under it)	Private (entrepreneur, or commercial organisation with profit motive)	Civil (NGO or grass-root organisation serving interests of citizens)	Other (not possible to categorise under the categories in local/national context)
Name of the Other Organisation	Public	Private	Civil	Other

Indicate by checking a box in what degree (on a scale of 1 – 10) the respective factor is binding or unbinding in your relationship with the other organisation specified above. Binding are those forces that bring you closer together and make your partnership stronger and unbinding those forces that drive you apart and make the partnership weaker.

*N.B. 1: A score between 5 and 6 would mean that your assesement indicates unbinding and binding forces are exactly in balance (however, you are not allowed to to place your scoring between two figures in should be placed under one of the 10 numbers)*

*N.B. 2: It is often difficult to assess aspects of the other organisation because you don’t know all the details of it and there might be specific aspects that you assess differently. We would like to ask you to make an assessment based upon that information you have and are more or less sure about and to make of overall judgement of possible different aspects related with each question. If you cannot assess a specific aspect please leave the respective box blank.*

Factors in your relationship with the other organisation	1 is very unbinding and 10 is very binding.									
	1	2	3	4	5	6	7	8	9	10
Congruency in mission/vision of the other organisation (compared to your own mission) with respect to local economic development										
Existence of a clear strategy of the other organisation, providing clear elements/areas for co-operation with your organisation										
Overlap or complementary in type of services and products of the other organisation for the same clients and target-groups that your organisation is serving										
Factors in your relationship with the other	Binding Force (10 is strong and 1 is weak									

<b>organisation</b>										
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
Overlap or complementary in clients and target-groups served by the other organisation compared to your organisation										
Credibility and public image of the other organisation (does it strengthen or weaken your own position?)										
Level of resources (e.g. number employees, level of education, physical resources) of the other organisation (does it strengthen or weaken your own position?)										
Differences or similarities in procedures, methodologies and systems between both organisations										
Differences or similarities in organisational cultures between both organisations										
Differences or similarities in the style of leadership between both organisations										
Demonstrated relationship-orientation of the other organisation (real efforts to invest in the relation with your organisation)										
Quality of products and services of the other organisation for its target-groups and clients										
Team commitment in the other organisation. Does the relationship depend on only one or two persons or are many persons involved?										
Quality and level of contact persons within the other organisation (are they sufficiently capable to do or influence decision-making)										
Communication frequency between both organisations										
Embeddedness, i.e. how strong are relations connected to individual employees within the other organisation investing time and effort in it										
The amount of investments (in terms of people, technologies, policies, procedures) by the other organisation in the partnership										
Continuity of expectations and commitment of the other organisation to sustain the relationship on the longer-term										

Thank you for your time and effort to fill out this questionnaire

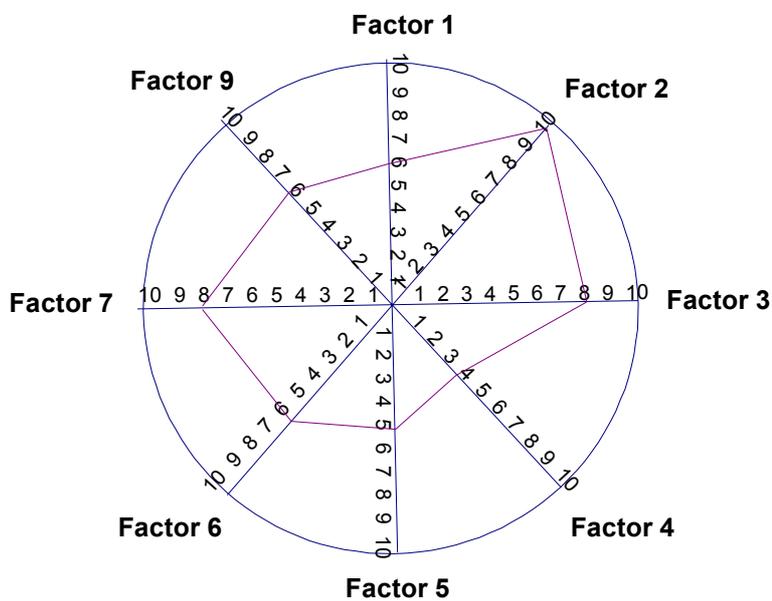
## Evaluation wheel

**Step 1:** Please assess individually on a scale from 1 (not at all) to 10 (very much) the following factors in your multi-stakeholder partnership in Local Economic Development:

**Step 2:** Indicate in the figure (next page) the score of your assessment in the corresponding spoke of the evaluation wheel.

**Step 3:** Draw a line between the scores to create a graph in the evaluation wheel.

This might look as follows:



**Step 4:** In a group-discussion we will compare the results and discuss them and we will produce an overall graph taking into account all individual scores

See next page for factors to be evaluated and the final page for the scoring sheet of your scores

## The factors to be evaluated in the scoring wheel:

**Factor 1:** *Enabling external environment (regional and national level):* Partnerships don't take place in a vacuum but in a broader context of rules and regulations and legal arrangements at the local, regional and national level. In what degree does this environment (above the local level) enable and facilitate the functioning of your partnership? Very negatively and inhibiting (1) to very positive and enabling (10).

**Factor 2:** *Availability of local resources for social economic development:* The availability of local resources and opportunities for development are an important starting point for any process of development. In what degree are these local resources available (from not at all = 1 to very much = 10).

**Factor 3:** *Existence of a joint problem-analysis and common setting of priorities:* Problems can be experienced differently by different stakeholders. In what degree has a joint (multi-stakeholder and participatory) problem analysis and priority setting taken place (not at all = 1 and in all aspects = 10).

**Factor 4:** *Ethnical differences within the municipality:* The Macedonian context is characterised by cohabiting of different ethnic groups. In what degree do these ethnical differences influence the partnership. Rate from an important, negative and inhibiting factor (score 1) to not at all important or even a positive influence (score 10).

**Factor 5:** *Cultural differences between public, private and civil organisations:* Often the style of working and decision-making in the different sector varies significantly. In what degree do these cultural differences between organisation influence negatively (starting from 1) to positively (maximum 10) the strenght of your partnership.

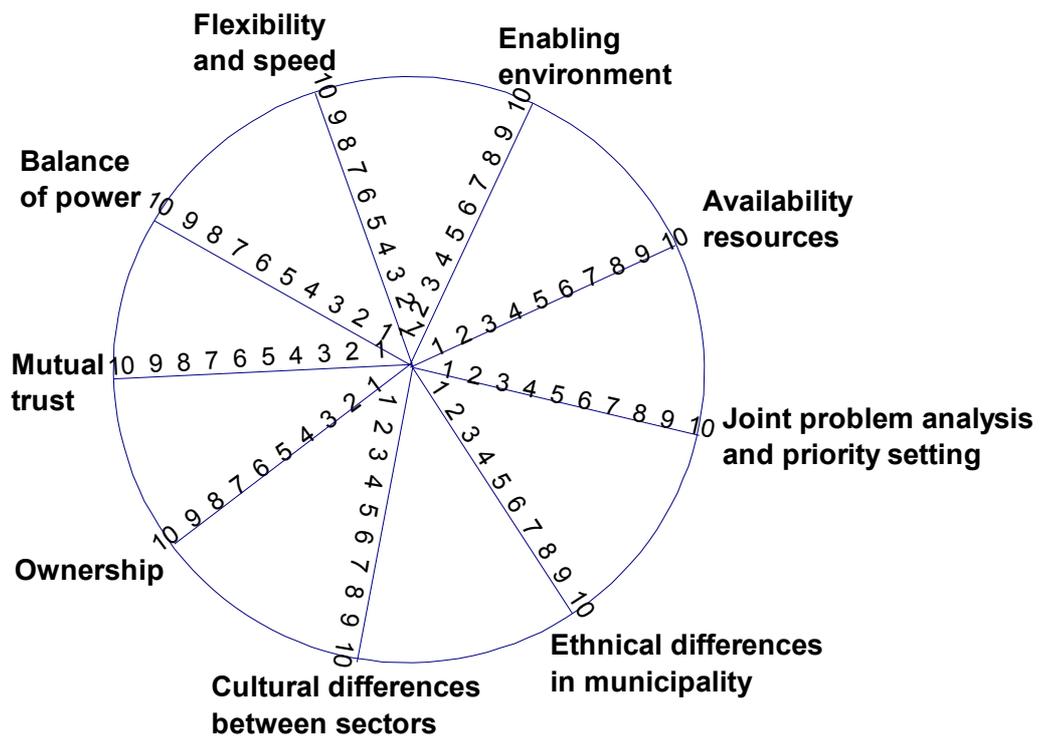
**Factor 6:** *Ownership:* In order for partnerships to be effective and sustainable – regardless of whether they are global or local in scope, globally or locally driven – they must have local ownership. Local ownership is a function of at least two factors: Substantial influence of intended beneficiaries on the conception, design, implementation, and independent evaluation of partnership programs, and the implementation of partnership projects through actors that are rooted in recipient country and that represent the interests of ordinary citizens. (range from no ownership at all = 1, to ownership entirely with local stakeholders = 10).

**Factor 7:** *Mutual trust:* Trust and suspicion are important factors that can strengthen or undermine your partnership. How do range the level of mutual trust in your partnership that can range from 1 (very suspicious) to 10 (total trust and transparency).

**Factor 8:** *Equal power in the relation:* Recognition that different stakeholders have different types of power and/or resources to bring to the table (e.g. economic power, political power, moral credibility, and development know-how) and that all of those resources have an important role to play in delivering the partnership's objectives. In what degree is there equality in power of different stakeholders (or are power differences adequately dealt with). Much power-difference or no adequate measures to deal with these differences means a score of 1 and little power-difference makes a score of 10.

**Factor 9:** *Flexibility and speedyness of decision making and actions in the partnership:* In what degree are decision-making processes and the planning and timing of (changes in) actions enabling a swift and smooth functioning and adapting of the partnership to changing conditions. No flexibility and very slow actions = 1 and very flexible and easy to take decisions and plan new actions = 10.

**Scoring evaluation wheel:**



**Relationship grid (analysis of orientations in a two-party relationship)**

Please select the most important other organisation/stakeholder in your partnership, one with whom you have established a relationship of co-operation. This organisation should originate out another sector than your own organisation. (e.g. if you are a public sector organisation you can select either a private sector organisation or a civil sector organisation).

**N.B. No names of the organisation are needed but only an indication of the sectors they belong to.**

Fill out in the table below to which sector your own organisation belongs to and to which sector the other organisations belong to:

Sector of your own organisation	Sector of other organisation

Please respond to following questions:

**1. For co-operation between your organisation and other organisation**

A) looking from the perspective and interests of your own organisation

Question	Not at all	A little	Quite much	Very much	Totally
1. Do you co-operate with this organisation with a long-term interest for your own organisation?					
2. Do you co-operate with this organisation to acquire immediate results/gains for your own organisation?					
3. Do you have an idea where you want to be in the co-operation with this organisation, three years from now?					
4. Are you making investments (in time and money) in this relationship without immediate returns?					
5. Have you made and/or signed agreements to formalise your co-operation with the other organisation?					

B) looking to your perception of the perspective and interests of organisation 1

Question	Not at all	A little	Quite much	Very much	Totally
1. Does the other organisation co-operate with you with a long-term interest for that organisation?					
2. Does the other organisation co-operate with your organisation to acquire immediate results/gains for its own organisation?					
3. Does the other organisation express ideas on where it wants to be in the co-operation with your organisation, three years from now?					
4. Is the other organisation making investments (in time and money) in this relationship without immediate returns?					
5. Has the other organisation made and/or signed agreements to formalise the co-operation with your organisation?					

**Sheet and format for presentation results** (not to be distributed to respondents during the questionnaire):



### **Most Significant Change Interviews (instructions and format)**

1. Explain the area of change to the stakeholder: **The start up and implementation of the Local Economic Development Programme of UNDP in your municipality.**
2. Explain the period under investigation in this interview: **The moment of the start-up of the LED-programme and the first activities in which you were involved in your municipality until present.**
3. Questions
  - Since the start-up of the LED in your municipality, what, in your opinion, has been the most important change (positive or negative) in relation to the interaction/co-operation between public, private and civil organisations? Please give only one example.
  - What, in your opinion, has been the most important change in the social-economic situation of your family/enterprise/organisation during the past year? Please give only one example
  - What, in your opinion, has been the most important change in strategies and activities of your organisation since the start of the LED-programme? Please give only one example

Please note that the examples given by the respondent do NOT necessarily have to have a direct relation to the LED-programme. If they identify something else that is also fine!

4. Follow-up questions on each example (depending on the level of detail given in the example):
  - What happened (exactly)
  - Who was involved
  - Where did it happen
  - When did it happen
  - How did it happen
  - Why is this example you give more important than others
  - Who should know about this change
  - Should something happen to follow up on this change and if so what should happen and who should be involved?
5. Ask for proof or references that can be consulted to verify the change described by the participation (if possible)
6. Give your own assessment of the importance and coherence of the change described and give an order of priority to the examples for further use (and discussion in the evaluation process).

**Format:**

Example 1 on question: Since the start-up of the LED in your municipality, what, in your opinion, has been the most important change (positive or negative) in relation to the interaction/co-operation between public, private and civil organisations?	Short description of the example (initial question and follow up questions):
Proof/References	
Your assessment of importance and coherence of this example	
Example 2 on question: What, in your opinion, has been the most important change in the social-economic situation of your family/enterprise/organisation during the past year?	Short description of the example (initial question and follow up questions):
Proof/References	
Your assessment of importance and coherence of this example	
Example 3 on question: What, in your opinion, has been the most important change in strategies and activities of your organisation since the start of the LED-programme?	Short description of the example (initial question and follow up questions):
Proof/References	
Your assessment of importance and coherence of this example	
Your suggestion of which example to use in further process of evaluation	

## Annex 2: Analysis of results field-visit Kičevo

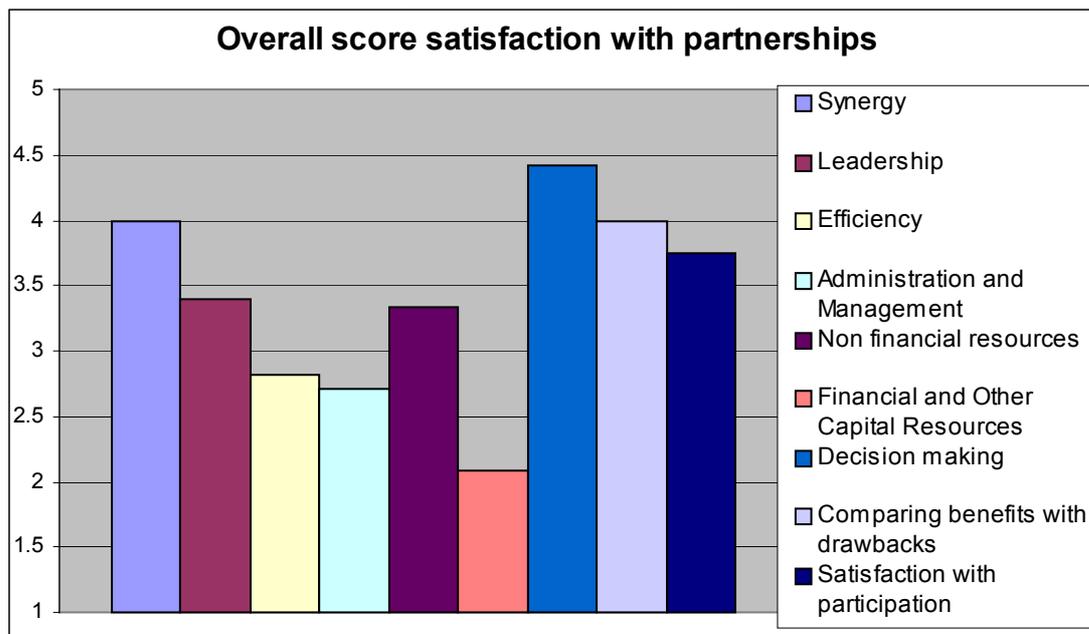
In this annex the results of the field-visit to Kičevo are presented. Three tools and methods used are the same as those applied in Štip (partnership-assessment questionnaire, the questionnaire on binding and unbinding factors in a relationship and the Most Significant Change method). The evaluation wheel was applied but the number of respondents were insufficient to draw preliminary conclusions. In Kičevo a final quick assessment tool for the quality of partnerships between two stakeholders has been applied (but this tool was not tested in Štip). The results of this final tool are also presented in this annex.

### Quality and applicability of information generated by the M&E tools

#### Partnership assessment questionnaire:

The assessment questionnaires were sent out to people in the different public, private and civil sectors in both municipalities. The questionnaires were filled out individually by a limited number of correspondents, covering public, private and civil partners.

Table: outcome self-assessment questionnaires in municipality of Kičevo



The outcomes of the questionnaires have been clustered in seven different relevant aspects of multi-stakeholder partnerships (the first seven columns in the figure). The final two columns show the overall appreciation of the respondent of the local partnership for economic development in Kičevo. The final column shows that this overall appreciation is above average (3), which means that there is quite some satisfaction with the partnership. The previous column shows that respondents clearly think that benefits are outweighing the drawbacks.

The clustered columns show that the highest appreciated aspects in the partnership are the Decision-making mechanisms and practices and the synergy within the partnership. Leadership and the investments in non-financial resources by the partners (time, office space etc) also score above the average.

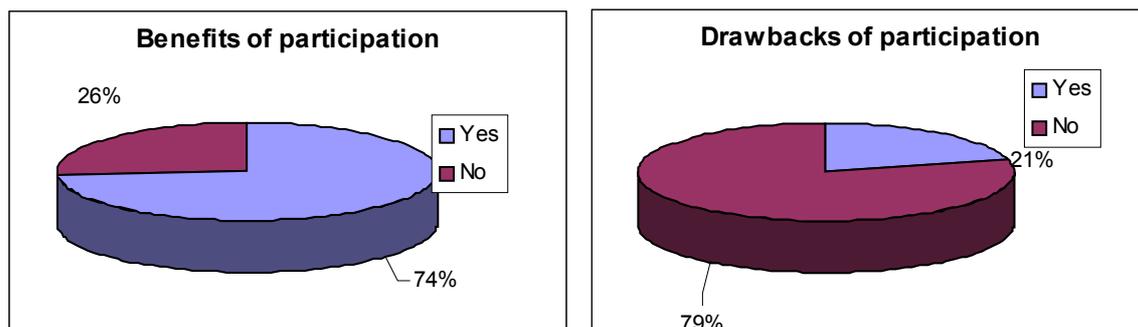
The lowest appreciation by the stakeholders is related with the availability of financial and other capital resources. This underscores the more difficult economic situation in Kičevo and the lack of a

economic resource base. There are no strong economic sector that can boost economic development in the municipality. Administration and management and efficiency also score below average. Further analysis of the sub-questions under these headings shows that this lower appreciation is particularly caused by a lack of good information and orientation to new members in the partnership, by the lack of monitoring and evaluation mechanisms, weak secretarial functions and the lack of capacity to attract additional funding for activities of the partnership. Especially financial contributions of partners in the partnerships are limited, which is not surprising considering the weak economic resource base in Kičevo.

These findings are only partially in line with opinions of LED-programme staff of UNDP on the progress of the partnership in Kičevo. The low scores on some aspects coincide with the analysis of the LED-programme. But it is surprising that leadership and synergy in the partnership are appreciated highly, while general opinions on the local partnership are not so positive. This might indicate that the limited amount of actors within the partnership have been able to generate synergy, but that actors outside the partnership consider the local partnership not sufficiently inclusive. This impression is confirmed in the Most Important Change interviews.

The questionnaire also contained a number of yes-no questions to look at specific aspects of benefits and drawbacks of the partnership. The results are shown in the figures below:

*Figure: benefits and drawbacks in the partnership in Kičevo*



The figures above show that 75% of aspects is considered beneficial for the partnership. Negative appreciation was related mainly to the fact that the partnership has not yet managed to acquire a high public profile and its influence on the municipal government has been too little (this is illustrated by the fact the Local Economic Development Strategy prepared by the partnership has not yet been approved by the local government). The main drawbacks are related to the amount of time that partners have to invest in it and the fact that the influence of specific partners in the partnership is limited. The overall analysis of the two graphs above, however shows clearly that the partners in Kičevo think the benefits of participating in the partnership outweigh the drawbacks.

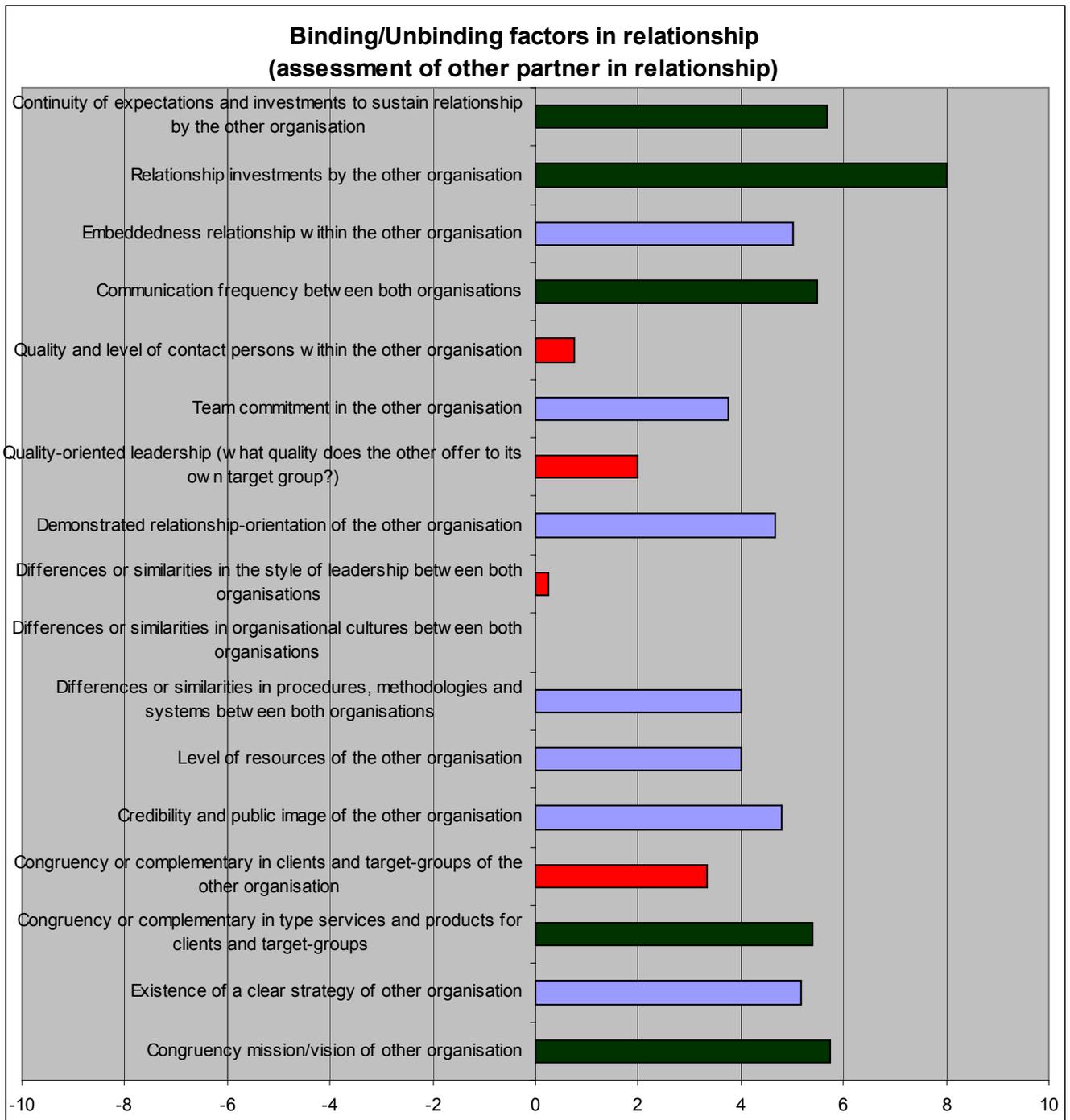
These provisional insights and conclusions are partially in line with the experiences and opinions of UNDP in the LED-programme, which leads to the provisional conclusion that this partnership-assessment questionnaire has not been totally applicable in the context of Kičevo. This is due to the limited participation of respondents in the questionnaires and the fact that these people have been the most actively involved in the partnerships. It is likely that with a bigger number of respondents scoring of specific aspects of the partnership in Kičevo would have lower as it is now.

### **Assessment questionnaire of binding and unbinding factors in the partnership**

This questionnaire was, parallel to the partnership assessment questionnaire, distributed to respondents prior to interviews and meetings. The distribution of this questionnaire was (similar to the previous assessment questionnaire) limited to four respondents, representing public, private and civil organisations.

The results of this questionnaire show the following picture:

Figure: binding and unbinding factors in relationships in Kičevo



The scale in scoring of the different factors ranged from unbinding factors and forces on the left side (very strong is minus ten and very weak is minus one) to binding factors and forces on the right side (very limited is one and very strong is ten).

A first glance and the figure immediately shows that the overall factors and forces in the local partnerships in Kičevo shows a favourable assessment towards medium strong binding factors and forces in all specific elements. However this scoring is likely to be biased towards the positive side as the design of the scale was not clear to all respondents (see also paragraph 4.3). Therefore it is

dangerous to interpret the results of this questionnaire in an absolute way. However, the relative differences between the scores on the different aspects can be interpreted. Therefore we have presented the lowest scores in red and the highest in green. It is safe to assume that the green factors point towards the stronger binding forces in the relationship and the red ones to a larger degree of unbinding forces.

This leads to the following provisional findings on the experiences in the partnership in Kičevo:

1. The most positively appreciated aspect in the partnership is the commitment of the different partners to invest in the partnership by developing and sustaining relationships within it. It is also clear that the partners are maintaining these relations on the longer-term, providing continuity to the partnership.
2. Within the partnership the different stakeholders involved perceive a strong correspondence in mission and vision of the different organisations in relation to the common objectives of this partnership (however, outside the partnership significant differences in vision and mission of different stakeholders might still be the case).
3. The other factors assessed most positively are related with the frequency of communication within the partnership and the fact that the different partners feel complementarity of these activities and services within the partnership.
4. The most unbinding factors are related with differences in culture and style of leadership between the different organisations participating in the partnership. This indicates that organisations in the public, private and civil sectors have had little prior contacts and relationships and that this partnership is one of the first attempts to establish a platform for inter-sector dialogue.
  - Partners in the partnership have the opinion that the level of decision-making power of the participants within their organisations is not high enough. This means that decisions made by the partnership have to be ratified at other levels in organisations. This has been clearly shown in the local government, where at top level there is not yet a strong commitment with the partnership and the local economic development strategy.

These provisional insights and conclusions correspond to findings of UNDP in the LED-programme and they are also in line with more general insights in local economic development and partnership experiences. The application of this questionnaire therefore seems to generate relevant data and insights for the further development of the local partnership in Kičevo and the continuation of the LED-programme. On the specific aspects of quality of service-delivery and coverage of target-groups the questionnaire shows some confusing findings. This reflects quite different opinions of different stakeholders in the partnership.

Similar to the partnership assessment questionnaire, we have to conclude that the participation of respondents was too limited and divided between different sectors that it is more difficult to draw reliable conclusions as has been the case in Štip.

### **Most Significant Change Technique**

The most significant change method has been applied in individual interviews with representatives of the different sectors. The interviews took approximately one hour, including an introduction to the interview. In Kičevo four interviews were conducted.

The main purpose of the interviews was to identify process aspects and changes in the context of the partnership and the LED-programme that could not be identified by using the other instruments. The selection of the most significant change stories/examples is based upon the criteria of complementarity to other findings in the other tools.

Some examples of most significant change stories in Kičevo are:

1. The newly elected mayor is expected to have an increased role in the community, especially with the process of decentralisation of power. However, the perceptions of his involvement in municipal issues were rather different. For instance, the civil society sector have been quite satisfied with the co-operation thus far, because they succeeded in addressing their agreed

upon agenda. On the other hand, there have been complaints about his involvement in and support of the LED process by other actors. The mayor has not shown real commitment with the local economic partnership. The local economic development strategy has not yet been approved. This is also caused by the fact that the position of the chairperson of the municipal council has been vacant for a long time, so no formal decision-making on the strategy has been possible since March 2006.

2. Co-operation with the business sector is being established but far from satisfactory. The civil society sector is more actively approaching the business community and the local employment related public institutions have increased their communication on issues such as job brokering and labour regulations (rights and obligations). However, all of them were aware of the deprived local economic situation and the capacity and performances of the local businesses.
3. Politically sensitive issues are communicated rather cautious using implicit statements. This was mostly visible regarding the territorial division of the region whereby the current set-up is expected to be different as of 2008, thus changing the political (also ethnic related) power. With regard to the LED process, there was almost unique voice about the dissatisfaction of the support by the LED team within the municipal administration. The expected changes in municipal set-up as from 2008 onwards make it very difficult to develop a long-term strategy, especially at the regional level.

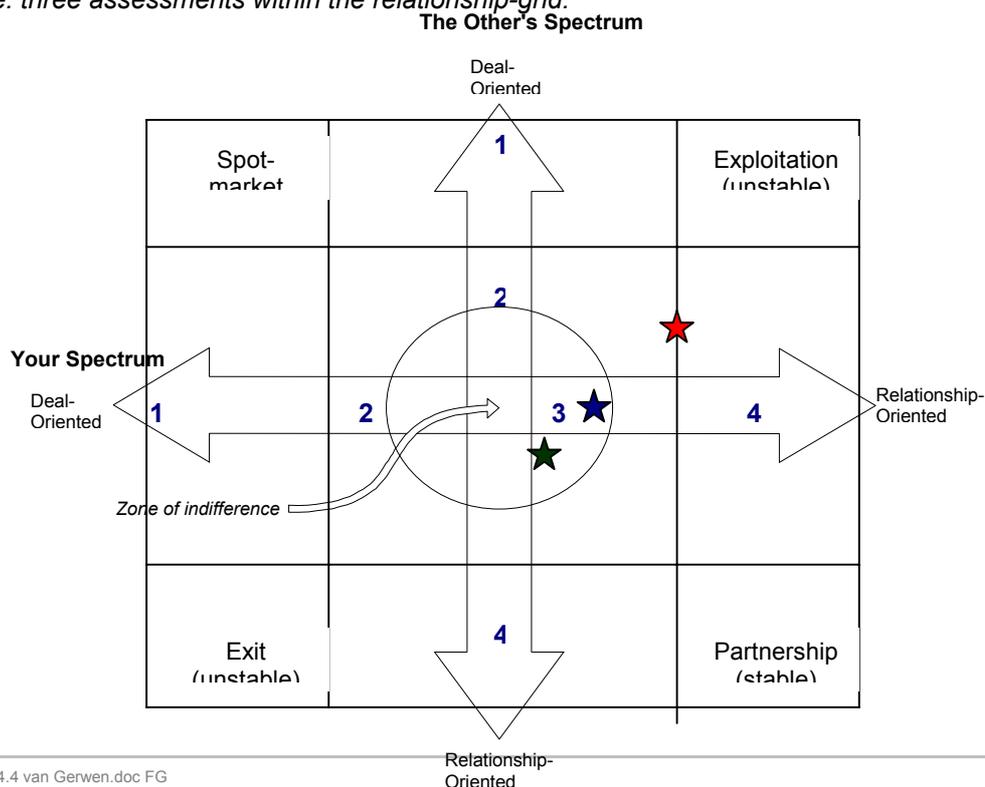
## 2. Application of the relationship grid in Kičevo

In Kičevo an additional instrument has been tested, which is the relationship grid. This tool is more focused to analyse the sustainability of a relationship between two different specific actors. The instrument explores the interests of the different partners to invest in a relationship over time.

### Quick assessment of sustainability of the partnership

In a focus meeting the model (relationship grid, see chapter 2 for the explanation of this grid) for analysing different organisational perspectives on a specific partnership with another organisation was presented and discussed in a small group. The model and a corresponding small questionnaire was tested in three concrete relationships of the participants with an organisation that was from another sector as their own organisation (e.g. a relationship between a private and public organisation or a civil and a public organisation). The results were integrated in the relationship-grid to produce the following picture:

Figure: three assessments within the relationship-grid.



Three bilateral relations were analysed with the relationship grid. The stars in the grid above show the assessments of the relations. These results show that the respondents all had a tendency towards investing in a relationship with the other partner. In two cases (the green and blue stars) the relationship orientation was not specifically focused on developing long-term relations but somewhere in the middle.

In these two cases the relationship is situated in the zone of indifference, which means that the relationship is neither stable nor unstable and it can develop in different directions. In one case (the red star) the orientation of the other actor in the relationship was clearly more focused on short-term results. This relationship is not stable.

Discussing the results of the relationship with the individual respondents confirmed the assessment of the partnership, which indicates that the questionnaire linked to the relationship grid is providing reliable results in the relationship grid.

In the grid above the size of the zone of indifference is relatively small and this size has not been established based upon research and testing. It is therefore artificial. The size of the zone of indifference has to be adapted according to specific local and cultural contexts. This can be done by generating many assessment results in the grid above and check the results with the participants, so that the size of the zone of indifference can be established. In the context of this field-study, however, this has not been possible.

### **Annex 3: Specific conclusions and recommendations for further development of the M&E tools after field-study**

During testing of the M&E tools, the researchers have requested feedback of the participants and respondents on the specific M&E tools used. The most important recommendations for improvement were:

- Some of the questions might be more adapted to the local situation in the municipalities;
- A shorter questionnaire would be more inviting to respond to by respondents that have limited time available;
- The scaling of the binding and unbinding questionnaires (ranging from –10 to 10 in a double scale) was confusing and it caused some respondents difficulties in responding to the questionnaire;
- It is useful to give a clear instruction to leave a response blank in case the respondents doesn't understand a question or hasn't got the information to respond to it.

The experiences of the researchers with conducting and analysing the questionnaires were the following:

- Close follow up is needed to obtain results of questionnaires. Sending the questionnaires before the visit proved to be useful to provide an opportunity to ensure return of questionnaires in time. If that is not done through intensive contact the percentage of response runs the risk to be significantly lower;
- The number of respondents in both municipalities was too low and not sufficiently diverse. This decreased the possibilities for generating desegregated data from the questionnaires. At the same time it decreases the reliability of the data;
- Responses to questionnaires, in general, seemed to have been biased towards the positive side. The most involved people in the local partnerships were contacted for interviews and therefore most questionnaires are originating from this group<sup>32</sup> While these respondents have a more positive inclination towards the partnership it was notable (especially through the most important change interviews) that the responses within the all questionnaires and in the evaluation have been biased towards the positive side. This has been particularly the case in Kičevo where the interviews confirmed a quite difficult external, but immediate, context to the local partnerships.

After the application and analysis of the results of the questionnaires some adaptations have been made in the instruments (the final versions of all instruments are presented in annex 1).

1. The titles of the questionnaires have been changed to better reflect what they actually are. The first questionnaire is not so much a self-assessment but it is an assessment by an individual (and his or her subjective perception) of different aspects within the partnership (looking at all partners). The second questionnaire is not so much an assessment of another organisation but it is an assessment of binding and unbinding aspects in a relation between two concrete (and identified) organisations;
2. Instructions have been added to the questionnaires on how to fill out the questions and use the scoring-scales. Particularly relevant is the inclusion of the instruction that it is possible to leave scoring with questions blank;
3. Some questions in the partnership assessment questionnaire have been further adapted to local economic development situations;
4. The most important change is in the second questionnaire on binding and unbinding factor a new scaling for the scoring has been developed.

The use of the evaluation wheel and the individual assessments preceding it have been very powerful. The evaluation wheel is considered, by both participants and researchers, a very good tool for visualisation of results of individual assessments and it provides a good tool for comparison of data between different stakeholder groups. The evaluation wheel was applied in a focus group

<sup>32</sup> Overall sixteen questionnaires have been returned, eight in each municipality at the time of the field-visits. After the field-visit, more questionnaires could still be returned through the UNDP LED-teams and they will then be integrated in a data-analysis that will be presented in a separate report for UNDP.

meeting in Štip and it showed to be a good instrument to stimulate and guide a discussion on the analysis of data.

Participants liked the instrument and also appreciated the possibility to use the evaluation wheel on a regular basis to provide an overview of the development of the partnership over time.

In applying this instrument two experiences were obtained that are relevant for the further development of this instrument:

1. One aspect in the evaluation wheel proved to be confusing. This aspect was related to ethnic composition of local population. This question has been redeveloped in a final version of the tool.
2. Although the evaluation wheel originally was designed for the purpose of identifying relevant aspects for discussion in a focus-group meeting, it actually showed promising possibilities for data-collection and presentation of M&E data and presentation. During the field-study the researchers have further explored this possibility and a calculation sheet is developed for processing individual assessments into presentable data. As such the aspects with the evaluation wheel can be used in a similar fashion as the assessment questionnaires (not with specific and closed questions but this time using broader and open aspects).

The Most Significant Change interviews have been somewhat cumbersome. The technique of open questioning to generate stories on important changes by the respondents did not produce the amount and quality that were expected from this format. As a stand-alone instrument they would not have generated the desired information. It has been particularly difficult to solicit concrete and good examples on changes and if they did not provide much material for analysis relevant relationships with processes within our in direct context of the local partnerships. However, the MSC proved to be useful as a tool to provide additional contextual information on the partnerships to cross-examine the results of the questionnaires.

The MSC-interviews provided a good tool for short interview sessions in a pleasant environment and did enable respondents to refer to any aspect they found important.

The experiences of using the MSC-technique provided the following elements for further development:

1. The MSC-interviews and the format for responses can be more focused on providing cross-references to the aspects of the questionnaires used;
2. The MSC-interviews should not be used as a stand-alone tool.
3. The results of the MSC-interviews can provide additional elements to validate and assess the reliability of the questionnaires.
4. MSC-techniques require sufficient capacities of interviewers in interview techniques and should be conducted after sufficient training of the interviewers to be effective.

These experiences have been used to adapt the MSC-format to make it more complementary to the other instruments used

The focus-group meetings organised during the field-study have been important in two respects:

- to provide some feedback to the local stakeholders on preliminary findings of the researchers and to avoid that the visits only extracted information from people. The focus-group meetings were a good instrument to “give something back” to the local stakeholders and this was very much appreciated by the participants;
- to discuss and validate findings. This has only been done in the meeting in Štip, as time and number of participants in Kičevo was too limited to organise such a discussion. The focus-group meeting in Štip was organised around the instrument of the evaluation wheel and this proved to be effective in generating material for validation of some of the results.

As focus-group meetings can take many forms and use different methods, no format or instructions have been developed on focus-group meetings. The researchers suffice with the recommendation to use instruments such as the evaluation wheel to ensure a lively and good discussion in these meetings.