

## NO SHARED RISK – NO PARTNERSHIP

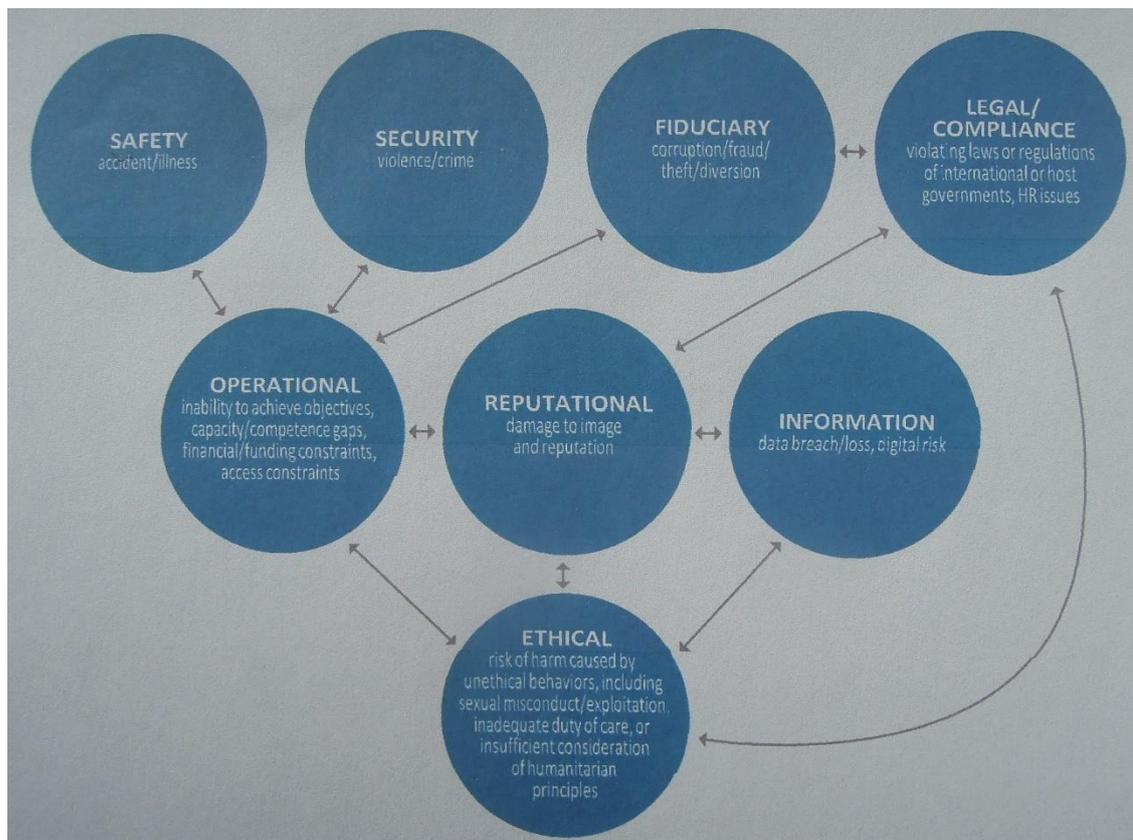
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### 1. Local relief actors as ‘risk’

Listen to the formal and particularly the informal conversations of staff and advisors of international agencies in the relief and crisis-response sector, and you will hear that local and national actors are often generally perceived as high risk. They are portrayed as more vulnerable to fraud and corruption, political bias and lack of impartiality, opportunistic ventures to create income for their founders, and lacking the capacities to deliver quality services. And yet, in common parlance, they are also referred to as ‘partners’. This is an abuse of the term, on top of unjustified stereotyping. Partnerships are quality collaborations for a common objective, in which benefits but also risks are shared.

### 2. Risk, risk, risk

International relief actors have become deeply concerned with ‘risk’. The following graph identifies the spectrum of risks they feel vulnerable to.<sup>1</sup> All these risks need to be managed when implementing directly, and even more tightly when implementing through or with a local or national entity. Inevitably, with some many risks around the corner, a large array of regulatory, supervisory and accountability measures are needed, sometimes generating ‘compliance overwhelm’.<sup>2</sup> If we wanted, we could calculate how this ‘compliance tax’ increases the ‘cost of doing business’. What we rarely evaluate is the reduced effectiveness.



<sup>1</sup> Interaction & Humanitarian Outcomes March 2019: *NGOs & Risk: Managing uncertainty in local-international partnerships*. Global report, Washington D.C. & London p. 3

<sup>2</sup> Idem p. 30

The centrality of perceived risk manifests itself in the discourse: *risk assessment, risk avoidance, risk mitigation, risk appetite, threshold of acceptable risk, residual risk, zero risk tolerance* etc. The word ‘*opportunity*’ hardly appears. How about producing also an ‘*opportunity*’ matrix, with a ‘*probability*’ and a ‘*reward*’ axis? In all this attention to the risks for international relief actors, the risks for local/national actors, when ‘*partnering*’ too closely with international ones, tends to be largely ignored.

### **3. Risks for Local/National Agencies Partnering Closely with International Ones <sup>3</sup>**

#### **FINANCIAL FRAGILITY**

- Operating projects at a loss because not all core costs are covered by the international agency grant;
- Vulnerability to volatile funding, with sometimes too fast scaling up, followed by a pressure to rapidly scale down;
- Needing to find cash to contribute upfront or to deal with cash flow interruptions of the grant;
- Having to absorb higher costs resulting from price and salary inflation following influx of large numbers of international agencies;
- Being blocked from access to all foreign funding while a suspected financial irregularity is being investigated;
- Dependency on continued foreign funding, also because less effort is invested in developing domestic sources of funding.

#### **LOSS OF ORGANISATIONAL INTEGRITY**

- Losing control of its own organisational vision and direction, by beginning to implement the vision, strategies, programmes and projects of the international agency;
- Losing its organic vitality and creativity as it is forced to become more of a Western model ‘NGO’ with a strong control and compliance bureaucracy.

#### **WEAKENED MOTIVATION**

- Shift in fundamental staff motivation, from service to their own society to predominantly career and salary considerations.

#### **REDUCED HUMAN RESOURCE CAPACITY**

- Losing most experienced and trained staff to international agencies offering better benefits.

#### **WEAKENED LEGITIMACY**

- Losing the connection to its own constituency, as the agenda, priorities, approaches and pace of the international actor become a stronger influence;
- Inability to adequately engage its constituency/ies in design and implementation, because the international relief machinery is geared towards ‘fast food’, not ‘slowly cooked dishes’;
- Reputational risk of being seen or being portrayed as an agent of foreign interests (also because of the back-donors to the international agency)
- Decreased visibility as the international agency takes credit for the results achieved, and innovations made.

#### **INSECURITY**

- Running real safety and security risks as international agency pressure to deliver makes them go in danger zones without adequate equipment and security management competencies;<sup>4</sup>
- Security risk when communications of the international actor displease certain domestic actors, who might direct the backlash at the national one.

<sup>3</sup> Some were already identified in Fowler, A. 2000: *Partnerships: Negotiating relationships*. INTRAC, Oxford

<sup>4</sup> Interaction & Humanitarian Outcomes March 2019: *NGOs & Risk*: pp. 30-32

## WEAKENED CONNECTEDNESS

- Investing less in collaborative efforts with other national actors as the collaborative energies are oriented towards the international one who considers the local/national one '*my partner*';
- Increased competitiveness with other local/national actors, copying the competitive behaviours of the international ones.

Imagine local organisations thus impacted, then finding themselves largely on their own again to deal with the longer-term consequences of a crisis, when the international 'partners' disappear because their funding ends.

### *Is this the legacy of partnership we want to leave? If not, how do we avoid that risk?*

One can argue that these risks are not the concern of the international aid organisation. In that case, there is no partnership, only an instrumental use by the international organisation of the local/national one. Within that transactional relationship, much risk is transferred from the usually better resourced international to the usually less well-resourced local/national organisation – hardly an expression of shared humanity and solidarity, let alone 'capacity-development'. Is this not a breach of the '*do no harm*' obligation?

#### **4. Beyond conventional risk-thinking**

Our thinking about 'risk' needs to become more sophisticated and mature. Now, it is too self-centred and oriented towards risk avoidance (and risk transfer).

First, include the notion of '*the risk of inaction*': We can become so obsessed with risk avoidance, that we paralyse ourselves. But also inaction can have damaging consequences.

Second, our attention to risk needs to be matched with attention to '*opportunity*' and '*risk reward*'.<sup>5</sup> No start-ups, no innovation, no change, no return on investment, without a certain willingness to step into some uncertainty. Return on investment as risk-reward may need a somewhat longer timeframe – hence patience when confronted with uncertainty.

Thirdly, most problems are too large and complex for any organisation to address alone - we need collaboration for collective impacts. That implies joint risk assessment, risk sharing and joint risk management.

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*Genuine partnerships are characterised by shared responsibility, shared accountability, shared risk and shared benefits.*

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Fourthly, risk management in collaborative endeavours needs to go together with active trust building.

Trust does not mean blind trust. But no collaboration can function without a good dose of trust. Trust is created and maintained through behaviours, not contracts. That requires interpersonal and cross-cultural skills in relationship building and -management, and active and proactive relationship management. If the collaboration is intended to be a 'partnership', then grant agreements need to be complemented with 'partnership agreements'. These spell out the mutual expectations and obligations to maintain a constructive relationship, and deal with differences and disagreements in a respectful and fair manner.<sup>6</sup>



<sup>5</sup> Independent Commission for Aid Impact 2016: *DFID's Approach to Managing Fiduciary Risk in Conflict-Affected Environments*. London

<sup>6</sup> See GMI 2019: *Partnerships: Pre-conditions, principles and practices, and Relationship Management Skills in Organisational Partnerships*. [www.gmentor.org](http://www.gmentor.org)