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Do Different Implementing Partnerships Lead to Different Project Outcomes? Evidence from the World Bank Project-Level Evaluation Data

WONKYU SHIN [a,b], YOUNGWAN KIM [c] and HYUK-SANG SOHN [a,*]

[a] *Kyung Hee University, South Korea*
[b] *Korea Development Institute, South Korea*
[c] *Hankuk University of Foreign Studies, South Korea*

Summary. — Since the adoption of the 2030 Agenda for Sustainable Development and Sustainable Development Goals (SDGs) by the UN General Assembly in September 2015, interest in building effective development partnerships has grown in the both the international development discipline and practitioner community. Responding to this trend, many scholars and policy-makers highlight participatory development cooperation among state actors and non-state actors as a means of achieving comprehensive development goals. Despite this emphasis, however, only a handful of empirical studies have examined whether such partnerships have any meaningful relationship with project outcomes.

This study aims to answer whether and to what extent different types of implementing partnerships (i.e., state or non-state implementing agencies) affect the outcome of development projects. Using the World Bank Independent Evaluation Group (WBIEG) project data with newly constructed implementing partnership variables, this study shows that implementing partnerships with host country governmental agencies tend to produce a less successful outcome compared to partnerships with non-state actors, and on average only attain moderate-level outcomes. Projects implemented by non-state actors, on the other hand, are likely to result in higher level project outcomes. The paper further tests these findings by analyzing the relationship between the number of state and non-state partners interacting in a project and the subsequent project outcome. This result suggests that an increased number of non-state actor participants leads to a better project outcome; this positive participatory effect, however, diminishes as the number of governmental implementers increases.

Key words — development partnership, implementing agencies, non-state actors, World Bank ODA projects, project-level outcome evaluation

1. INTRODUCTION

Based on the New Policy Agenda in the early 1990s, the rise of a "New Partnership Framework" has strengthened the role and participation of non-government actors in international development projects and spawned a series of partnership initiatives globally (De Waal, 2002; Fowler, 2000). More recently, through various fora such as the OECD DAC High-Level Forum on Aid Effectiveness in Accra and Busan, and the Rio + 10 summit in Johannesburg, there have been attempts to conceptualize the term, "*Comprehensive Partnership*," in development and aid practice (Edwards & Hulme, 1996; Eyben & Savage, 2013). This new partnership framework features participatory development cooperation with state actors and non-state actors to achieve successful development goals.

Despite this recent emphasis, only a handful of empirical studies have examined whether such partnerships have any meaningful relationship with project outcomes. Some examples of theoretical and empirical research show antecedent conditions that host countries promote ownership and sustainability of projects, leading to an increase in overall success of project outcomes (Burnside & Dollar, 2004; Cleaver, 2001; Isham & Kahkonen, 2002; Isham, Kaufmann, & Pritchett, 1997; Marks & Davis, 2012; Prokopy, 2005; Winters, 2010). However, there remains a gap in understanding critical differences in the characteristics of successful or unsuccessful partnerships and their effects on project outcomes have not been fully examined.

This paper seeks to identify whether project outcomes vary depending on the type of implementing partner, and which types tend to be more conducive to better project outcomes. This study uses the World Bank Independent Evaluation Group (hereinafter WBIEG) evaluation scoring data as a dependent variable. The World Bank, as a representative international organization for development, provides funding and facilitates multilateral aid in partnership with host countries and other multilevel actors. It also provides the systematic evaluation data that guarantees the validity of empirical findings. Building on the existing WBIEG data, this study adds the following variables: (1) characteristics of implementing partners, whether they are state or non-state to factor their qualitative aspects, and (2) the number of implementing partners to examine their quantitative impact on the project.

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This paper finds some interesting empirical results with regard to (1) the characteristics and (2) the number of implementing partners. First, in relation to the qualitative aspects of different types of implementing partnership effect, using dummy variable analysis, this paper finds that when an implementing partnership is formed with the host country's governmental agencies alone, the project outcome is likely to be a moderate success. However, when an implementing partnership is formed with non-state actors, a satisfactory project outcome is much more likely. Second, the quantitative aspects of partnership on project outcomes are explored by considering *the number* of the different implementing partners. In regard to this second finding, this study also investigates the interactive effects of two different partners' participation on project outcomes. Empirical results from the interaction terms show that when the number of host government partners increase, there is a lower probability of achieving a high-level project success. This finding confirms the first "qualitative" result: implementing partnerships with host country government agencies are less likely to produce the best outcome level. In other words, a development project is likely to be hampered when more host-government partners participate in the project. This suggests the need for further research and analysis on "comprehensive partnerships" or "multi-stakeholder partnerships" and a re-evaluation of the role of state and non-state actors in recent development practice.

The structure of the paper is as follows. The following section presents a literature review and conceptual framework for analysis. Section 3 introduces hypotheses that guide the empirical investigation. Data collection and methodological design are described with a summary of sampled projects in Section 4. Next, the empirical results of the study are presented in Section 5, along with interpretation of the data. Finally, Section 6 concludes the paper with suggestions for further study and a discussion on the potential implications for implementing partnerships in multilateral development projects.

2. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK: DIFFERENT TYPES OF PARTNERS LEAD TO DIFFERENT PARTNERSHIPS

This study is in line with the existing literature on the relationship between the participatory development project and its outcome. Earlier work by Isham, Narayan, and Pritchett (1995) tests the argument that participation of aid beneficiaries improves project performance, a theory which is gaining consensus among development practitioners. The authors find that an increase in aid beneficiaries' participation leads to better project outcomes in rural water projects. The result is robust to different specifications and estimation methods and is supported by relevant case studies. Subsequent studies have confirmed this finding in other sectors and regions (Ghai & Vivian, 2014; Marks & Davis, 2012; Nyaguthii & Oyugi, 2013; Prokopy, 2005). However, these studies focus on whether the participation of local beneficiaries itself has a positive or negative impact on the success of the project outcome. Type of participation (or partnership) and to what extent it is associated with different level of project outcomes is not explored in the literature.

The research questions presented in this study align with the strand of literature on theoretical and substantive empirical studies regarding the role of non-state partners (e.g., NGOs) and add to the understanding of how non-state actors differ from governmental partners in their methods of contributing to development projects (Barr, Fafchamps, & Owens, 2005; Edwards & Hulme, 1996; Koch, Dreher, Nunnenkamp, & Thiele, 2009; Nunnenkamp & Öhler, 2011; Winters, 2010). Controversy still remains over the participatory effects of non-state agencies as implementing partners. Some regard non-state implementers as a panacea for many of the pitfalls that plague development projects, as they are more transparent, participatory, accountable, democratic, cost-effective, and better at targeting planned outputs of a project. However, other studies address the shortcomings and dilemmas that non-state actors face when implementing projects (Kilby, 2006; Platteau & Gaspart, 2003). These studies examine cases where non-state actors were unable to produce expected project deliverables and thus underline the importance of understanding the contextual realities of beneficiary countries. Most significantly, these studies suggest policy implications for instances when the pursued values of non-state actors are at odds with the needs of a host country and suggest new mechanisms for project accountability (Kilby, 2006; Risal, 2014).

One important lesson from these previous studies is that governmental and non-state implementing partners seem to work differently; the ways in which they engage in implementation are quite distinctive from each other. Along with this discussion, this paper's emphasis on the distinction between governmental and non-state implementing agencies follows the work of Dollar and Levin (2006) and Denizer, Kaufmann, and Kraay (2013) by considering the project-level and country-level characteristics of individual World Bank development projects undertaken worldwide in various sectors. As Denizer *et al.* (2013) highlight, the success of development projects actually varies much more *within* countries than it does between countries. Project-level qualitative factors within a country such as project management and governance quality during the implementation stage can explain variation of project outcomes. While existing studies are mostly limited to specific cases and sectors, this study contributes to the literature using project-level data on different types of implementing partnerships to estimate project outcomes.

One of the important project-level qualitative factors for successful projects is the expertise of the attached implementing partner-how the partner best utilizes resources and technologies. There are many dimensions of expertise. However, this study focuses on two particular dimensions of expertise: skills (knowledge and experience) and governance (organizational and institutional aspects). With financing and partnership agreement characteristics being equal, a significant indicator for if a World Bank development project will be successful is with *whom* the implementing partnership is made.

This study examines two types of implementing partners in development projects. The first type of implementing partner is an aid-receiving country's governmental organization-relevant and suitable governmental agencies that have the capacity to implement a development project. Generally, these agencies have strong ownership with a certain degree of accountability and can produce immediate outcomes for a project. On the other hand, in some observed cases, the aid-recipient governments lack a robust and consistent development strategy, are deficient in relevant expertise, are inefficient in implementation, and are beset by corruption (Buss & Gardner, 2008; Collier & Dollar, 2001).

The second type of implementing partner is non-government organizations. Non-state actors from within the host country (NGOs and private sector entities) or from an international society (INGOs, IOs, and others) can also serve as implementing partners and are able to contribute toward achieving high levels of success in development projects through not just their

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