

FACTORS AFFECTING THE SUCCESS OF ADB'S FORMAL AND INFORMAL PARTNERSHIPS

A. Introduction

1. This analysis focuses on the factors influencing the success of Asian Development Bank's (ADB) partnerships. The success of a partnership is determined by the extent to which partnership objectives are achieved.

B. Probit Analysis

2. The study uses probit analysis to identify the factors that have a statistically significant influence on the success of a partnership. Staff in ADB departments reported on the extent to which the objectives of a partnership were achieved: (i) completely, (ii) mostly, (iii) to some extent, or (iv) little or no achievement. Based on their feedback, a partnership was considered *successful* if it achieved most or all its objectives and *unsuccessful* if the objectives were achieved only to some extent or not at all. The dependent variable in the probit model is thus a discrete variable, taking the value 1 for successful partnerships and 0 for unsuccessful ones. The explanatory variables for partnership performance included the nature of the partnership (formal or informal) and various features of the partnership such as whether a results framework was prepared; whether periodic reports were produced; and whether partnership achievements were evaluated or not.

3. A partnership is defined as formal if a written document or agreement is prepared for it. The nature of the document could be a memorandum of understanding, memorandum of agreement, letter of intent, or a letter of agreement. The departments classified the various ADB partnerships as formal or informal based on this definition.

4. The data used in this analysis relate to 265 partnerships for which ADB departments provided feedback on the extent to which partnerships objectives had been achieved. Of these 265, 164 were identified by the departments as formal partnerships, and the remaining as informal or one-off activities.

5. The variables used in the probit analysis, along with their empirical definitions, are given in Table 1. The different explanatory variables listed relate to various features of ADB's partnerships, apart from the formal-informal distinction. The analysis will help identify the features that have a significant influence on the probability of success of a partnership. For example, are partnerships with a results framework more likely to be successful? Does a particular category of partnership have a higher probability of success? Controlling for various factors, do formal partnerships have a greater probability of success?

Table 1. Dependent and Explanatory Factors

Variables	Definition
Dependent Variables	
Partnership Success	Based on feedback from ADB departments: 1= the partnership achieved all or most of its objectives, 0= the objectives were achieved only to some extent or not at all
Explanatory Variables	
Formal Partnership	1=yes, 0=no (as identified by ADB departments). A partnership is defined as formal if a written document or agreement is prepared for it.
Category Dummies	The reference category is broad interagency coordination and collaboration (the other two categories are financing and knowledge cooperation)
Frequency of Meetings	Number of meetings in a year (0, 1, 2 and 4)
Periodic Reports Prepared	1=yes, 0=no
Results Framework Prepared	1=yes, 0=no
Evaluation of Partnership Achievements	1=yes, 0=no

C. Key Findings

6. It was found that 82% of all formal partnerships were identified as either having achieved most or all of their objectives, compared to 63% for informal partnerships (Table 2).

Table 2. Proportion of Partnerships Identified as Successful: Formal Versus Informal

Item	Formal	Informal	Statistically Significant Difference
Proportion of Successful Partnerships	0.82	0.63	Yes

Note: *Successful* partnerships are those that were identified to have achieved most or all of their objectives. A partnership is defined as formal if a written document or agreement is prepared for the same.

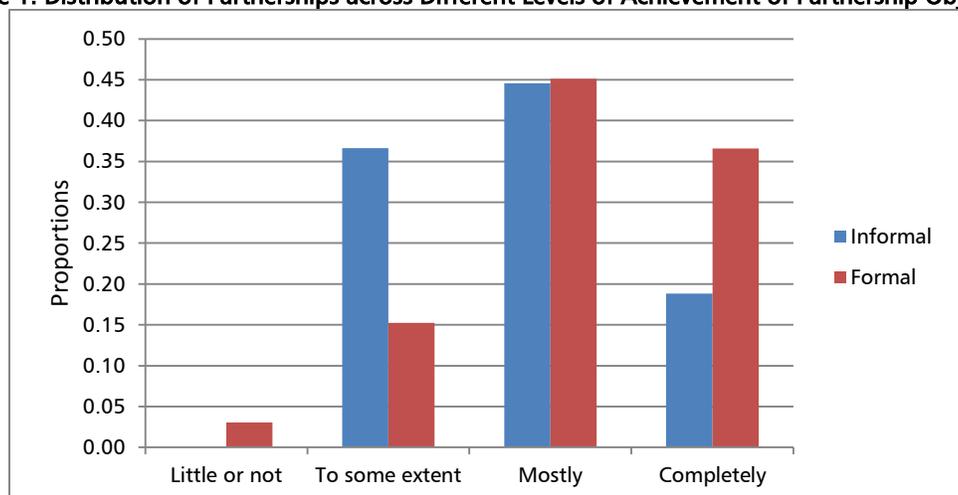
7. The differences between formal and informal partnerships in terms of their features are given in Table 3. As expected, compared with informal partnerships, a higher percentage of formal partnerships produce regular reports, have a results framework, and conduct an evaluation of achievements. The knowledge cooperation category is responsible for 89% of informal partnerships but only 52% of formal partnerships.

Table 3. Summary of Differences between Formal and Informal Partnerships

	Informal	Formal
Percentage of Partnerships with Regular Reports	10	48
Percentage of Partnerships with Results Framework	23	31
Percentage of Partnerships with Evaluation of Achievements	20	40
Percentage of Partnerships under Different Categories		
Broad Interagency Coordination	11	15
Financing and Cofinancing	0	33
Knowledge Cooperation	89	52

Note: A partnership is defined as formal if a written document or agreement is prepared for it.

8. The distribution of partnerships across different success levels is given in Figure 1. The Chi square test indicates that these distributions are statistically different for the formal and informal partnerships.

Figure 1. Distribution of Partnerships across Different Levels of Achievement of Partnership Objectives

Note: Chi square test indicates that the two distributions are statistically different at a significance level of 0.05.

Source: Independent Evaluation Department.

9. The estimates from the probit analysis are given in Table 4. The results show that controlling for various observable factors affecting partnership success, the formal nature of a partnership has a statistically significant (90% confidence level) positive influence on the probability of success of a partnership. All three features of partnerships considered in the analysis (results framework, regular reporting, and evaluation of achievements) have a statistically significant positive effect on the probability of success of partnerships. Financing partnerships have a lower probability of success than the reference category (partnerships for broad interagency coordination), controlling for other factors.

Table 4. Probit Regression Results

Explanatory Variables	Coefficient estimates with standard errors in parentheses
Dummy for Formal Partnerships	0.360* (0.216)
Category Dummies (reference category is broad inter-agency coordination partnerships)	
Dummy for Financing and Cofinancing Partnerships	-0.861** (0.380)
Dummy for Knowledge Partnerships	-0.0118 (0.280)
Frequency of Meetings	0.0348 (0.112)
Dummy for Partnerships Producing Report	1.096*** (0.290)
Dummy for Partnerships evaluating their achievements	0.379* (0.221)
Dummy for Partnerships having a Results Framework	0.965*** (0.279)
Constant	-0.0116 (0.296)
Observations	249

Note: Dependent variable is success of partnership.

***, **, * denote confidence levels 99%, 95%, and 90%, respectively.