

GRANT AGREEMENTS AND PARTNERSHIP AGREEMENTS Towards a new level of maturity and competency

K. Van Brabant – 13 April 2020

1. International collaboration with and without money transfers

International assistance actors, governmental and non-governmental, enter working relationships with local/national governmental and non-governmental actors. Rather euphemistically, they generally refer to them as ‘partners’, even if the relationship can be a very transactional subcontracting one in which the local/national one is subordinate to the priorities, ideas, wishes and whims of the international one. A commonly used term is ‘*implementing partner*’. Reflect on this.

If someone gives you some money to do a task they have designed and decided, and calls you their ‘implementing partner’: What emotions does that evoke in you? What do you really feel when being called like that?

Are you comfortable being an ‘implementing partner’? Would you like to be a ‘decision-partner’? Or prefer to be called a ‘subcontractor’ if that is the true nature of the relationship?

Solidarity used to be a motivation for international cooperation, especially in the not-for-profit or ‘voluntary’ sector. But it is rare today to see a collaborative relationship where there is no transfer of money from the international to the local/national actor. Except in some regional and global networks, typically around a shared issue and for campaigning and advocacy purposes.

Collaborations without money transfers may be more difficult, as one or more of the collaborating actors do not have the financial resources to invest the necessary time and effort. Yet money transfers also risk complicating and even spoiling the relationship, as control over the money gives power and risks resulting in one-directional accountability.

So how to create and maintain healthy collaborations when money transfers are necessary and justified? Here some practical tips.

2. Grant Agreements and Partnership Agreements

Where money transfers take place, usually as grants for a defined project or programme, there will be a ‘grant agreement’. Common content of a grant agreement includes:

- A usually short reference to the broader goal or objective to which the ‘project’ contributes, but a much fuller description of the project, with likely an action plan, a detailed budget and progress and outcome indicators.
- Respective responsibilities and obligations, often more elaborated and detailed for the grant recipient, as the grant agreement is typically drawn up by the grant provider. Detailed clauses may refer to
 - Finance: financial documentation and record keeping requirements; authorisations; schedule of installments; reporting requirements; exchange rate variations; fraud and corruption; audit; unused funds;
 - Assets e.g. procurement procedures; responsibilities for repair and maintenance; ownership after the project ends etc.
 - Human resources: e.g. duty of care; code of conduct; norms and practices regarding safeguarding, safety and security risk management

- Information management: e.g. monitoring and reporting requirements; data protection; visibility and intellectual property; confidentiality, communications and public advocacy;
- Representation & use of logos
- Process for amendments to the contract
- Dispute resolution: e.g. the applicable law and courts of which country will arbitrate
- End date and termination of the contract.

Grant agreements are indeed contracts expected to have legal validity and therefore enforceable in a court of law. That court of law is typically that of the grant provider, even if that puts the grant recipient in another continent at a significant disadvantage. Grant agreements reflect the power of the grant giver (or sub-granter i.e. a granting intermediary) over the grant recipient. The accountability is from the latter to the former, and prioritises the handling of the money.

Grant agreements are legitimate: not-for-profits have been given good stewardship responsibility over public money, provided through a direct donation or via the public taxation system, that they have not themselves generated. Proper accountability, that is has been used efficiently and effectively, without fraud or wastage, is required.

But grant agreements are NOT partnership agreements. Although most not-for-profits are very familiar with '*project cycle management*', it doesn't always seem to be realised that good project management requires both '*task management*' and '*relationship management*'. Many grant agreements do not contain any references to the intended and expected quality of the collaborative relationship.

That can be rendered more explicit in the form of a 'partnership agreement'. A partnership agreement puts the purpose and the quality of the collaboration central, not the money transfer. Possible content for a partnership agreement is:

- A reference to the joint purpose and/or objective of the collaborative action.
- An acknowledgment of the contributions each brings to the joint endeavor, monetary and non-monetary, tangible and intangible, and which constitute the 'complementarity' that increases the chances of success.
- An expression of the readiness, therefore, to share capacities, and use the collaborative action as opportunity to strengthen the capacities of every partner.
- A recognition that, within a partnership, the respective entities have converging but also diverging interests, and maintain their autonomy. A commitment to manage the individual interests so that they do not undermine the common interest.
- A formal acknowledgment that partnership means '*shared responsibility, shared benefits, shared risks*'.
- A statement of fundamental principles to guide the expected behaviours in the collaborative endeavour.
- A more detailed description of how the partnership will deal with key issues such as e.g. external representation, intellectual property, decision-making.
- Commitment, by each participating entity, to strive for behavioural coherence in how different members/staff of each interact with another partner.
- Not just a mechanism but a behavioural protocol, for when there is a felt need to express concerns about the perceived performance of the other, and to handle disputes and conflicts.
- Agreement for periodic review of the quality of the relationship. There is mutual accountability not only about the task performance but also about the relational performance.

In practice, this could result in two separate but complementary documents or in one integrated one. If the 'grant agreement' clauses would be a relevant reference if a dispute is taken to a court, then a fair approach would be to opt for one integrated document. That signals that the clauses about the expected quality of the collaboration merit equal attention, also by a court.

Would you make a partnership agreement if your collaboration is limited to a time-bound 'project'? Why not? The success of the project still depends, also, on the quality of your collaboration. So as not to render the term 'partner' even more meaningless than it already has become, call it perhaps a 'collaboration agreement'. The point is that you render explicit how you intend and expect the collaborative relationship to be, and also hold each other accountable for that.

3. Formal Agreements are the End of a Process

Formal agreements don't start but consolidate a prior process of exploring, together, the interest, complementarities, willingness and abilities to work together. Follow the 'coffee principle': meet, speak together, get to know each other. Explore whether you have a common purpose. Have the 'value contributions' conversation, revealing what each brings to the collaboration. Be honest about your converging but also diverging interests, and that you will put into the collaboration but also want to get something out of it. Have the conversation about risks and sharing risk. Develop, together, principles for how you want to work together, and what sort of behaviours you expect of each other when ambiguities, tensions or conflicts arise.¹ The explorative and preparatory conversations build relationship and a basis of trust. They account for 50% of collaborative success. The other 50% will be in practicing what you agreed, not only about what you will do together but also how you will be together.

4. Partnering Skills

Formal grant agreements, that are enforceable by a court, are an insurance for the grant giver. They are required for situations where trust is generally low. There is still a great variation between and within societies in relying on trust or not. 'Litigation' oriented societies operate on a no-trust premise and provide incomes to large numbers of lawyers and solicitors to write every lengthier contracts that leave no possible loophole. In other societies, personal connections and a word, once given, still count.

Most collaborations fail because of insufficient attention to relationship management and poor partnering skills, in organisations and in individuals.

Justifiable as formal contracts are, exclusive attention to grant agreements also express something, that merits some reflection.

- Are you still paying attention to, and investing time and care, in trust building and the relationship management? Or have you become negligent about this, because you put everything onto the grant agreement?
- What is your personal starting point regarding trust: Do you start from the premise that other people are trustworthy until they demonstrate to you they are not? Or do you start from the premise that other people are not trustworthy, until they have demonstrated to you they are?
- What is the general culture in your own organisation? Does it lean more towards 'Theory X' or towards 'Theory Y' about people? 'Theory X' holds that most people (other than yourself of course) are by nature lazy, negligent, irresponsible, and unreliable. Therefore tight control, oversight and threat of punishment are required. 'Theory Y' holds that most people (including yourself?) are by nature responsible, creative, loyal, willing to develop. Therefore they need an enabling and encouraging environment that stimulates joint learning, mutual accountability, distributed leadership, co-responsibility.

What do you think about following statement?

If the internal culture in your organisation is one that leans towards distrust, control and oversight, it will be more difficult to work with others in real, equitable, partnership!

5. What if Something Appears Wrong on the Money Side?

Is your reflex, as grant giver, to suspend the collaboration and send in the auditors to investigate? Are you immediately assuming that fraud has been committed? Is your reflex, as a grant recipient, to try and cover up the situation, hide it from the grant giver? Are you expecting a punitive reaction?

What do such reflexes say about the quality of the collaborative relationship?

What if you, as grant recipient, informed the grant giver that something seems amiss, that you will investigate? What if you as grant giver, gave the grant recipient the opportunity to do so? What if you

¹ See other GMI Insights on partnering for details and practical tips on this.

controlled your interpretations and fears, and decide to jointly investigate? Perhaps a procedure wasn't followed, but not for personal profit. Perhaps it even made eminent situational sense, because rapid action was required? Even if there was misconduct by an individual (which happens also among grant-givers), do you then automatically mete out collective punishment?

Every personal and work relationship will experience moments of concern and doubt about the integrity of the other. Do you react impulsively with distrust? Or do you respond more maturely, inquiring about what happened, without jumping to conclusions? Even if something went amiss, a courageous conversation could make the relationship stronger.

Trust doesn't mean blind trust. The strength of a collaborative relationship does not derive from permanent perfection in the respective behaviours; it lies in the ability to have courageous conversations when something is or doesn't feel right.

6. Trust as a scarce resource

Much international cooperation takes place in environments where trust levels are low because of large-scale violence, exclusion, exploitation and abuse. Trust may be an even scarcer commodity than money. Throwing money at the problem, without increasing trust, may be like pouring oil on the fire.

*"A lack of trust is your biggest expense."
"Trust is not a soft skill."*

David Horsager *The Trust Edge*:30

So develop your skills in grant management and in relationship management. And combine grant agreements with partnership or collaboration agreements.

Global Mentoring Initiative (GMI) is a values-based and purpose-driven consultancy and advisory service. Collaboration, within and between organisations and with other stakeholders is one of our core competencies. Koenraad Van Brabant is a certified Partnership Broker and trained in Organisational and Relationship Systems Coaching. Smruti Patel is a certified Being at Full Potential individual- and team coach.

Find other GMI Insights and tips about collaboration and partnering at
<https://www.gmentor.org/facilitation-and-partnership-brokering>

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Reference: Horsager, D. 2009: *The Trust Edge. How top leaders gain faster results, deeper relationships, and a stronger bottom line.* New York, Free Press