THE DEVELOPMENT ASSISTANCE COMMITTEE:
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THE DAC NETWORK ON GOVERNANCE (GOVNET)

A Governance Practitioner's Notebook: Alternative Ideas and Approaches

Alan Whaites, Eduardo Gonzalez, Sara Fyson and Graham Teskey



OECD
BETTER POLICIES FOR BETTER LIVES

A Governance Practitioner's Notebook

ALTERNATIVE IDEAS AND APPROACHES



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Foreword

The OECD-DAC Network on Governance (GovNet) is a forum for practitioners from the development co-operation agencies of Development Assistance Committee (DAC) countries. The members of GovNet work collaboratively with each other and with other bodies and platforms on issues of governance and institutional development. GovNet's aim is to promote dialogue, knowledge exchange and research and it seeks to advance innovative approaches to these issues.

This publication is unusual. GovNet has traditionally produced evaluations, guidance documents and summaries of "good practice". We are, however, at an interesting time in the evolution of thinking on governance practice – for reasons that we hope become clear in the document itself. This publication takes a rather different approach by articulating the thoughts, aspirations and concerns of a newly inducted governance adviser employed by a fictitious development agency. Rather than offer any definitive answers, it tries to stimulate ideas and thinking.

As Govnet is a network of practitioners, it is to them that this "Notebook" is primarily addressed, and it focuses on the challenges and dilemmas that they face. However, we are very aware that improved practice by aid actors is only part of the much broader development story. This always requires us to understand the challenges and dilemmas faced by others.

While we have attempted to maintain a clear scope and focus in the notebook we are conscious of the need to engage with other networks such as the Effective Institutions Platform, with its emphasis on peer to peer learning. We have a joint responsibility to take forward the debate on alternative ideas and approaches. Above all this publication continues to stress the golden rule that supporting governance reform is first and foremost about laying aside preconceptions and listening to local counterparts.

In offering this publication we seek to encourage debate. The process has been open and informal and has relied heavily on the goodwill and commitment of the many people involved. All of those who have contributed to this publication have done so as a personal contribution to the sector. GovNet is extremely grateful for their willingness to share their time and thoughts with practitioners. Therefore please note that the views expressed

throughout the publication should be attributed to the authors alone. We hope that this Notebook also has resonance with the wider development community – adding to the lively debate that already exists.

Graham Teskey and David Yang

Co-Chairs, OECD DAC Network on Governance (GovNet)

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Introduction
Lucy in the field with briefings

Alan Whaites, Graham Teskey, Sara Fyson and Eduardo Gonzalez

This publication risks being defined by what it is not – it is not guidance, best practice, a competency framework, a review, nor a topic guide. However it is very clearly an exploration of issues of governance and institutions, and as such it delves into debates that are at best highly contested. There is no party line involved: the papers aim to provide practitioners with a stimulus to their own thinking, and on the contested issues, readers will need to make up their own minds. As a result the approach is informal, and intentionally non-definitive – there is no simple right or wrong answer.

But while being intentionally informal, perhaps even self-critical, this book does not underestimate the importance of governance work, nor the difficulties facing governance practitioners within aid agencies. As a result the various papers that make up this volume often point to external critiques of the role of official aid agencies – recognising that as a sector openness to debate and criticism is important. They are also cognisant of the fact that the challenges facing counterparts in government ministries, NGOs and other bodies are usually far greater than those facing those who work for providers of development assistance.

But any one publication can only do so much. This volume therefore has a specific scope, it brings together a collection of specially written notes to help those who work as governance practitioners within aid and development agencies. For this reason we introduce "Lucy" as the central character of our story. Lucy, because institutions go back to the dawn of time and Lucy was around then, or so we understand from Richard Leakey. Lucy is in only her third year of service with the Department for Foreign Affairs and International Development (DFAID). She joined DFAID straight from studying economics in her home country before winning a scholarship to study international development at a prestigious European institution.

Lucy graduated near the top of her class and is completely *au fait* with the big name development authors, writers and thinkers (Douglass North, Francis

Fukuyama, Daron Acemoglu and James Robinson – she knows them all). While she has not yet had the privilege of a long-term overseas posting, she has however spent time volunteering and teaching English overseas. More importantly Lucy has already gone through the process of understanding that what seems very simple about development is horribly complex.

She may have followed the same learning curve as one of the editors who, as a spotty young development worker in early 1990s post-conflict Cambodia, watched in horror as a child died in a health clinic for lack of a basic drug. With time came the realisation that getting that basic drug to a clinic on a reliable basis involved a series of cogs to fall into place, the workings of which were nightmarishly difficult, and involved a machinery called governance.

For Lucy the horrible complexity of human resources systems, procurement, finance, etc, can be daunting, no matter how committed the partner. Hopefully this book will help to stimulate her thinking, illustrating that the vibrant debate on institutions and effective governance reflects the reality that much has been and can be achieved. More effective systems never look quite the way the governance practitioner and the partner envisaged, perhaps not all the programme and policy objective boxes have been ticked, but don't let that obscure the change that can occur. Arguably Cambodia has underachieved on bringing down the rate of its child mortality – yet even so, the rate is less than half that of the early 1990s.[1]

The papers included in this book offer ideas, thoughts and experiences on how to support institutions as they try to make strides forward in their performance. Lucy offers way of encapsulating the challenges facing the practitioners in development agencies who struggle with the issues – but hopefully not at the cost of over-simplification.

The specific challenge facing Lucy is that she is being sent to a country at risk of conflict for two weeks to establish the broad parameters of a governance programme. The donor, DFAID, is internationally respected despite being ranked as "middle-sized" when measured by its ratio of official development assistance to gross national income. DFAID is keen to put in place a new strategic partnership, based on mutual respect, mutual accountability, aid and trade with the country concerned.

For Lucy we have pulled together some papers and advice that might be useful drawing on a wealth of expertise. In keeping with the style of the papers, the various publications mentioned are summarised predominantly as author/title, enough to identify through a quick web search. However some fuller reading lists are included at key points. To maintain the flow we have also broken the cardinal rule and used far too many abbreviations – governance people are addicted to abbreviations. Wherever possible we have tried to spell abbreviations out at least for their first use, but a list of

abbreviations is also included. In striking the balance between the jargon of our practitioner audience and writing entirely for the lay person we have had to recognise that jargon does sometimes serve a purpose (and as you will see sometimes needs to be queried) – apologies to the lay people.

Note

1. Figures taken from UNICEF's Cambodia country page, UNICEF website, www.unicef.org/infobycountry/cambodia_2190.html.

Memo to Lucy

Some reading for your assignment

Alan Whaites

Lucy, now that you have finished your time on the junior governance adviser scheme you will notice that there is a change in expectations towards you. Colleagues will seek your expertise and advice and even on your forthcoming trip you will be put on the spot. I have therefore pulled together some briefing pieces to help illustrate debates currently underway on institutions. I have sought out pieces by authors who are well known on their issues – and all of whom have a good capacity to provoke and challenge. Some are well-known academics, others work in think tanks, and a few have also spent long periods of time working on programmes.

But that is not all – I took the liberty of contacting some seasoned practitioners to ask them what they thought. You will not be surprised that their views differ quite markedly from those you will find in the briefings. Hopefully this will be useful to you, I will be interested to hear what you make of it all when you have time.

Personally I am not going to give you long lists of advice, you will quickly decide which guidance is useful and which is not. Instead, I thought that it would be useful if I simply outline here what others might be looking for from you – how the role of the governance practitioner has changed over time.

Governance is dead – long live institutions

I am afraid, Lucy, that anybody entering the professional world of "governance" at the moment would be forgiven for being confused (on many levels). Academics and economists agree like never before that institutions are crucial to economic and social performance, and yet practitioners are riddled with doubt about whether their mojo really works. Institutions are central to the delivery of the new sustainable development goals, but exactly how you get good institutions remains opaque, contested and often a question of ideological taste.

The broad journey that development has taken is at the same time both simple and profound. In simple terms, indeed at its simplest, we recognised quite early on that projects would only be as good as the environment in which they worked. Thus individual projects were "rolled together" in wider development programmes, which in the 1990s were themselves subsumed into wider sector programmes – development was swimming upstream. We then recognised that sector performance was in turn dependent to a great extent on the performance of the public service as a whole and the incentives operating on it. The result of course was a focus on the institutions of the state and the political structures and systems that animated it. We had swum so far up stream we had reached the source – politics.

That is the simple version. What follows is the warts and all story; the twists and turns of the interaction between academic research and policy practice. It is a demanding story – with no unequivocal answers to the question "what should I do on Monday morning?". I hope by the time you have digested all the papers enclosed you will agree that the only answer to this question can possibly be "you think, and think hard. And then you think some more".

I say this because the papers that follow themselves reflect the reality that there is a continual evolution of thinking on governance and institutions. We should view the continual drive to question and improve as a positive. The grey literature is substantial and underlines the fact that each sub-area of governance work is an area of debate in its own right. It is therefore important to be open minded: as Sue Unsworth reminded us in "An upside-down view of governance", "New art students are often advised to close off their pre-existing knowledge about the objects they are trying to draw, and instead focus on angles, spaces, lines, proportions and relationships. Development practitioners similarly need to close off their mental models about governance and development that are rooted in OECD experience."

Being open minded and inquisitive is important, particularly as we look for what works in context (rather than transposing alien models). For you will find you also walk a tightrope, with accusations of paternalism and interference on one side and charges of slowness and myopia on the other. You can only continue to respond to criticism by engaging with the ideas and issues involved, and by engaging with partners on the evidence and lessons to be learned. As a result the notes below also touch on the political economy of the governance practitioner, a key starting point in understanding what is really possible in supporting reform.

The weight of history

During your induction course you were told that the idea of governance is a relatively recent construct, emerging from ideas of technical assistance and capacity development which existed from the days of modernisation theory onwards. The Washington consensus, post-Washington consensus and move to national ownership of reform all leaned heavily on expectations of developing country systems. Advisers arose to work on programmes helping those country systems gain the characteristics seen as vital to development. Depending on the decade, those characteristics might be downsized, rightsized, streamlined, effective, strategic, responsive, accountable, capable and/or inclusive.

At the heart of the work, however, was a common thread of improved performance against expectations – helping counterpart systems to do their work. And in seeking to promote this aim there has been a recognition that external support to governance brings no monopoly of wisdom – local aspirations are central. Way back in 2001 then minister Clare Short made the point in a UK policy paper all about "making government work for poor people", that building institutions "is increasingly the major focus of our development work. We are determined to avoid the hectoring attitudes of the past that were often associated with the term 'good governance'. Too often OECD governments were simply trying to replicate their own institutions or to blame governments for the fact that they lacked the capacity to do what was needed."

Finding the balance between realism, context and theories of change has however been difficult. The arrival of new macro theories of reform, particularly New Institutional Economics and New Public Management, provided a further spur to the idea that certain approaches had a universal relevance. They also encouraged recognition that governance issues are by nature inter-related. Governance might still include specialists for rule of law or public financial management – but the institutions involved were recognised as all part of the same ecosystem.

As government capacity came to be considered as an organic whole – not ministry by ministry – the technical gave way to the political. Looking at the issue of governance across government naturally meant looking at cultures of reform. This also fitted strongly with the desire to avoid Short's "hectoring" approach, it opened up the prospect of working with the grain rather than against it. At this point Douglass North's view of institutions as rules and norms rather than organisations became particularly influential. Political economy analysis became the means to peer through the complex miasma of incentives, norms, drivers and culture that provided the "real story" behind the scenes. Governance was now defined as issues of "power" and how it is used to allocate and manage resources.

The drive for realism at the heart of this approach paralleled a process of thinking that began with the World Bank's Low Income Countries Under

Stress paper in 2001. This parallel stream advocated for a less ambitious approach to governance reform in conflict affected and fragile states. The "good enough" ideas Merilee Grindle favoured in her two papers on the issue, argued for greater focus and more realistic timeframes. Ultimately this thinking was to transform the concept of statebuilding as an external act driven by foreign powers into a recognition that states are built by largely domestic forces – driven by social and political dynamics to which either aid or intervening states would largely remain marginal.

Perhaps these twin revolutions of "good enough" and "political drivers" thinking coincided with the widest gap between the new science of governance and its original technocratic roots. To some degree, Lucy, this was the period in which a "typical" governance practitioner was no longer a specialist in public finance, elections, rule of law or capacity development – but more likely a political scientist, hopefully with a good knowledge of all of the above.

Certainly by the close of the decade the debate had also brought an epiphany that Weberian concepts of governance could be a hindrance. Indeed perhaps non-Weberian systems work better than anybody had realised – enabling a management of power that served the purposes of the leaders involved (if not necessarily those of their people). Ideas of neo-patrimonial development now made sense, even more so after the 2011 World Development Report, with its suggested timeframes for reform stretching into the distance. Long timeframes for reform that seemed particularly strange given the numbers of governance programmes deemed a success – "isomorphic mimicry" entered the lexicon.

So what?

While all this was going on governance practitioners largely got on with things. Attending the training on the latest approach to political economy analysis (PEA) and fragile states, and hiring consultants to plan or implement programmes. Practitioners learned to love results and struggled to find indicators for democratisation, rule of law and empowerment. The importance of results led naturally to some donors opting to review the performance of their work on governance – DFID and the World Bank most notably undertaking portfolio reviews that found some areas of real success, such as public financial and tax, and others more challenging, such as supporting civil service reform.

The pressure for governance results has itself varied in focus along with the mood of the wider donor community. The drive to deliver the MDGs placed an onus on enabling financial aid, including general budget support. The reaction against budget support often took the guise of aversion to corruption risk – and governance advisers duly focused on prevention, enforcement and tackling fraud. The political economy of the governance

adviser is perhaps inevitably shaped by the dominant risks in the minds of those seeking to maintain the direction of aid policy.

For you, Lucy, the debate around the Sustainable Development Goals will add another layer of complexity. A complexity that is complemented by the shift of development thinking to a "beyond aid" agenda. The reality is that aid is now a declining proportion of overall development resources, and for many countries remittances or foreign direct investments bring higher levels of resources. Non-traditional providers of aid have also changed the map – just as more equal platforms have shone a light on the performance of donors as much as recipients. The creation of the Effective Institutions Platform brings a different kind of dynamic to the conversation.

In the future it is likely that you and your colleagues will need to support reform efforts as much through your advocacy and influence as through programmes. When a counterpart asks a governance practitioner what they bring to the table, part of the answer will have to be the mix of expertise and evidence that complements any resources involved. Even so, programmes are unlikely to go away – not if the SDGs are to be achieved by 2030 – and institutions must step up to the challenge. Programmes are the means through which most governance practitioners will really prove their worth – to what extent can they forge good partnerships and provide meaningful support to counterparts?

If in doubt blame the design

You will therefore face a very direct challenge as to how you make sense of all this in relation to actual programmes. I don't think that you need a governance programming "101", there are plenty of case studies and reviews kicking around. However, you will see from many of the papers below that the experts who write on governance are often particularly focused on influencing the aid agenda and the way that resources are used. Over time governance practitioners have been told that their programming should be highly prioritised, very flexible, measurable and looking for best fit approaches (delete where appropriate).

And so I will simply offer a note of caution on the need to look at programmes as a whole – with an eye to realistic timeframes, achievements and perseverance. Most importantly of all, remember that programmes are also the property of the partner – not the medium through which a theoretical debate is translated into a practitioner's work. Dialogue with partners is often the ground-truthing of our work, it helps us to avoid becoming prone to fads or unrealistic timeframes and expectations. For example it struck me recently, reading a 2014 Overseas Development Institute paper by Sue Unsworth and David Booth on politically smart development, that the best programmes they reviewed were often ones that were able to persevere over time.

Supporting institutions is not a short-term process – and yet development organisations can think that a programme older than five years must be doing something wrong. This is not helped by the relatively short posting cycles of many development agencies where new people arrive every 3-4 years and want to make their own mark on events. Often the benefit of hindsight usually suggests to the newcomer that what went before should have been done differently.

And so, Lucy, the materials we have gathered for you try to take a broader view – looking at programmes over their whole life and also viewing institutions and governance beyond the programme cycle. The real skill for the governance practitioner is to recognise what is going to happen on its own terms. As the international community talked of transition in Afghanistan in the run up to 2014 it was not uncommon to hear laments that the hoped-for Weberian institutions had failed to materialise. A quick backward glance at the 2001 World Bank/UNDP institutional needs assessment would of course have underlined just how far things had moved. It's just that the evolving Afghan institutions did not look a lot like a town council in Europe or America (and to work in Afghanistan – they shouldn't!). Don't measure institutions by the artificial yardsticks of our own idealised models.

And finally, making sense of it all

I am conscious that I have not given you a list of dos and don'ts, nor listed all the best reading for rule of law, public financial management and elections. There are some good websites to visit if you feel cheated, such as GSDRC,[1] but you will learn most by thinking things through based on all that you have read and heard, and your own experience on the ground.

My advice is to take lots of notes and give yourself a little time to think about them before you write your report. Don't be afraid to record your thinking, dilemmas and challenges – they may seem clearer when you put them all together in one place. When you come to try to pull together your report you will face the same problems as every practitioner who must distil something useful from all of the sources and voices that you hear.

As you try to make sense of notes, briefings and a flood of information I cannot offer any revolutionary wisdom, but I can summarise four observations shared with me over the years:

- Whatever analysis you did, you won't understand the context the way you want to, so treat your certainties with caution and respect the risks that you see.
- Your partner and counterparts will drive the reform that does happen, not you, and so respect their ambitions, organisational realities and inputs.

- Behaviours are crucial but hard to predict, governance reform is therefore less about the structure than the influencers of practice.
- And sustaining engagement will always be challenged by events, and indeed by your own political economy, so don't give up!

Feel free to send me your notes if it would help to talk things through, and don't forget to send me your thoughts on the papers that I enclosed.

Note

1. The Governance, Social Development and Humanitarian Resource Centre, www.gsdrc.org.

Notes to self for my first overseas visit!

The Country: Some background from my economics colleagues

Lucy
(Graham Teskey)

I know that the country where I am going is poor by international standards, with over 50% of its population living on less than USD 1.25 a day. It is expected to meet only four of the eight MDGs by the end of 2015. Fortunately, the country has abundant onshore mineral resources, and borders a major emerging economy with significant funds to invest. Parts of the country are subject to sporadic outbursts of violence and organised resistance, but it's nothing the state's competent, well-armed and well-paid military forces cannot handle.

Economic growth is now trundling along solidly at just over 5% per annum (I am told this is largely thanks to an IMF staff-administered programme following the country's somewhat reluctant embrace of a major economic reform programme a few years ago). However, this is only 1 percentage point above the rate of population growth, which means that per capita income growth is negligible – certainly the bulk of the population do not feel any better off. Jobs are scarce – except for the burgeoning public sector, which accounts for an increasing unsustainable share of GDP. From the very little survey data that is available, it seems that the general view "on the street" is that jobs are going to the government's supporters, and literally hundreds of new appointments are made each year without due process.

Much Embassy reporting I have read over the past 18 months has focused on the extremely poor service delivery performance of the education, health, and water and sanitation line ministries. Maternal and child health data are appalling and the quality of educational attainment is very low. Telecommunications are in the hands of a government-owned subsidiary, with no major international players, mobile coverage is extremely low. It's hard to come by reliable budget data; much revenue and expenditure is off budget.

Fortunately the President is well aware of these popular grumbles, and has promised to address them if he is re-elected next year. Having persuaded Parliament to change the constitution allowing him to stand for a third term, he ensures he gets his message across to his fellow citizens by regular speeches broadcast live on state television, as well as through the two national newspapers owned by his twin sons.

The President's main message to his people to date has been that the bureaucracy is underperforming and unresponsive to his demands as endorsed by the Council of Ministers. In response to claims by the public service unions that they are poorly paid, he is often heard to say that pay rises can only be justified in response to productivity gains. I am sure this is very gratifying to the IMF advisory team in situ in the office inside the Presidential Palace!

So what are my thoughts on the governance issues facing the country before I head out there? Having now spent two weeks studying as many country documents as anyone can reasonably be expected,[1] I feel I have now got a structured set of questions to be answered. This is my initial framing of the task:

Five dimensions of governance in descending order of "bigness"	What do I think the issues are?	Breaking it down	My questions:
The big historical sweep	How does a strong, effective and accountable state come into being over the longer-term? Does this state fit any "typology"?	• Who controls the use of violence? • Nature of the recent democratic transition? • What could influence the transition from patrimonialism to the public good?	What should I prioritise as the core foundations of an effective state? How should I sequence interventions? What trade-offs may I have to make, and how do I decide? Can I design programmes that simultaneously promote economic and political transformation?
State of the state	Why is it considered fragile? How can I understand and assess the institutions and interests that make up this state? Just how much governance is "good enough"? Which bits?	• Collective action problems • How can I recognise the nature of the political settlement? • What is the pattern of elite incentive? • Rents and rent-seeking? • Structure and functioning of the executive?	How can I know what sort of elite bargains or political settlement is in place, and how can I tell when it is changing? Can I ever hope to influence these deals to make them pro-poor? Where do rents come from and to what extent do they drive the political economy? How much development can I expect in a patrimonial state? Do I focus on bureaucratic capacity and forget voice and accountability?
Constraints to growth	What do I think are the major governance and institutional constraints to growth, development and poverty reduction?	• Are political constraints more binding than the economic/resource ones? • Leadership, agency? • Identifying the right institutions? • Is the leadership embedded in a strong institutionalised party structure – and if so of what sort?	Should I design interventions around individuals or coalitions of reformers? Does the regime face any internal or external threats that cannot be assuaged by aid or domestic resource rents?

Five dimensions of governance in descending order of "bigness"	What do I think the issues are?	Breaking it down	My questions:
Characteristics of the public sector and the services to be delivered	What are the major determining characteristics of the issues faced in the public sector? What is the difference between the public service and the public sector? Are particular sectors easier to deal with than others?	• Public v private goods • Discretion and specificity • Institutional development vis-à-vis organisational development • Understanding how change happens in the public sector	Do the services I want to improve require simple organisational change, or will it require more complex institutional change? Should I bother with upstream, centre of government reforms, or just go with incremental change sector by sector? Do I go all out for capacity – and if so how – or do I need to think about autonomy and accountability too?
The individual intervention, or project	How can I identify and design projects that are flexible and which respond and adapt to the changing institutional and political environment?	• PDIA • TWP • Good fit • All this other stuff that the Harvard people talk about…	Do we start with a problem or an objective? How can I work my way around the tyranny of the project framework? What does it mean to be a searcher not a planner? What alternative modalities are at my disposal? How can I recognise development entrepreneurs and what do I do if I spot one?

Reflections on some of the big governance issues underpinning my report.

Step 1: The big historical sweep: Fukuyama argues that there are three core sets of institutions needed for effective development: the rule of law, state capacity and democratic accountability. But his fantastic two-volume history shows that countries that he considers now "developed" established these institutions in very different orders. What am I to make of this? China created a very strong bureaucracy over two thousand years ago but it fell into disrepute. FF worries that the US established democratic accountability and the rule of law *too early* – and still today suffers from weak state capacity. He worries that US political institutions are in decline. What does all this mean for sequencing institutions in my country? Do we need an "effective state" programme in all three sets of institutions? We don't have enough money for this, so on what basis can I prioritise? I think I will email the GSDRC Help Desk when I get home.

In my preparatory reading I saw the Asian Development Bank's 2013 Asian Outlook report on the public sector and governance. It was very clear. It says that there is evidence that focusing on developing state capacity (i.e. the executive) and the quality of the regulatory environment will have the biggest impact on growth, jobs and poverty reduction. If I recommend this during the visit then I can at least be

sure that all the economists back home will agree with me! But I know too that we have an influential Law and Justice section (and our minister is a lawyer) – if I don't recommend a programme in this area they may criticise everything else that I recommend.

I know I will be asked about the democratisation process too. What do I think of it? Heaven alone knows. Emails from the team in-country suggest that I can say fairly firmly that the President's bid for a third term is not encouraging. It undermines the rule of law (that might win me back some support from the L and J people). But the Ambassador's reports also tellme that the President is not overly corrupt and sincerely wants the best for his country. He enjoys considerable support, I can see that. And he controls the army and makes sure they don't run riot. I suspect the President will get re-elected with a significant majority – and the EU and UN election monitors no doubt will declare it free and fair.

Does this mean I can ignore the voice and accountability side of governance? Can I leave parliamentary work to other donors? Surely the US will pick it up? If DFAID is primarily interested in growth, then we should focus on institutions for growth, surely? But if people vote on a client-patron basis (hmmm not sure everyone understood me when I used this phrase at the Embassy wrap-up meeting on Friday afternoon. Is there a way to express this more simply? I must ask our senior governance adviser when I arrive – if he will see me that is. He is always so busy writing papers) this won't help establish very strong incentives for improved public service performance, as MPs will buy their votes (this is called money politics I now know) and get re-elected anyway! This is not how it is supposed to work.

When all is said and done we are about poverty reduction. So I think I am justified in focusing on helping put in place an effective public sector – one that can articulate sensible policies and help implement them effectively and efficiently. This means a focus on institutions (I will weave in references to Douglass North to show I know what I am talking about) and making sure they are accountable (but to whom?) and transparent (who will keep an eye on them? The audit office does not function. And there is no legislative oversight. Maybe I should recommend a programme here too?).

And then there is the Brian Levy question. His latest book is great but my goodness it made my head spin a bit. Should I include an annex when it comes to writing my report arguing that the system here is what he calls "personalized competitive", where "politics is competitive, but the rules of the game governing both the polity and the economy remain personalized". This is definitely right. But I am still not sure what the implications of this are? It's ok to say "go with the grain" of what is possible but I am not really sure just what the "grain" is. In practice does it mean just going with the few scattered but still sensible reforms that the President supports? What about the ones we think are appropriate but he doesn't, like meritocracy in appointments? Do we just forget it?

I wonder whether I am right in inferring from Dr Levy's book that competitive regimes are more likely to make the democratic transformation through institutions, rather than directly through growth? If so this leads me to a different conclusion – that our programme should focus on the check and balance institutions, not just the growth institutions. Oh dear; now I have contradicted myself. Maybe I just ignore this typology – will anyone listen to me anyway if I start talking about "dominant party" politics and "competitive clientelism"?

Anyway I can argue what I want. A Developmental Leadership Program paper on democracy and development by Tim Kelsall says that the relationship between democracy and development is contested. So I am pretty safe whichever way I jump.

OK summarising what I think I need to bounce off people while I am there:

Should our immediate priority be state capacity? If so thenwhat is our theory of change? And if I do ask this in meetings with local colleauges will they put me on the spot and ask how we know that capacity will be used for the public good? Will it necessarily help the transition away from patrimonialism? Maybe in the medium term the middle classes will demand more democratic accountability. Maybe give this five years, so try to co-ordinate with other donors (Paris! Accra! Busan!) to persuade one of them to do something here.

Better move on. I am rambling.

Step 2: State of the state: Why do we call this place a fragile state? When I asked staff at the WB they said because its CPIA score is 3.1. What's CPIA I asked? It's the Bank's Country Policy and Institutional Assessment they said. I asked for a copy but was told it's confidential to the Bank. Difficult to explain to my minister. So we consider it "fragile" because of a formula not many people understand that is used by one of the big development organisations like the World Bank? From a practical perspective the country does seem fragile – small shocks can knock it off course and after my two weeks there it is clear that while the most senior public servants are indeed very competent, the vast majority are under-skilled, poorly organised and unmotivated (wow – there's a generalisation for you!).

My list of fragilities:

- Bureaucratically: very limited capacity to do stuff i.e. make policy, discipline the system for implementation, collect and use data, monitor progress, and adjust course.
- Economically: country dependent on one or two (what I now know are called) "single-point resources" which can be taxed by the state and offer great sources of rents to be used for private gain and not the public good.
- Politically: system very much resolves around the Pres. If he were to go no knowing what would happen. Political parties more a collection

of individuals jostling for power than a group of people with a shared program and vision. MPs constantly "cross the floor".

- Socially: as income distribution worsens, the poorer groups in society seem to be increasingly frustrated. There is the potential for some demonstrations against the government as a result of the extent of poverty, the of lack jobs and the lousy public service, but I don't think civil war will break out (am I actually going to say this?). But for me the biggest fragility is...
- Institutionally. Few institutions in the country seem to function as they should. This is called isomorphic mimicry – but I won't put this in my BTOR as the office hates development jargon. These institutions all look sensible from the outside but even after only two weeks I can see that most of them don't perform at all. The Ministry of Public service provides no services and is not open to the public. It just takes bribes to give jobs, promote and post people.

So I think I am secure on the question of fragility.

I know too that I will be asked about the overall quality of governance. I have looked at the Governance at a Glance data and it is pretty awful, as are the World Bank's World Governance Indicators. The six WGIs are all in the bottom quintile: government effectiveness, regulatory quality, voice and accountability, political stability and the absence of violence, the rule of law, and anti-corruption.

So if we are going to prosecute certain bits of the governance agenda – which ones? Which bits are supposed to give us good enough governance? I googled this and found a brill article by Merilee Grindle (another eminence grise at the Harvard School) on what she actually calls "good enough" governance. However, just as I thought I was getting to understand Dr Levy's formulation, I find Dr Grindle uses yet another typology – one by Prof Moore at the University of Sussex in the UK. Prof Moore talks about five sorts of states: collapsed, personal rule, minimally institutionalised, institutionalised non-competitive and institutionalised competitive states. This is pretty close to the Levy version I think. The two key things seem to be the extent of political competition and the extent to which things are "institutionalised". I am not sure whether I should say the country is personalised or minimally institutionalised. It's both. Maybe stick with Dr Levy's personalised competitive.

Anyway, I will refer heavily to Prof Grindle in my article, including her hierarchy of governance priorities which still seems to be the best available guide on this issue. Her ranking would supportsmy proposal that we should focus on the executive.

My senior governance adviser tells me that before I arrive and start engaging with those who are really familiar with context I need to make sure I understand the

nature of the state. When I asked him what he meant he talked about the political settlement and what he called the "patterning of elite incentives". To be honest I must admit I did not really understand him. I could not find any documents describing the political settlement in the country and when I asked a few people nobody said they had seen one let alone signed it. I think it must be what is called a tacit agreement among the elite. If so I am not sure how I can describe this settlement when it comes to my eventual Back to Office Report. I think I will focus on the background of the president and his most trusted ministers, their economic interests and who their supporters are. This should be enough. We have lots of good information on this from our diplomatic staff. Interestingly, none of my aid colleagues were aware of it.

So I need to verify with local colleagues, but I am pretty certain that of the three branches of the state (the executive the legislature and the judiciary) the executive – despite being weak – is the strongest of the three. The judiciary seems to me to be ineffective at best or bought and compromised at worst. The legislature does the President's bidding and certainly does not hold the executive to account. So is strengthening the executive enough in and of itself? Could this make things worse? Maybe I will have to revisit my conclusion from step one that the executive is the place to focus on. I will sleep on it.

I have been struggling with the problem of collective action. It's just that there does not seem to be much of it. Everyone seems to be in it for themselves and their families or cronies. There seem to be few mechanisms for agreeing on a course of action – and where there is there are few mechanisms to implement and enforce that decision. I think I will just not discuss collective action in my BTOR.

Step 3: The constraints to growth. I feel on much firmer ground on this question. Good job we have the economists' report to go on. I won't repeat that. I will just talk about three things:

- The institutions which are supposed to set, monitor and regulate the business environment are ineffective. It is not that they are weak – in fact the opposite. They are quite strong in incentivising rent seeking – but not in providing a consistent and predictable environment in which to do business. We know there are lots of rents to be had from the issue of business licenses, from the oversight of customs, from the tax affairs of businesses and individuals etc. We suspect too that senior officials and even the Minister is involved. This is why there has been so little action here since the Business Environment Review we did three years ago. Matt Andrews on institutions is my mentor here!
- There is insufficient leadership. In the ODI papers on development patrimonialism in Africa (David Booth I think – very good stuff) I read before coming here, it said that if there was a visionary leader supported

by a determined and technically competent economic technocracy – then development was possible. Well here we have neither.

- There are few nascent groups agitating for change among the local population. I cannot see a Jaime Faustino-type "coalitions for change" programme emerging here, more's the pity.

So my answer to the question whether the political constraints to growth are greater than the economic – is well, yes, they undoubtedly are. It's all well and good for the economists to go on about the potential scale of natural resource extraction and the export potential of the country – all the evidence to date is pointing us in the direction of the natural resource curse: no accountability institutions, no demanding civil society and a rent-seeking elite. (Does this mean maybe that we *should* focus on the demand side and social accountability first? If we just strengthen the bureaucracy then we may just make the rent seeking even more embedded and sustainable? How can I know?). Must talk to colleagues at the university when I get back home; they may have studied other countries.

The big question here is leadership. I think it's really interesting that over the last decade a consensus has emerged that institutions and policies really do matter: Acemoglu and Robinson have made that clear at last! From what I learned in university the impact of the "new institutional economics" led to donors paying *more* attention to the formal and informal rules of the game that influence individual and collective behaviour, but arguably at the cost of neglecting the role of leadership. This I think is a shame, given the daily experience of the overwhelming significance of leadership in political, corporate and public life. Acres of press coverage are given over to considering the respective merits of potential national political leaders and who is lobbying for which top post in the private sector and in international institutions.

So it does strike me as strange that the development community seems to have downplayed the potential difference that individuals can make in addressing poverty. Until recently anyway. The Asia Foundation's work on leadership is really interesting – as is the Philippines experience which just everyone in the world seems to know about. I need to read some of Jaime Faustino's blogs on the relationship between politics and reform.

I am still unsure though what to recommend as far as leadership goes. Should I suggest some sort of coalition building among the middle class? But there is no middle class! Most influential groups are co-opted (good word to use) in some way into the ruling elite? Maybe I'll suggest a brown-bag lunch to discuss this issue? I am at a bit of a loss here I must admit.

Step 4: Characteristics of the public sector and the services to be delivered: This is where the report should get easier. I have read the papers from the ESID research group based at Manchester University and those of Richard Batley, as well as Arturo Israel

and Lant Pricthett on specificity and discretion. I learned a huge amount from this literature. I am surprised it is not more widely discussed. Prof Batley's papers were excellent at describing the different characteristics of certain goods and services (using public-private goods distinctions) and suggesting what may be appropriate organisational arrangements for delivering each. I will certainly discuss this with my sector colleagues, although I may be at risk of sounding too academic. At least I now am perfectly clear on the distinction between the public *sector* and the public *service*. I also now know that the public service has a number of different definitions, dependent on whether or not you include teachers, medical staff and the police for example. If local colleagues agreen then my eventual report may focus wholeheartedly on the narrow definition of the public service; i.e. core public servants (what the Brits call the civil service). Not sure though whether employees of the seven local governments should be included? I know they are appointed by the central government and paid by them – so I guess they are included (reminder to self: check when back home).

OK public service reform, or better still management, can be framed in four different ways:

- role of the state
- management of central government – upstream core functions
- improvement in civil service systems service – for downstream delivery
- accountability and oversight

Where should we focus? Where should our programme be set? I did think at first that it should be about restructuring the role of the state (point one above) but at the end of the two weeks I have concluded that the "political will" (I hate this term but as long as I emphasise to my senior governance adviser that I am using it as shorthand for a long list of incentives, disincentives and perverse institutional practices he will understand and I will get away with it) was not there to achieve this. So then I thought just focus on the upstream stuff. Clearly the heart of government is in a mess. But would changes there trickle down to improve service delivery? Hmmm. Not at all sure about this. And the fourth one is that accountability issue again. Goodness this is so tricky. They did not teach me this in grad school.

Let's see what I learned from studying the capacity development literature. From what I can see "capacity development" remains one of the most slippery concepts in development. Nobody agrees its definition, it has no formal body of knowledge and there are no university courses teaching it. In the private sector it is called business management. In our business some writers even like to argue over the distinction between capacity building and capacity development. How ridiculous! My senior governance adviser goes on about how most discussions of capacity development are limited to calls for more individuals to be trained, or for more

technical people from developed countries "to help out". He thinks that in many cases this is a waste of time.

In fragile and conflict-affected states (called FCSs for short) we all know that capacity is even scarcer than in LICs. There are few, if any, trained and/or experienced staff, organisations have collapsed and the institutional rules of the game are informal and geared towards personal and professional survival.

So is there any good news? It seems to me that at least there is now increasing agreement on terms and definitions: capacity is now broadly recognised as the ability of organisations (not individuals) to carry out, effectively and efficiently, programmes of coordinated action in pursuit of formal agreed goals. I think three elements are important:

- It is organisations that have capacity. Individuals have skills and competencies.
- Organisations also have particular and specific capabilities to do things such as manage people, carry out customer research, account for the use of monies etc. Capabilities are thus the building blocks of any organisations overall capacity to perform.
- Organisations operate in a wider institutional environment that may either support or circumvent the organisation's ability to carry out its formal collective goals.

In short, we have learnt that translating improved individual competence into organisational capacity requires institutional-level change. I love this phrase. I will repeat it as many times as I can.

Second, we know that organisations and institutions are different: Appreciating the difference between organisations and institutions will lead to different interventions and activities. Organisational development can be likened to coaching a soccer team. Which players should play in which position? What should be the team's tactics? At what point should we bring on a substitute? Should the team play a sweeper? By contrast institutional development would focus on the rules of the game. Should the offside law be changed? Are the goalposts too small? Should we allow 13 players instead of 11? And perhaps most importantly of all, should the team give up playing soccer and take up rugby instead?

And third we need to understand the notion of "specificity". This is where Arturo Israel comes in. Arturo Israel was an economist working at the World Bank. He argued that the more specific, the more monitorable and the more limited the task to be performed, the easier will it be to develop organisational capacity to do it. The key idea is "specificity": the ability to monitor an output. The more an output can be monitored the greater the likelihood of ensuring its quality and timeliness. The classic case is a jet engine maintenance engineer for an airline. The work to be

done can be easily and quickly monitored, and will have major (visible, immediate) consequences if not done properly. The opposite case is a career-guidance counsellor. Here the "quality" of guidance provided can hardly be measured at all. It will be years before the impact is known, and probably not even then.

The implication of this is that capacity development will be easier to achieve in organisations where there are a few specific (and clearly monitorable) decisions to make. Conversely, it is much more difficult to achieve in organisations where there are many thousands of unspecific ones. This explains why it is relatively straightforward to improve the capacity of a central bank whose responsibility it is to manage the exchange rate, and why it is much harder to improve the nationwide quality of primary school education: the former relies on the judgement of a handful of highly trained economists (who could be parachuted in on contract for two or three months), while the latter relies on the performance of thousands of (probably) partially trained teachers whose performance is rarely monitored or assessed. By the time any assessment is made, it is too late for the children concerned.

This concept of specificity indicates just how ambitious and difficult to achieve the primary health and education MDGs are. System-wide improvements in education will require the consistent application of higher standards of teaching, marking, reporting, recording and examining by thousands of individuals, mainly working in systems that have few incentives for performance and quality. How hard is that!

I find all this very helpful, and will use it for some of my recommendations about building some public-service capacity. My basic thrust will be that we need a public-service strengthening programme that focuses on both upstream and downstream issues. Upstream stuff should try to streamline decision making and the way money and people are deployed and managed. The downstream stuff should focus on specific problems in service delivery.

What is certain is that I will recommend a full political economy analysis of the public services, especially the sectors where we will focus.

Step 5: How to design an individual project. This is where my attendance at all those "thinking and working politically" workshops will prove really useful. I know that change produces winners and losers and as our project moves through implementation the context will change – the "rich swirl of incentives and informal institutions" as my senior governance adviser likes to say. So I will recommend a flexible and adaptive approach. Indeed, rather like "process" projects that I understand were popular in the late 1980s, according to my post-grad guest lecturer from DFID. I will start with the problem and work from there. We know what many of the problems are in the public service, as the local team "workshopped" them last week with all their government counterparts. We also know what sort of an outcome we are seeking but none of us are quite sure how to get there – what our "theory of change" is. So I will jiggle with the project framework and make it far less

prescriptive than usual. I am worried though that our Quality Control branch will say that it needs to be much more precise and I need to specify precisely the vertical chain. I will have to ask my senior governance adviser how to get around this.

My briefing makes clear that the key characteristics of politically smart programming may seem like common sense, but they are not the norm in current aid operations. I will emphasise that in any new programme we need three things:

- *Avoid preconceptions and straitjackets* – avoid the naïve belief that merely because of one initial agreement our project will succeed. We know that politics are not static – our approach must be flexible!
- *Set a clear goal* – where "stuff happens" (i.e. politics) we need to have a clear goal but be flexible on the way to achieve it.
- *Constant interrogation of context* – thinking and working politically. Those involved must be willing to engage continually with their environment.

I think this is what Bill Easterly is talking about when he goes on about searchers and not planners. Makes sense to me. Same with Matt Andrews and his "change space" model. Go for what is politically feasible.

Conclusion

I expect this mission to be tough, energising and rewarding. I have tried to prepare rigorously but I need to avoid preconceptions – I may need to change my mind radically when I am actually there. Hopefully all my reading has helped, but it cannot in any way unequivocally answer all my questions and point to one clear way forward. If nothing else I already know from all the papers and advice just how important and defining local context is. I also know that all the reading and knowledge in the world will only help you make your own decisions and reach your own conclusions.

Note

1. Key ones including 2014 IMF Staff Consultations; 2014 UNDP Human Development Report; 2013 McKinsey Country Study; 2014 World Bank Interim Strategy Note; 2013 Oxfam Report on Food Shortages; 2012-2014 DFAID Ambassadorial notes, reflections and cables; 2014 Freedom Watch report on Human Rights Violations; and the 2014 World Bank "Doing Business" indicators report.

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Section One

Politics

Notes to self – Organisational politics

Lucy

Everybody seems to agree that governance is inseparable from politics, but I can only surmise from the literature that while everybody thinks politics is important nobody really knows what to do about it. I have piles of reading on my desk and my colleagues are always quick to circulate new political economy analysis, and to suggest the latest big-name development political scientists I should read.

My own view is that there appears to have been a drive to instrumentalise politics, as a way of improving our overall developmental impact, and also a concern to engage as part of the broader accountability agenda. But from my reading it seems that the development approach is terribly donor and programme centric. I have to go back to my academic reading for discussions of the longer term relationship between politics and development – let alone wider questions of how outside actors can influence policy debates and decisions.

From what I can see there are three major types of development writing on the issue, and a fourth wave emerging:

1. Political economy analysis –Lots of great work going back to the DFID "drivers of change" studies. There are now papers that explain different tools for PEA, and plenty of actual studies, many available online. The World Bank has also produced a book on their approach. The various tools seem to differ partly based on whether they look at long-term "deep" politics – the underlying factors inherent in society and political culture – or instead shorter-term tools that look at individual personalities and leaders. There are several different courses I can attend if I want to find out more. I know that the different tools have been used at national and programme levels, I saw a video of DFID's Stefan Kossoff on YouTube saying that the next wave of PEA is all about project-level work. But the elephantine question in the room is "what happens to all the studies?" There seems to be a critique, particularly work by Pablo Yanguas and David Hulme, that development agencies tend to do great analysis and lose the insights within their own systems.

2. Working on political systems – democratic governance has been one of the technical areas of work since day one; most of my colleagues have worked on election programmes and parliamentary reform. Tom Carothers is the expert and his book *Aiding Democracy Abroad*, is a classic, but I loved reading his "almost revolution" book that brought lots of these issues together. The literature suggests that support for political institutions is often quite limited and may only address one particular body (such as the parliament – and then maybe only the library). Perhaps the only area that gets much wider support are elections, even if it is only during the year of the vote. On the governance course we discussed the fact that political governance programmes often bring a lot of reputational risk, and the terminology itself can be contested (leading to different formulations and even approximations).

3. Political settlements and pacts – I know that political settlements are the underlying understandings about the management of power that exist between elites, and that some people call them "elite pacts" and the World Bank used "good enough coalitions". I know that these settlements can take many different shapes, and exist for very short periods or for centuries – although they have to evolve to survive – but that they determine a lot about how institution work. So far so good, but I also know that talking about elites can be seen as politically incorrect in development. The practice papers say that only *inclusive* political settlements can be durable, but then others ask how inclusive does that need to be? Perhaps it is good that in a review of practice Jones, Elgin-Cossart and Esberg from New York University found that donors don't really know what to do about political settlements anyway, which may make this a question that is unlikely to come up during my work.

The newer kid on the block is "thinking and working politically", which came from some ideas by Adrian Leftwich the academic whose work originally pushed us to understand that development is always political. Apparently *Thinking and Working Politically* is being promoted by the TWP Community of Practice who have argued that understanding politics is only a very small part of the issue. The real challenge, they say, is to integrate political approaches into all types of development activity to achieve greater change. According to the group a politically smart programme is one that:

Principle:	Characteristics
1 Analysis: political insight and understanding	• Interrogate the project & the sector with a relentless focus on interests, incentives and institutions. • Be frank about where power resides and on whose behalf it is being used. • Recognise the multiple (and potentially contradictory) nature of interests at play. • Focus on problems identified and articulated by local actors, not outsiders. • Ensure as far as possible these problems are "legitimated" by all stakeholders, thereby ensuring ownership.

2 Context: empower local leaders and respond to domestic environment	• Work with and through local players, stakeholders, convenors and power-brokers (what David Booth calls "arm's length" aid). • Understand the network of stakeholders involved and facilitate coalitions of different interests rather than relying on a "principal-agent" relationship with one ministry / minister.
3 Design: flexibility and adaptability in design and implementation	• Be guided by the programme goal, and do not be overly prescriptive in how to achieve it. Strategy should set a clear goal and then "weather" non-linear processes. Clear goals should not translate into rigid project frameworks – they represent an understanding of what changes you are hoping to promote. • Recognise that politics is not static, continue to test assumptions made in Principle 1 • Merge design and implementation with a focus on a series of small "experimental" or "incremental" steps and monitor results. In this way implementation and M&E become one concurrent process. • Periodically engage in "review and reflection" exercises to critique and understand what is working and what is not – and stop doing what does not work. • Understand your own agency's political economy – what can be negotiated and what can't.

One of the things that I like about the TWP approach is that it does not assume that "aid" or the role of development actors should (or does) bring automatic influence. It seems to be more orientated to a world in which aid is only one of many sources of development finance and in which development actors need to rely on persuasion and advocacy, learning from civil society, and community based approaches. Big development actors learning about influence from local communities – that could be interesting. It also suggests that development workers need to think about networks and alliances, for a donor agency worker I guess that also means thinking about the role of diplomatic colleagues.

So, overall, it looks as though to make sense of my assignment I must immerse myself in the political economy analysis and understand both the deep underlying politics and also who is friends with who, or related to who or hates who in the government. But I also need to think about the mechanics of politics and how the machinery of the political systems works – is it just a theatre/drama of power or does it really set the rules and provide the structure for government? The phrase "the rules of the game" is used often and the term, and it is no surprise that many "rules" will not be written down, but I am worried that there may be many games going on with lots of different rules. Finally I need to know whether the political settlement is durable, inclusive etc. Once I have started to get my head around all that then I have at least begun to make sense of the first principle of the TWP group.

My own instinct is that the most important step in making sense of all the politics stuff is just to talk to people, listen to as many different voices as I can and start to get a bearing on what issues matter to local people. But I also remember hearing that the real problem with politics is that development practitioners sometimes overanalyse and then under-manage and under-plan. I heard a story that somebody

asked a conference of academics on "Making Politics Practical" how many had done consultancies to deliver PEA, and most raised their hands, and then they were asked how many had then been asked to help with plans and strategies as a result – and nobody had been. I need to make a note – ask colleagues what we hope all our political analysis and programming is going to achieve?

The briefings I have been sent are by real experts, I am sure that they will shed light on what I need to know.

Reading

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It's the politics! Can donors rise to the challenge?

Sue Unsworth

1. Confronting the challenge

Few staff of donor agencies would dispute that public policy making in their own countries is an inherently political process. They recognise that reforming public services, designing tax policy, or making decisions about how to allocate public expenditure all involve complex processes of negotiation, bargaining and contestation between groups with different interests and perspectives, against the background of historical legacies and institutions specific to a particular context. So why is it proving so hard to make the case that public policy making in developing countries is also, inescapably, political?

Part of the explanation is that donors, like the rest of humankind, cannot bear very much reality. Public policy making – for example to improve the quality of education – is challenging even in rich countries with effective bureaucracies, political parties that aggregate interests and systems of political competition that incentivise the creation of public goods. Seeking to support developmental change in poor countries with weak public institutions and clientelist politics is extraordinarily challenging. Moreover donors, as outsiders, will always find it hard to understand the history, culture, institutions and political dynamics at work in countries that are not their own, especially as so much decision making that affects public policy is carried out through informal, personalised networks. Many donor staff are strongly motivated to help improve the lot of desperately poor and vulnerable people. Armed with money and expertise that gives them largely unfounded confidence in their ability to influence events, they are strongly tempted to look for shortcuts that bypass the messy reality of "local" politics.

The story of how the aid business constructed its own, simplistic, highly technocratic narrative about how developmental change happens is by now familiar, having been meticulously documented by Carothers and de Gramont (2013), among others. Apolitical approaches to aid were rooted in early assumptions that economic growth could be stimulated by injections

of capital and technical assistance, and that political development would automatically follow economic development. For years, donors responded to poor aid outcomes with new policy fixes: state-led economic take-off in the 1960s, basic needs in the 1970s, "getting the policies right" and shrinking the state in the 1980s, and rediscovery of the need for effective public institutions in the 1990s. The end of the Cold War brought a new focus on politics and democratic governance, but the approach has too often involved top-down, technocratic efforts to reform formal institutions, on the basis of "good governance" models imported from OECD countries.

2. The almost revolution

Over the past decade a growing number of scholars and practitioners have mounted an increasingly effective pushback against apolitical approaches to development assistance. Research and experience have demonstrated time and again the limited impact of donor-driven, best-practice approaches to formulating policy and reforming institutions. Particularly influential challenges have come from Dani Rodrik (2007), highlighting the need to think about the function rather than the form of institutions; Merilee Grindle (2004a), ridiculing attempts to pursue far-reaching "good governance" reforms in unsupportive environments; and Matt Andrews (2013), chronicling the limited impact of top-down institutional reforms pursued over many years by the World Bank and others. Not only are such approaches largely ineffective, they can also be damaging: Matt Andrews and others (2012) have warned of the risks that importing standard responses to predetermined problems will undermine local efforts to build state capability; James Putzel (OECD, 2009) has highlighted the importance of "do no harm" approaches, especially in fragile and conflict-affected states.

Donors have listened – up to a point. Today most development practitioners pay at least lip service to the idea that politics plays a central role in supporting or impeding development, and that they need to shift their focus from trying to achieve short-term transformational change to thinking about what kind of incremental progress might be feasible within a given context. Crude assumptions about the ability of aid and conditionality to stimulate good governance have given way to the concept of good enough governance; discussion has shifted from pursuit of best practice policies to a search for "good fit". The 2004 World Development Report (World Bank, 2003) put the spotlight on the politics of service delivery. The conversation about corruption has become more nuanced, with some recognition of the links to levels of political competition and the role that patronage plays in maintaining political and social stability.

Most of the main aid agencies have developed frameworks for political economy analysis (PEA), at country and sector level. The quality of studies

is variable but at their best they have helped to structure and legitimise the tacit knowledge that donor staff often have about the way historical trajectories, geopolitical factors, deeply embedded social and economic structures, and formal and informal institutions all shape the political system and the incentives and behaviour of different groups and individuals within it. Sector and problem-driven analysis has provided insights into the specific ways that political context and process impede (or could incentivise) policy and institutional reform.

In short, compared to 10 years ago, a much better-informed, politically aware conversation is taking place among many development practitioners. The striking thing, however, is how limited the impact has been on what the main aid agencies actually do. Donors have found it hard to move from better analysis to better practice.

3. Explaining limited impact

A large part of the explanation of why mainstream aid interventions are not taking more account of politics is that this would run counter to the political economy of the aid business. Especially in an era of fiscal austerity, political leaders of development agencies feel under pressure to demonstrate to their own taxpayers that aid can achieve significant, measurable, short-term results in a very direct way. By contrast, political economy analysis reveals the depth of the challenges involved in building effective public institutions to support economic growth, justice, security and a range of other basic services in poor countries. Some donor agencies are also under high-level political pressure to show that aid is supporting foreign policy and security objectives; this skews attention away from local political economy dynamics towards a pre-set donor agenda. These pressures on donor agencies are real, and they influence donor behaviour in obvious, and also quite subtle ways. For example:

- A lot of political economy analysis has been undertaken with a view to improving aid effectiveness and finding practical solutions to problems identified by donors – rather than trying first to understand the messy, complex reality that confronts them and exploring in a more open-minded way how to make progress.[1] Expectations that political analysis could point directly to alternative programming strategies have proved unrealistic. So insights from analysis have been undervalued, opportunities missed and analytical tools too readily dismissed as having little operational value.
- Too much analysis has been superficial, rushed (to meet donor programming timetables), insufficiently resourced and undertaken as a one-off exercise, not an ongoing endeavour. Donors have often not had the skills or sufficient interest to undertake detailed, micro-level analysis (which is akin to research).

- Donors have a propensity to oversimplify, seeking to make sense of a complex world in ways that are compatible with their existing assumptions or ideological biases, or that can be used to justify donor activism. So they tend to cherry pick research findings, building programmes on flimsy evidence (for example, the proliferation of demand-side "voice and accountability" initiatives); seizing on important findings and manipulating them to fit their own purposes (for example turning the crucial insight about local "ownership" of development objectives into the Paris Declaration concept of partnership that presupposes a commonality of interests between donors and recipient governments); and indulging in wishful thinking (for example, that enhancing democracy will support development, or that decentralisation will increase accountability of governments to citizens). The urge to oversimplify, along with ideological biases, is also reflected in donor vocabulary, including general-purpose labels that blur important distinctions (for example "neo-patrimonialism" as a synonym for corruption or bad governance), and value-laden language that embodies unexamined assumptions (rights, inclusion, transparency, participation, power sharing).

In short, the problem may not be that PEA fails to deliver valuable insights, but that donors are not sufficiently motivated to capture them. For their part, researchers have not always been very good at distilling clear messages for practitioners that capture ambiguity and complexity, nor very interested in doing so.

But other factors are also at work:

- Scholars and governance advisers are not always clear what they mean when they talk about politics. The word "politics" causes disquiet among many professional groups. Some donor staff worry that it implies engaging directly in partisan politics (which is rarely the intention). Some read it as advocating the pursuit of specific political objectives including democracy building, and are (with some justification) sceptical about the level of ambition implied. Technical experts, including some governance advisers, may see politics as an obstacle to good policy making rather than inherent to progressive change, and view political economy analysis primarily as a way of managing risk. Governance advisers need to work harder at engaging with other professional groups, making it clear that they are talking about politics in the sense usefully defined by Adrian Leftwich (2008),[2] that is, political processes that underpin policy choices and the creation of effective institutions (formal and informal), and political context that shapes how those processes play out. They also need to make it clear that a focus on politics does not imply devaluing technical expertise; that they are interested in the

interaction between politics and growth, not arguing for an exclusive focus on institutions; that they recognise the role of ideas, values and reputation in incentivising politicians, not just material interests; and that in warning against over-optimistic demand-side strategies they are not underplaying the importance of broader relationships between state and society.

- High turnover of donor staff and lack of systematic evaluation of outcomes three to five years after the end of aid interventions can give conventional aid projects the appearance of being more successful than they really are – providing ammunition to those inclined to be sceptical of the importance of politics.
- The argument that politics matters faces a challenge from proponents of randomised controlled trials, who advocate this method as a way of isolating and assessing the impact of micro-level policy interventions, but with a view to drawing broader conclusions about what works. Evidence from such trials can be helpful if it is used alongside an understanding of how policy interacts with the politics of uptake and implementation but is unhelpful if seen as promoting a search for generalisable technical solutions that neglect context and politics.
- Evidence from research about exactly how politics matters for development is much less conclusive than we would like. This is the subject of the next section.

4. Research helps, a bit

There is more, accessible research available into the politics and political economy of development than there was ten years ago, some of it specifically aimed at a policy audience. There is a lot of evidence about why apolitical, donor-driven approaches that seek to transfer policy and institutional models from rich to poor countries do not work well – why, in Lant Pritchett's telling phrase, it's not possible to "skip straight to Weber" (Pritchett and Woolcock, 2004). This message may seem overfamiliar, but given the strong technocratic default setting in most donor agencies, it is worth repeating.

However it does not help much in thinking about feasible alternatives. It is still very hard to say what "good fit" looks like, or how to achieve it. Research underpins the main frameworks for political economy analysis in use by donors, but is far from telling a full and uncontested story about how development happens, how political institutions shape economic outcomes and vice versa, and what kind of incremental reforms might best contribute to longer-term, more transformational change. But it does offer some useful bits and pieces of evidence that can increase the chances of policy makers

doing some useful and feasible things, and stop them doing unproductive and harmful things. It will not tell them exactly what to do, but it can shape expectations and help them to work out how to think about processes of change, what to pay attention to, and how it might be possible to make progress in very challenging contexts.

Here are some examples, loosely organised around research that helps with how to think about the politics underlying developmental change, research that suggests what might be important to focus on, and research that provides some insights into approaches and processes that might work. There is clearly overlap between the headings. The list is illustrative, not exhaustive.

Thinking about the politics

Big picture research[3] provides a sense of historical perspective, and of the awesome challenge of statebuilding, especially the core challenges of how to move from organising coercive power to creating legitimate political authority, and from informal, personalised relationships to impersonal, rules-based governance. The research offers no models for this transition, but useful insights into the way it has happened historically, and into the nature of the changes involved.[4] Findings of particular relevance to policy makers include the role of rent creation and management in limiting and controlling violence; the fact that economics, politics, laws and beliefs are intertwined, and must change together; and a useful reminder that OECD states are very recent historical exceptions. So "natural states[5] are not sick" (North et al., 2009), and the challenge is to find ways of pursuing development within them, rather than aiming for transformational change. More generally, big picture research should give donors a hefty dose of realism about their ability as outsiders to have a significant impact over the short to medium term.

Distilling lessons for practitioners from this kind of big picture research without running the risk of oversimplifying can be demanding. Guidance from The Asia Foundation (Parks and Cole, 2010) on political settlements, and from the DAC Incaf group (for example OECD, 2010) on the dynamics at work in the political economies of fragile states, for example, can be useful provided they are seen as aids to constructive thinking, rather than firm guidance about what to do.

Comparative case studies of more contemporary development experience have also provided useful insights into how to think about processes of developmental change, and so challenged accepted practice. Research that has been influential in shaping donor thinking includes the challenge from Dani Rodrik to the comprehensive Washington consensus agenda (Rodrik, 2003), and from Merilee Grindle to the good governance paradigm (Grindle, 2004b, 2007). The message that you don't need to get all your ducks in a row

in order to make some progress, and that growth can be stimulated by a small number of institutional and policy changes, has been a powerful one. Other research insights that have the potential to change thinking within donor agencies include the proposition from the Africa Power and Politics Programme (APPP; Booth, 2012) that it may be more useful to focus on solving collective action problems among multiple actors rather than on principal-agent relationships; and research from the Institute of Development Studies (IDS) among others into the role of informal institutions (Centre for the Future State, 2010). The APPP and IDS research is relevant for all practitioners concerned with the role of institutions in supporting developmental change, not just governance advisers. It points to being less pre-occupied with strengthening formal institutions and demand-side accountability based on OECD models, and paying more attention to existing local capacity including informal institutions that could facilitate productive bargaining and problem solving among local actors.

The "what" of good fit

At a high level of generality, research has some powerful messages for practitioners about what matters for development. So it is widely accepted that elite incentives, and in particular relationships between holders of political power and holders of economic power, are fundamental to governance and growth, and that political institutions influence economic outcomes and vice versa. But there is much less agreement about how, exactly, the key causal relationships play out, and how to translate broad propositions into credible policy guidance. There is also good evidence that sources of revenue are critical to shaping the interests of political elites, and that dependence on revenue from natural resource exports or aid often contributes to bad governance; conversely, tax relationships have historically been important in fostering government incentives to nurture economic growth, build bureaucratic capability, and become more responsive and accountable to citizens (Centre for the Future State, 2010). But how exactly these relationships might play out and affect development outcomes in today's developing countries is much less clear, although some useful ideas are emerging (Prichard, 2010).

There is also evidence from individual cases about what has worked in a particular context, sometimes providing good insights into how and why. Such studies can be useful in stimulating ideas and as a reminder to pay attention to the detail of policy change, but do not offer generalisable conclusions. By contrast, comparative case studies are starting to offer some broader ideas about things that might be important for development above the level of a particular intervention in a specific context – so-called mid-range theory. They include:

- Findings from the APPP research (Booth and Cammack, 2013) into local-level service provision identify a number of factors influencing performance outcomes across a range of countries in sub-Saharan Africa, including the damaging impact of institutional incoherence, the positive effects of top-down discipline imposed on service providers, and the scope for local-level collective action.
- A clutch of recent programmes, including APPP, Tracking Development,[6] and the Elites, Production and Poverty research programme[7] (Booth and Therkildsen, 2012), point to the importance of policies to support economic transformation through diversification and accumulation of technological capacity, and especially policies to increase the productivity of agricultural smallholders. The argument is that economic transformation brings social change and can help create the conditions for better governance (although there is no automaticity about this). All the programmes pay attention to the politics shaping incentives to adopt policy change.
- Research from The Asia Foundation advocates targeting strategic economic policy reforms that can achieve significant and sustainable impact, often through small changes to formal rules that change incentives and behaviour of key stakeholders (Faustino and Fabella, 2011). The reforms need to be both technically sound and politically feasible, a balance struck through operational methods of "development entrepreneurship" that are politically smart and locally led (see below).
- Research by the University of Birmingham and others (Batley and Harris, 2014) into the politics of service delivery offers policy makers some useful guidance on how to identify the way characteristics of different sectors (for example their visibility, their measurability and the nature of demand for them) affect both political incentives to provide services and relationships of accountability between politicians, service providers and users. Earlier research also usefully prompts policy makers to think about the way the nature of a task to be performed (for example, its specificity) affects organisational performance (Israel, 1987) and how the content of policy reform affects the ease with which it can be implemented (Grindle, 2007).
- Research into the impact of social accountability initiatives suggests that demand-side programmes based on assumptions that "information is power" have had mixed results, while broader strategies aimed at empowering coalitions of actors from both state and society may be more promising (Fox, 2014).
- Research by The Centre for the Future State (2010), picked up and elaborated by the OECD DAC (2012), highlights the way the global environment creates perverse incentives for political elites in poor countries by giving them unearned sources of income from natural

resource rents and criminal activities. This weakens their incentives to engage with citizens, build public institutions and nurture the economy. Donor governments, as major actors in international trading and financial systems, should be well placed to support reform to financial, commercial and legal arrangements that help mitigate such perverse incentives.

- More recently, Brian Levy (2014) has drawn on many of these bits and pieces of evidence – and also Elinor Ostrom's extensive research on collective action, and work by Dani Rodrik and others on the scope for identifying binding constraints to growth – to offer a more ambitious guide to "good fit". He proposes a framework that helps clarify how policy priorities might vary across different polities, with a view to identifying what action could be taken in the short run to provide a stronger platform for development in a decade's time. The framework distinguishes among countries on the basis of whether their politics are dominant or competitive, and within each of these, whether the rules of the game centre around personalised deal making or more impersonal rule of law. These different typologies give rise to different incentives and different potential trajectories of change. Levy discusses at a macro level the scope to set in motion, and sustain, virtuous circles of interaction between growth, social change and governance that provide forward momentum. At a micro-level he looks at initiatives to address binding constraints to development. The framework provides a useful first cut in thinking about politically feasible priorities in different contexts; however, as Levy warns, "no simple reform dictum can substitute for in-depth, country-specific knowledge and informed judgement".

The "how" of good fit

While evidence about the "what" of good fit is still fragmentary, a degree of consensus is emerging about the kind of approaches that might increase the chances of policy makers identifying technically sound and politically feasible ways forward. For example:

- Recognising the complexity of development challenges and the unpredictability of change processes, there is increasing agreement that successful institutional and policy reform emerges through approaches that are problem focused, iterative, adaptive and learning oriented – what Matt Andrews (2013) calls problem-driven iterative adaptation. Others have built on this, emphasising the need for such approaches to be politically informed and locally led (Booth and Unsworth, 2014; Wild et al., 2015). Brian Levy (2014) talks of incremental reforms that offer a path to progress and cumulatively can make a difference.

- There is growing emphasis on "working with the grain", in the sense that successful reforms need to be aligned with a country's political and institutional realities; and that existing institutions that are locally anchored may provide a resource on which to build (Levy, 2014; Booth and Cammack, 2013). The Local First movement (McGuinness, 2012; Pinnington, 2014) emphasises the need to look first for capacity within countries (often outside central government), and to recognise that local people need to be at the centre of defining and driving how change happens. Research into community-based organisations in Pakistan (Bano, 2012) has shown how aid funding can inadvertently erode local institutions for collective action if it fails to understand the basis for existing motivation and relationships, and is insensitively designed and implemented.
- There is also some helpful research into processes and people. The Developmental Leadership Program has highlighted the importance of change-oriented coalitions and political networks for introducing and sustaining reform (Leftwich and Wheeler, 2011). Merilee Grindle's granular research in Latin America shows how policy makers can make progress despite the odds through the exercise of strategic choices that respond to the constantly changing dynamics that arise in the course of agenda setting, design and policy implementation (Grindle, 2004b). The Asia Foundation in the Philippines has found effective ways of securing uptake for economic reforms by building tacit coalitions of "development entrepreneurs" with the freedom to work very politically, below the radar (Faustino and Fabella, 2011; Booth, 2014; Booth and Faustino, 2014).

Most people outside the aid business would see these findings about the "how" of good fit as unremarkable – they are common to most good policy making anywhere. However, politically smart, locally led, iterative problem solving is not central to most aid interventions, and implies some significant changes to donor practice. These among other issues are discussed in the next section.

5. What should donors do differently?

Research may provide only bits and pieces of evidence about alternative viable development strategies, but even this fragmentary evidence poses a clear challenge to the mainstream practices of major donor agencies.

Here are some ideas about how donors might think, act and organise differently if they took the research evidence seriously, including the proposition that politics plays a central role in development. The section is relevant to all development policy makers, but is especially addressed to

officials of donor agencies (all of them, not just governance advisers) who, as external actors accountable to their own taxpayers, face specific challenges.

Thinking differently

No-nonsense practitioners looking for firm guidance about what to do may instinctively reject this as too abstract, but thinking differently is an essential starting point for acting more effectively. In particular, thinking about political context and processes of change shapes donor language, behaviour, expectations and priorities, and so influences what they do and how they do it. Without a change in the way they think, donors risk rapidly reverting to a technocratic default position. Thinking differently would imply that donors should:

- **Think first about development processes and desired outcomes (or impact),** and only subsequently about whether aid funding could help support progressive change. Far too much donor thinking and language is still aid centric. It may be that aid funding is not needed, or could be counterproductive to achieving the desired outcome – for example, if it undermines local voluntary effort, or creates perverse incentives.
- **Think about how developmental change happens**, and what this implies for the role of donors. Research suggests that development is a political process, largely endogenous and cumulative (although influenced by changing regional and global contexts). Effective, legitimate institutions have to be locally negotiated. It follows that donors, as outsiders, can play a supportive but not a leading role in facilitating progressive change.
- **Start by understanding where a country is,** not with where you would like it to be.[8] This implies being less normative, and rigorously examining the assumptions implicit in donor language and conceptual frameworks – for example that "voice and accountability" programmes are the key to empowering poor people and enabling them to influence public policy making. A better alternative, as both research (see above) and experience suggest, might be to facilitate local coalitions for change that build on shared interests with more powerful groups, and collective action to solve local problems. Donors inevitably have their own values that inform their high-level objectives (poverty reduction, inclusive growth, achievement of social and political rights) but their specific programme interventions need to take account of how change actually happens. This may involve uncomfortable compromises, while indirect, longer-term strategies may work better than short-term advocacy.

- **Be less prescriptive** (this is related to the previous point). For example, findings from both the IDS and Levy research point to being more open minded about unorthodox pathways to change, including the scope for informal institutions and personalised relationships to underpin episodes of economic growth. Being too prescriptive in the way they frame a problem can leave donors with an overly narrow or politically unfeasible range of options, and can constrain understanding about what is really going on (Wild and Harris, 2012). It is also critical to bear in mind that interventions that have worked well in one context may not work, or may work differently, in a different context.
- **Avoid the temptation to oversimplify**. This has been a major stumbling block for donors in moving from analysis to action. The first step is to come to terms with the messy reality revealed by analysis, and accept that developmental challenges are complex and processes of change unpredictable. Multiple theories of change that are interrogated and amended as new evidence comes to light may be more useful than a single narrative. Typologies such as those offered by Levy (2014) can help, provided they are seen as a guide to thinking, not a substitute for more country-specific investigation.
- **Pay attention to the timescales required** for different kinds of change: for example, social norms and beliefs can take generations to change, and institutions can be path-dependent and "sticky". However, as the Philippines examples referred to above demonstrate, specific policy change can sometimes be negotiated within a few years (albeit often building on earlier initiatives), with significant impact. Thinking about realistic timescales for different kinds of change is often neglected in formulating theories of change, but is central to making good judgements about when to persist and when to change course (see below).
- **Pay attention to ideas, not just to interests.** Political economy analysis usefully draws attention to the material interests of political and business elites, and the way these can constrain reform. But ideas, ideology, values, status and reputation can also be strong motivators. This is why donor language, and the way they frame development problems, matter.

Acting differently

The history of the aid business is littered with initiatives suggesting that donors should do different things, or do them differently. The critical thing about the recommendations that follow is that they are rooted in a more

politically informed way of thinking about development, not in changing donor fashions. Thinking politically implies that donors should:

- **Invest in high-quality, ongoing political economy analysis**, linked to other analysis (social, conflict, gender, growth) as appropriate. Such analysis can be done in different ways, employing outside consultants or relying on in-house efforts, and using formal analytical frameworks or more implicit knowledge. The most important thing is to ensure that analysis is not a one-off exercise but becomes integral to decision making across all sectors (not just governance programmes), and is constantly refreshed.
- **Act on "local first".** This means focusing on issues with local salience, as perceived by local actors, searching for local capacity before offering outside help and facilitating local leadership. It implies a significant shift in role for donors and in power relations with their "partners".
- **Invest time and effort in building relationships** with a broad range of stakeholders: this is crucial to understanding their interests and incentives, spotting opportunities to build on common interests, and creating trust. Donors can invest in building relationships directly and also indirectly, by facilitating the creation of coalitions of different interest groups and constructive bargaining between them.
- **Being politically informed may imply doing different things**. At the level of formulating country strategies, this could mean taking more account of fundamental issues revealed by political analysis – for example an unstable political settlement, dependence on natural resources as a source of revenue, or specific historical legacies. There may be little that donors can do directly to address such issues but they will shape the nature of the state and political system, and can impose systemic constraints that affect the political feasibility of tackling a host of secondary issues and problems. When considering sector-level programming, being politically informed may highlight the significance for political development of issues often considered from a more technical angle, and suggest giving them greater priority: examples include recognising the links between broadly based economic growth (including smallholder agriculture) and governance, or taxation and statebuilding, or global financial regulation and country-level incentives for development. Even where such sector choices are constrained by legislative earmarking or donors' corporate level objectives; better understanding of what is politically feasible should shape choices at the level of individual programmes about the content and ambition of desired reform.[9]

- **Being politically informed means doing things differently**. As noted above, there has been a recent flood of publications, all advocating the need for donor interventions to be problem driven, iterative, adaptive, flexible and entrepreneurial in searching for solutions to complex development problems. They offer sound practical advice that does not need repeating here, except for a caution that such approaches risk becoming formulaic unless they are also politically informed and locally led.[10] Being problem driven will in turn affect what donors do – for example, focusing on removing context-specific constraints to progress rather than on comprehensive reform.
- **Make longer-term commitments.** The length of donor commitments to fund project or programme interventions is often not well matched to the timescales required for change. Longer-term commitments can allow for experimentation and adaptation, and make it worthwhile for local leaders to invest time, effort and reputation. Moreover, it takes time for outsiders to build in-depth knowledge and networks of relationships, so there is value in continued donor engagement in a locality and sector of activity. Of course experimentation implies a willingness to disengage when a particular course of action proves unproductive, and programmes can be designed to link the release of funds to satisfactory monitoring and review outcomes. But in the past donors have been too inclined to chop and change country and sector priorities in response to changing fashions within the aid business. Good analysis and long-term relationships coupled with good monitoring and evaluation should help them make better judgements about when to persist, and when to change course.
- **Pay more attention to monitoring, evaluation and learning.** There has been justifiable criticism of donor preoccupation in recent years with achieving short-term results that are pre-specified in project documentation. Interventions that are more iterative, adaptive and locally led require the development of new approaches that capture intermediate processes of change as well as tangible results, and that support ongoing learning by a range of different stakeholders. Good political analysis is crucial to developing plausible hypotheses for change to underpin more flexible monitoring frameworks, allowing implementers and funders to track incremental progress and outcomes and to change course as necessary, without the constraint of over-specified outcomes and timetables set before the process has begun. These approaches are still emerging, in ad hoc ways:[11] donor agencies could usefully invest in developing and supporting them.

Organising differently

Efforts to think politically and work differently are being led by individuals within donor agencies and the research community, but a more supportive bureaucratic environment is needed for such approaches to become mainstream. Donor agencies should:

- **Recruit high quality staff, trust them and keep them in post longer.** Make it clear through recruitment, promotion and management arrangements that country knowledge is valued as much as technical skills. This could imply giving a more prominent role to locally engaged staff, who offer continuity as well as country knowledge.
- **Create a culture of critical self-reflection.** Thinking and working politically requires a change in the culture of how aid agencies function, where critical self-reflection is encouraged. This can work, even in the most apolitical organisations, if managers set the tone and signal to staff that politically informed critique of current programme strategies is important for quality and impact. Regular internal discussions, with external resource people invited as appropriate, can help to keep teams engaged on the changing political dynamics, and the implications for programmes.
- **Facilitate multidisciplinary working.** The social, economic and political aspects of development are all interconnected, and political processes are central to all aid-funded interventions. Multidisciplinary working is essential to enable staff from different professional backgrounds to see the interconnections between different aspects of development, and to counter the ideological biases that are otherwise nurtured within individual professional groups. Stand-alone governance projects, for example, should be a thing of the past.
- **Remove bureaucratic obstacles** to adopting problem-driven, iterative, adaptive ways of working, and politically smart, locally led approaches. This means revising procedural guidance (business cases, logical frameworks, monitoring and evaluation processes, financial procedures), but also making it clear that quality of outcomes is more important than meeting spending targets.
- **Connect development policy with the broader global environment** that shapes development outcomes. Governments and business actors in the main aid-giving countries are complicit in practices that create perverse incentives for political and economic elites in poorer countries; conversely, they have power to change global trade and regulatory frameworks, and influence global action – for example, on climate change. Bilateral donors need to make the links between their government's development, trade, environment, financial,

diplomatic and security activities, and highlight the implications for development.

- **Initiate a more honest public debate about development** and the contribution that aid can make to it. Much of the urge to oversimplify the challenges and to exaggerate the influence of aid donors is directed at taxpayers in aid-giving countries, with perverse effects on donor practice. Evidence (for example, Glennie, 2012) suggests that voters might be more open to an honest narrative that acknowledges the size and complexity of the challenge than politicians often allow.

6. Politically smart, locally led approaches

The above may look like a very ambitious agenda, and the prospects for uptake slim. But recent publications, for example by the World Bank (Fritz et al., 2014), The Asia Foundation and the Overseas Development Institute (ODI) (Faustino and Booth, 2014) show that donors can work in ways that are iterative, adaptive, problem driven, and that respond to local political realities. For example, Booth and Unsworth (2014) present seven cases in which donors achieved better outcomes by adopting approaches that were politically smart, and locally led. All the interventions produced tangible, short-to-medium term results, with prospects of sustaining benefits and generating secondary effects, because they made changes to formal or informal institutions and relationships that had a positive influence on incentives and capacity for collective action.

All the cases involved iterative problem solving and stepwise learning, with local actors in the lead. Changes in donor behaviour that contributed to successful outcomes included an excellent understanding of context, intensive investment in building relationships around common interests (not primarily around aid), long-term commitment and continuity of staffing, flexible funding arrangements that were not driven by external spending targets, strategic use of aid to support needs as they emerged, and a willingness to trust local partners to take the lead. In some of the cases donors and/or their partners undertook formal social and political economy analysis; but in others they relied on staff (international and local) who had a very good understanding of political dynamics in a particular country or sector as a result of personal experience and professional background. All the main actors showed remarkable persistence in pursuing project and programme objectives over an extended period of time.

7. Conclusion

These individual cases are powerful because the findings are well aligned with the wider research literature, and because they show that donors can work successfully in ways that are politically smart and locally led. But while conversations within the main aid agencies reflect a growing recognition that politics matters, the bureaucratic environment is often less supportive of such approaches than it was 5 to 10 years ago. Booth and Unsworth show how a preoccupation with meeting spending targets, a focus on short-term results over-specified in advance, a curb on administrative costs, and reductions in staff with in-depth field experience all undermine politically smart, locally led ways of working. Removing these obvious impediments – many of relatively recent origin – would increase the chances of committed, innovative individuals identifying good fit approaches, and finding the bureaucratic space to pursue them.

But achieving a significant change in mainstream practice would be much more challenging, and requires a sea change in the way donor agencies think about development and their role in promoting it. Without this the risk is that political economy analysis will continue to be under-resourced, that attempts to bolt it on to conventional project interventions will fail, that iterative approaches will neglect political context and become another set of discarded donor "tools", and that the whole endeavour to promote more politically savvy approaches to aid will become discredited.

What are the chances of a sea change? The political economy of donor agencies suggests they are not high. However, there are several reasons for taking a more optimistic view. One is the rapidly shifting global landscape, as aid dependency plummets and with it the leverage traditionally exercised by aid donors. A second is the greater priority being given to working in fragile and conflict-affected countries, where the risk of doing harm by failing to understand the impact of aid on local institutions and political processes is increasingly acknowledged. A third is that a reassessment of the role of donors would point to things that outsiders are well placed to do, including taking action at a global level to reduce the impact of so-called international drivers of bad governance; playing a catalytic role in bringing together different interest groups within a country and across a region; and providing access to outside expertise and experience which can be valuable provided it is offered in the context of locally led interventions.

It remains to be seen whether these incentives are sufficient to drive a fundamental change in donor thinking and behaviour. But international aid is at a crossroads, and donor agencies risk becoming further marginalised unless they can adapt.

Notes

1. Where a more open-minded approach has been taken, PEA can provide telling insights: for example, use of country-level strategic governance and corruption analysis led one Dutch embassy to realise that their circles of interest were much wider than their circles of influence, and that their country strategy needed to focus much more narrowly on the area of overlap between the interests of country "partners" and their own.
2. "All the activities of conflict, co-operation and negotiation involved in the use, production and distribution of resources, whether material or ideal, whether at local, national or international level, or whether in the private or public domains".
3. For example Bates (2001), North, Wallis and Weingast (2009), Fukuyama (2011, 2014) and, to some extent, Acemoglu and Robinson (2012). There is also useful research into historical legacies of colonialism, e.g. Lange (2009) and Englebert (2000).
4. For example, North et al. (2009) describe a fundamental change of political logic from rent creation through privileges, to rent erosion from competition.
5. "Natural states" are essentially non-OECD states, where personal relationships form the basis of social and political organisation, rather than impersonal rights. North et al. make the point that OECD states are historically the exception: natural states have been the norm throughout most of human history.
6. The Tracking Development project led by the Royal Netherlands Institute of Southeast Asian and Caribbean Studies and the African Studies Centre of the University of Leiden, www.institutions-africa.org/trackingdevelopment_archived/index.html.
7. The Elites, Production and Poverty research programme co-ordinated by the Danish Institute of International Studies, Copenhagen, http://subweb.diis.dk/sw79386.asp.
8. For example, North et al. (2009) suggest that donors should focus on how to make progress within "natural states", rather than on how to support a transition from limited to open access orders; Levy (2014) suggests the question: "given the way things are, what is to be done?".
9. See for example Grindle (2007) on the need to navigate between context, content and process; and Booth and Faustino (2014).
10. For example process projects, fashionable in the 1980s, recognised the need for approaches that were incremental and adaptive, but many were donor driven and not informed by a good understanding of wider political context, with the result that efforts were often not well directed, and benefits were not sustainable. Monitoring of outputs and outcomes was often weak.
11. See for example the record of a meeting organised by the IDL Group and The Policy Practice in December 2014, at http://thepolicypractice.com/wp-content/uploads/2015/03/Monitoring-and-learning-in-politically-smart-and-adaptive-programmes.pdf.

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Mind the gaps: What's missing in political economy analysis and why it matters

David Hudson and Heather Marquette[1]

Why, despite over a decade of sustained and high quality political economy analysis, does it seem that we aren't getting any closer to politically informed programming being the norm rather than the (notable) exception? Most donor staff, regardless of sector or specialism, seem to accept the importance of thinking and working politically, with some buy-in at the top (though this may be limited, in reality, to the small "p" of delivering aid projects rather than the big "P" of understanding and working with power relationships and structures). A flurry of political economy analysis (PEA) tools over the last ten years has been backed by interesting and engaging PEA training. Yet uptake and impact – both achieving *and* demonstrating impact – are proving challenging. In this article we argue that there are four key reasons, or gaps, that undercut the practical impact of PEA; in ascending order of importance they are: 1) conceptual, 2) operational, 3) evidential, and 4) organisational.

First, there are serious conceptual gaps *within* PEA tools and studies. More specifically, most PEA tools seriously underplay the role of ideas and the complexity of power. In our view this is the least important of the four gaps in explaining the limited impact of politically informed programming, but it is worth noting, and we'll explain why.

Second, there is a gap between PEA and frontline working, programming and implementing. For too many staff PEA is something that is done by outside specialists and exists in long and detailed analytical documents; it is not a living and breathing process woven into everyday practice. Analysis is rarely linked into strategy and is not always aimed at the right level.

Third, despite lots and lots of evidence that ignoring politics can be disastrous for aid effectiveness, if we're really honest, we don't have a very good evidence *base* for what works, when and why. This matters for good programme design as much as anything else. Understanding *how* and which bits of thinking and working politically are necessary and sufficient

conditions for success is crucial. Is it design, analysis, reporting requirements, the theory of change, how programmes are staffed or trained, the enabling environment, time frames, size, resources, a particular mindset, high level support, cover or leadership and so on? We have some pointers, but no systematic tests of these.

Fourth, there is a gap between individuals' desires to design and implement politically informed programmes and the support and opportunities that their organisation provides. Conflicting institutional logic such as the imperative to spend, organisational silos, the results-based agenda, political and taxpayer intolerance of failure, and so forth, make it extremely difficult to do development differently in any straightforward sense. We need to take these organisational challenges more seriously and not simply exhort colleagues to work politically. This last challenge is the most serious but, if we can get around it, represents a seriously big win for a "thinking and working politically" agenda.

1. Conceptual gaps: the idea of politics and the politics of ideas

Most PEA is commissioned as an add-on activity, and there's little evidence that it's changing the way staff think. This is a shame, because when PEA was first conceived it was seen much more as a process whereby staff learned a new way to think about the ways in which politics affected their work (or how their work affected local politics) (Bjuremalm, 2006; Fisher and Marquette, 2014. It was intended as a "revolution", a reversal of the increasingly naive, apolitical approach to development programming that started with the ascendancy of economics in the early 1980s (Carothers and de Gramont, 2013; Marquette, 2003).

PEA involves plenty of economics, but not much in the way of politics. Ben Fine has argued that economics "has long sought to colonise the other social sciences on the basis of its method by universalising what Gary Becker and his followers call 'the economic approach' to any area of non-economic life" (Fine, 1999). PEA itself has become increasingly apolitical, choosing to work with the language of economics more than the language of politics. Hudson and Leftwich (2014) find that most PEA relies too much on economic assumptions and is really the "economics of politics", not political economy at all. Of course there is a politics to this, given that economists tend to be the most respected and influential cadres in most development agencies. Nevertheless, there are consequences to adopting the language of economics. Economistic PEA overlooks the real political action – the negotiations, deals, coalition building, battles over ideas and the operation of power.

For example, the focus on incentives is useful, but only up to a point. PEA tends to view incentives such as wealth and power as universal motivators, whereas in fact multiple incentives and the formal and informal "rules of the game" overlap. This means that if we change the incentives, we're unlikely

to get uniform or predictable results. Individuals do not bend simultaneously and uniformly like reeds in the water when the wind changes direction (Hudson and Leftwich, 2014).

PEA tends to make tidy analytical distinctions between interests, incentives and institutions. In real life it's far more complex. When a politician seeks election is it because it's in their interest? Or is there is an *incentive* to stand for election because of the opportunities once in political office to increase a politician's *interests* of wealth and power? These are questions of political analysis, the type of question that PEA frequently misses.

Politics is the battle of ideas, but ideas are often missing from PEA. Ideas include collectively held beliefs that shape the social world, such as religion or political ideologies. They can be normative ideas about what is right and wrong – such as opinions on same-sex marriage – or beliefs about how the world works. Ideas are more than "informal institutions" such as norms, beliefs and values. They matter to formal institutions, such as constitutions. To relegate ideas to the "soft" end of politics would be a mistake. Joseph Stalin – hardly someone to adopt academic affectations – understood this well when he said: "Ideas are more powerful than guns. We would not let our enemies have guns, why should we let them have ideas?" Paying attention to ideas is part and parcel of being a political realist. Taking ideas more seriously also helps to explain why actors often act against their own obvious economic self-interest. Actors are not always driven by greed, and they are not "actors". They are *people*, with all the messy complexity that implies.

Crucially, ideas motivate and guide interests. They shape how problems are understood, and underpin legitimate forms of rule and systems of accountability. Ideas help form coalitions around a collective interest. They can help frame interests and incentives to bring about transformative change. Ideas are contested – even ones that are considered to be doctrine. For example, in the struggle to pass the Reproductive Health Law in the Philippines that made contraception more widely available, 159 prominent Catholic academics spoke out in its favour. They argued that a true Catholic, part of the Church of the Poor, would support any bill designed to alleviate the suffering and poverty of women and children (Ateneo Professors, 2008).

Political leaders are often driven by their experience and their ideas. Ghana's Kwame Nkrumah was strongly influenced by Pan-Africanist ideas, Tanzania's Julius Nyerere by a belief in what he called *ujamaa* ("unity" or "familyhood"), Senegal's Léopold Senghor by "African socialism" and Singapore's Lee Kuan Yew by a mix of social-democratic beliefs and "soft authoritarianism" that is often summed up as "Asian values". The same goes for all individuals and organisations at all levels of politics (Hudson and Leftwich, 2014). Understanding elite attitudes towards poverty in Malawi can help to explain why there's little support for cash transfers, despite clear

evidence that they are effective in alleviating poverty. Future cash transfer programmes that take this into account could lead to better buy-in and more sustainable programmes by linking cash transfers to concepts Malawi's elite do approve of, such as public works programmes or education (Kalebe-Nyamongo and Marquette, 2014).

And – very practically – understanding what motivates people opens up political opportunities to work politically. It widens the spectrum of what's politically possible. In Jordan, for example, a coalition that successfully campaigned for a new law against domestic violence framed the issue as protecting the whole family. To reduce political opposition, the campaign did not focus on women's rights, but argued that the new law would also protect children and the elderly (Tadros, 2011: pp. 22-23). Seeing what is politically *possible* – not just feasible – makes the opportunities to work politically more visible. And, we hope, makes politics less scary and more recognisable.

This isn't just an academic discussion about language, discourse etc.; it's about an ongoing fear of politics in development agencies and a fear of not being seen as relevant to economists who continue to dominate many development agencies (though not all). Talking about "political *economy* analysis" rather than "political analysis" matters, just as trying to find another way to say "thinking and working politically" does. Hiding politics behind apolitical language, and taking politics out of PEA, means we'll never get to grips with politics. So much for the revolution.

In our ideal world, we would stop talking about PEA, which is in many ways an increasingly discredited "brand", and we would talk instead about *political analysis* (Hudson and Leftwich, 2014). There are many, many ways to think about politics beyond the current framing of PEA. This may end up with a messier analytical landscape, but messy isn't necessarily a bad thing. It could open up more space for country specialisms and local knowledge, framed the way local actors want to frame analysis, not the way that PEA specialists believe it should be framed. Local voices drawing on feminist theory or Marxist theory or behaviouralist theory, or whichever theories for political analysis help them to understand their world and explain it to external actors, not the other way around. Now *that* would be revolutionary.

2. Operational gaps: the frontline challenge of thinking politically

The next gap is one of practicality. There is too wide a gap between the analysis PEA produces and frontline working. Can we include politics, power and ideas in PEA without creating ever-more complex frameworks that are too time-consuming to be useful? How can we get political analysis into our strategies? Do we even have strategies for thinking and working politically?

Most PEA frameworks and training are written by governance people for governance people. They often lack a language that non-governance staff can relate to (What are "institutions"? How about "open access orders"? "PDIA", anyone?). Sometimes the same words are used to describe very different things. We have found this with our research on higher education and developmental leadership. "Institutions", to higher education specialists, mean higher education institutions, such as universities and colleges. So when we collaborate on research, we – the governance/politics specialists – need to find different language to explain what we mean (and not the other way around).

More fundamentally, donor staff are pressed for time, and PEA frameworks are often complex. This has led to a heavy reliance on external consultants – who may have helped design those complicated frameworks in the first place (Fisher and Marquette, 2014). Training courses sensitise staff, but don't necessarily create the incentives, time or skills to do political analysis in-house. After all, we have seen plenty of governance specialists who know the language but don't really "think politically".

As Duncan and Williams (2012) point out, PEA has often become a "dismal science of constraints". PEA studies tend to focus on risks and the limited scope for donor engagement rather than on possibilities. That's not helpful for staff who want to minimise risk and spend funds,[2] and, it has to be said, this can create incentives for consultants to "massage" findings into something more appealing. This could be damaging, particularly where staff depend on PEA consultants as "translators" of what local people really want. None of this is likely to bring about behavioural change among donor staff. "Thinking politically" needs to be internalised to be effective, and reliance on consultants is hardly "flexible" or "adaptive".

Having said this, there will always be the need for "big" political analysis: when a new country director or manager comes in and needs to understand the lie of the land, when a country strategy needs to be drawn up or when there's a change of government or outbreak of violence or some other critical juncture. And there's likely to always be need for some sort of "problem-driven" political analysis, when projects and programmes hit a wall, and staff know that there may be a political issue at play that they don't quite understand. But what about the everyday working – checking the political temperature, so to speak? Something that can be done by anyone, at their desk or in conversations with partners and colleagues. We are missing a frontline, everyday political analysis tool that sets out a small number of questions in a way that drops governance jargon of interests, incentives, institutions and so forth. The sorts of relatively straightforward questions that try to cut to the heart of what politics means and how it can affect development programmes at the micro-, as well as the meso- and

macro-levels. We are working on an Everyday Political Analysis (EPA) tool that we hope fills this gap, but would welcome efforts to do this from others.

Of course, there's a risk that even an "everyday" political analysis tool could become yet another tick-box exercise, as PEA has all too often become. Craig Valters has written about theories of change (ToC) recently, finding that ToC approaches can create space for critical reflection and learning, but that this can also be "an illusory process" (Valters, 2014: p. 18). We have all seen theories of change that are clearly based on fantasy, a box-ticking exercise to secure funding rather than an exercise grounded in solid analysis, learning and communication. Valters quotes a participant in a ToC workshop as saying, "Like any tool, Theories of Change can be good or bad, useful or not; it needs to be used critically" (Valters, 2014: p. 15).

The same goes for political analysis at any level. Political analysis should be about interpreting and understanding the political context of that country/region/municipality, but it should be a *critical process*. In many fragile contexts, in particular, a great deal of informal everyday political analysis already goes on, because formal PEA studies are time-consuming and costly. But how much of this "analysis" is based on a systematic process of validation and learning? How much of it goes through an internal challenge function and feeds into learning strategies? Whatever level we're talking about, seeing political analysis as a process whereby programme actors are given space to debate and challenge interpretations of what's going on on the ground, is vital. This should, in the end, make programming easier and more effective, and it should lead to a change in learning culture and to better strategies.

At the end of the day, political analysis needs to feed into strategy in order to be worthwhile. This could be high-level strategy, such as 5-year country strategies, but it could also be "low-level" strategy. A theory of change with realistic and well-informed assumptions. An approach to monitoring and evaluation that allows for adaptation and learning. A strategy, after all, is just a fancy way of saying, "we have an action plan". We know what the overall aims and goals are, and we have a plan for achieving that. The strategy should be flexible and adaptive, and a good process of political analysis, at the right level, should be a fundamental input in the development of realistic and achievable plans. The opportunities for strategy formulation and adjustment may, in reality, be quite rare, and programme managers will often inherit strategies from their predecessors or a design team, and so may have limited opportunities for massive adjustment. But a regularised process of critical reflection through political analysis could provide a way to (re)shape strategies and even, if necessary, shame poorly designed projects.[3] Getting this right is where its greatest (untapped) potential lies.

3. Evidential gaps: do we know if PEA really works?

Is most PEA robust enough to justify the way it's used? Does it lead to improved results? Does it create its own unintended consequences? We just don't know. Common sense tells us that high-quality, relevant, useful political analysis *must* be essential for getting better results from our aid, but we don't yet have proof. No wonder uptake is difficult; we've not yet proven the case.

What we do have are a few interesting compilations of cases where PEA has been used to good effect – see the excellent collections from Verena Fritz and colleagues (2014) and David Booth and Sue Unsworth's eloquent paper on "politically smart, locally led" aid (2014). There are widely cited cases where political analysis has been at the heart of a politically informed programme design – such as the Coalitions for Change programme funded by the Australian Aid Program and the United States Agency for International Development (USAID) in the Philippines or the State, Accountability and Voice Initiative (SAVI) funded by the Department for International Development (DFID) in Nigeria (Sidel, 2014; Booth, 2014; Derbyshire and Mwamba, 2013). These are great efforts that make for very interesting reading, but selective, single country case studies written up by programme actors themselves don't constitute an evidence base. There have been no independent large evaluations of PEA itself, either within donor agencies or across them.

We *need* an evidence base. Proponents of working politically, doing development differently and so on call on donors to dramatically change the way they work: end the imperative to spend, get rid of log frames, work more flexibly and adaptively (even if it means not having a measurable – and thus, accountable – plan). But these are "big P" political challenges that are extremely unlikely to change, certainly not without the sort of compelling evidence base that could convince heads of development agencies, and in the case of bilaterals, their parliaments and their public, to exclude aid agencies from the rules that govern the rest of the civil service. Those of us in this thinking and working politically "space" make a lot of claims and demand a lot of changes without knowing for sure that we're right, or even that we're right *in the right way*.

We need a systematic comparative analysis of PEA and different kinds of politically informed programmes, where the case selection is clearly specified and justified. There needs to be variation in outcomes from success to failure. We won't learn much (or convince many) by just cherry picking successful cases. We need a rigorous evidence base, rather than self-referential narrative case studies. For sure, stories, anecdotes and vignettes convince some people and even key people at key times; they are compelling, relatable and, above all, memorable. We need these stories, but they are worthless without a solid evidence base behind them.[4] There are many possible ways to do this, of

course, including as a minimal first step, expecting case studies – whether written up by project/programme actors or others – to discuss their case-selection criteria, to make clear their approach to analysis and to be honest about limitations and any caveats that their study raises.

And finally, we need to understand the *mechanisms* better. What is it about a particular programme that makes it successful? Disaggregating such processes requires either in-depth longitudinal or comparative analysis, or both in order to rule different factors in or out. Most likely we will find that it is different combinations of factors that matter, and so if one ingredient is missing overall effectiveness is undercut. Moreover, it is likely that certain ingredients only work in a particular environment – whether that is because of cultural norms, power structures or the viability of the state – and so what works here, doesn't necessarily work there (Cartwright, 2012). Too narrow an evidence base will miss these different combinations and variations in success and failure. This is *not* just about convincing others about the importance of thinking and working politically, it is about us being able to design and implement politically informed programmes more successfully.

Measuring politics and governance is hard. When it comes to the types of activities and progress that are aimed at (politically) transformative change, these aren't easily monitored or evaluated. It's not simply a case of counting the number of people inoculated, or girls attending school, or embankments and sluice gates built. Building coalitions, successful advocacy, civic strengthening, winning hearts and minds, power, and legitimacy are all difficult to quantify, as with any fluid and social things.

A further problem is that alternative institutional measures – that track more formal governance changes – are very slow-moving and long-term processes. There will very rarely be any meaningful change in a three or five-year period (Fukuyama, 2011). For example, the World Bank's Worldwide Governance Indicators (WGIs) time-series data shows a relatively static picture since 1996 with the global averages showing no clear pattern of systematic improvements or declines (Kaufmann et al., 2010). Typically, the most that can be seen is that over a decade or so around 8% of countries show a significant improvement or decline.

But not all "politically informed programmes" will be about this sort of transformative change. Some will be much more typical aid programmes, just done in a way that is more politically savvy and well informed. A colleague in the Thinking and Working Politically Community of Practice has talked about this in terms of a spectrum:[5] at one end there is the "evolutionary uptake" where traditional, often large, programmes remain chiefly technical, but are informed by analysis in order to lead to greater political awareness. At the other end, where there is "revolutionary uptake", reform coalitions are mobilised and programmes use highly flexible models

in order to respond to political opportunities where they arise in order to bring about largely political and social change. Different aims, different programme designs and different political analysis needs; our conversations about political analysis need to better reflect these, and our evidence base needs to help us to do this with more credibility at whichever end of the spectrum we're talking about.

4. Operational gaps: getting real about the things we can do something about

We all talk about how the bureaucratic procedures within aid agencies – be they donors or non-governmental organisations (NGOs) – need to change and how these limit the effectiveness and uptake of PEA. There's already excellent research on this (e.g. Carothers and de Gramont, 2013; Yanguas and Hulme, 2014; Hout, 2012). Staff face organisational incentives and barriers that affect their ability and willingness to engage meaningfully with political analysis. Their careers are made or broken on their track record of spending money, often regardless of whether or not outcomes have been achieved, whether they like it or not. They are already pushed to their limits in terms of time pressures (as in any industry nowadays) and can rarely work with analysis in anything other than a shallow way. In an era of austerity and tightening budgets for donors and charities alike, they're unlikely to get more staff to relieve this pressure. They're already under pressure to spend money/raise money, get value for money, be more open and transparent and so on, not all of which makes uptake of PEA any easier.

At a recent World Bank event in London, staff from different development agencies admitted that the best, most useful political analysis they've used has been informal rather than formal: conversations with taxi drivers, opposition politicians, journalists, their peers in country. They don't (or can't) write this down, though, and it gets incorporated into country strategies only in annexes, if at all. It stays in their heads and moves on with them when they inevitably move to a different country. In a current study that the Governance and Social Development Resource Centre (GSDRC) and the Developmental Leadership Program (DLP) are undertaking for a donor on the use of evidence in programming on political settlements in fragile environments, the most useful source of information for programming actors working in very difficult environments seems to be very short reports, mainly by email, from local analysts. "Informal political analysis" may be the living, breathing manifestation of truly thinking and working politically, but in an era where there are few country specialists and no one sticks around in one place for more than two or three years, it makes it very hard to not keep reinventing the wheel. It also makes validation of material difficult and doesn't necessarily feed into internal processes or strategy, particularly if there's no structure in place to manage the analysis coming in.

Donor procedures make "working politically" difficult, thanks to inflexible ways of working (Andrews, 2013). Log frames are believed to lock in projects and programmes at an early stage in the process, regardless of what may happen politically speaking along the way (Powers, 2014). We often talk about how "mavericks" are able to think and work politically by ignoring official ways of working or finding ways around the system. If they can't do this, then they can work with local "development entrepreneurs" who can do the flexible, adaptive work for them (Faustino, 2012).

But we can't always programme around mavericks, who are the exception and not the norm, and not everyone can or should be an "entrepreneur". Thinking and working politically can mean designing development programmes that are politically radical and perpetually fluid, but it doesn't have to be. At its heart, it's about programming that is sensibly designed.

Imagine now we have better political analysis that covers all the levels it needs to and feeds into strategy, we're incorporating it better in frontline activities, and we have an evidence base that proves it's important. Will this change development agencies' working practices? Most aid projects and programmes still aren't designed in a way that puts politics at the forefront. We seem to be stuck at what Carothers and de Gramont call the "almost revolution". This is not about having the tools or commitment to work politically, but rather it's about making the ways we work fit for purpose. To be able to think and work politically, we need to be able to strategise, to build relationships and to risk experimenting with more flexible and adaptive politically-informed approaches. Sadly, staff rarely have tangible incentives, resources or the support to change the way they work.

But this may not be about the levels that we've already talked about: getting rid of incentives to spend, changing the norm of three-year postings and so on. Even with the best evidence base in the world, changing these involves making a case to treat development agencies differently to any other government department, to take their staff out of civil service structures, and – let's be honest – to make them less politically accountable to their parliaments and the public. Let's be honest again – this is *never* going to happen. It could happen in philanthropic organisations, could possibly happen at the World Bank, and it could happen in NGOs, but it is almost certainly not going to happen for bilateral agencies. We need to be much more realistic about this.

However, there are things that we *can* change that will probably make a big difference that come to light when we stop looking only at the "big P" bureaucratic blockages. Everyday working practices in donor agencies need to change in order to really think and work politically, and many of these are fairly straightforward. It's about seeing the possible in existing bureaucratic arrangements; after all, even log frames have plenty of room for manoeuvre depending on how they are designed.

There are countless small, but serious, everyday barriers to thinking and working politically and designing more politically informed programming. For example, if a "politically informed" health programme is to be put in place it could fruitfully be done by joining up health and governance teams in order to co-design the programme, provided of course that each team includes (senior) staff who "get it". This is more challenging than it sounds though, but not for the reasons we often read about in the literature. Instead it's because aligning schedules between the health and governance teams can take weeks, as different teams will tend to operate on different timetables; the language and assumptions that inform different teams need to be made explicit to move towards a shared understanding of the issue and this takes time; different teams or units have their own (multiple) objectives and interests, and these need to be brokered (Lancaster, 2007; Allison, 1971).[6] To collaborate effectively we need to take on board how development agency staff actually work.

These sound like superficially mundane issues, but they're not. Joining up policy and implementation is an administrative not an analytical barrier (Ling, 2002). These aren't just pesky bits of sand in the wheels; they are boulders. They fundamentally arise because of the way that development agencies are set up, but the solution is not to throw away the rulebook or tear down silo (and indeed specialist!) walls willy-nilly. Instead it points to the need to think about who can act as internal brokers, the people within the organisation who are willing and able to bring different teams together. People in different teams who are interested in, and committed to, working differently; who can see the internal room for manoeuvre; who have the seniority and the reputation that allows them space to innovate and to carry the rest of the team along, sceptics and all; and who are interested in collaboration outside their own team, even if it means sharing both the glory of success and the pain of failure.

We recently spoke to one country team in Asia doing some exciting work on bringing politics into sector programming. They have a relatively new (but very experienced) team leader who has worked to create a coherent strategy across the entire sector programme. Team members explained that this brought all programme leads together on a regular basis, rather than them all managing discrete and disparate programmes. This created both the space and the opportunity to think and work politically, and it made political challenges (and opportunities) more visible. A relatively small change paying out potentially huge dividends, even before we take "thinking and working politically" into account. It's not just good aid practice; it's good *business* practice.

Senior management in country offices could free up time in their weekly or biweekly meetings to discuss issues emerging from political analysis. Governance staff could be embedded in sector teams – and vice versa, building

relationships, sharing challenges and expertise. Co-design of programmes could be incentivised. It is a mistake to overlook these issues in favour of the "big P" issues. Making such changes needs high-level support and leadership, but only at the country office level, not at the prime minister level. Worth a try first? Would these things help to make the "big P" challenges less challenging? If we can get sector teams thinking more strategically, creating space for conversations, questioning, innovation, relationship building and support, maybe when teams need to get money out the door, or individuals move on after a couple of years, the costs won't be as high.

5. Conclusions: organising the "revolution"?

PEA has often been about trying to fit staff into the tools that we design, as opposed to designing tools that fit the way staff actually work. Imagine staff are politically savvy. Imagine they have a deep understanding of the contexts in which they work. Imagine they know what an "institution" is. Imagine they love being flexible and adaptive and don't enjoy a clear roadmap and rules. Imagine they have the freedom to learn from failure and that this failure won't end up splashed all over the media or in being asked tricky questions by parliament. PEA needs to fit the way staff *actually* work, not the way analysts would love them to work. The thinking and working politically "agenda" needs to start from where we are, not an imaginary world where we all have a can opener.[7] Getting discussions closer to the ground – to practitioners and local actors – may help here, though this isn't a panacea. These folks need to buy in to the need for "thinking and working politically" too.

Our overall message is that it is everyday, practical issues that make uptake of PEA/political analysis and the overarching "thinking and working politically" agenda difficult. While no one explicitly argues that getting the analysis right is a silver bullet, until we are clear that getting it right is but one among a whole series of necessary steps to improve development outcomes, we will be encumbered by an implicit silver bullet-ism. However, this is not a counsel of despair nor an argument against better and more political analysis leading to more politically informed programming. On the contrary, we think that serious, committed and careful political analysis is a must. At the same time let's get serious about what it can do, if done well, but also what it can't and won't change. And we need the evidence base to prove this.

In our ideal world, in ten years' time it would be great if we could not get away with designing programmes without having a politics lens, just as ignoring poverty, welfare, environmental sustainability or gender is not ok now. It's important to remember that these were all battles in the past that were eventually won. As long as we keep the politics in PEA, it is possible to win this battle too, but only if we're more realistic about the end goal and how to achieve it.

How can we start prioritising in order to take this agenda forward? We suggest:

1. Conceptual:
    - Stop trying to fit "politics" into one analytical framework/approach. There are lots of ways to analyse politics beyond institutionalism, and some of these may resonate better with different audiences.
    - Power may be a better entry point for analysis and discussions than incentives.
    - Don't discount the value of understanding ideas and what drives people.
    - The framework in Hudson and Leftwich (2014: pp. 103-109) is one starting point, but there are others out there.
2. Operational
    - Work on finding "everyday political analysis" tools/processes that help to building thinking and working politically into normal working practices, particularly at the frontline.
    - Be careful not to let these – or political analysis at any level – turn into tick-box exercises, as has often happened with PEA.
    - Think more about how to get political analysis into strategy processes.
3. Evidential
    - The DLP will soon publish an analytical framework to help build a more systematic evidence base on politically informed programming and welcome discussion on how best to take this forward in collaboration with other teams.
    - Encourage project/programme actors to better build learning on "thinking and working politically" into their work and then make this publically available for others to learn from. Donors could prioritise funding for this as part of design.
    - Ensure that claims on what works and what doesn't are based on a "rigorous enough" evidence base.
    - Be honest about failures as well as successes (or even cases of failure within success). These can be important learning opportunities.

4. Organisational

   - Check whether or not there are easy ways for senior managers to rethink business practices in order to create space for discussions and learning around political analysis.
   - Identify potential individual "brokers" within teams who are able to encourage and support different ways of working and offer support and incentives to help them broker.
   - Consider more cross-sector working, but be sure that there are members of each team committed to thinking and working politically.

Notes

1. Dr David Hudson (University College London) and Dr Heather Marquette (University of Birmingham) are the directors of the Developmental Leadership Program. We would like to thank Brendan Halloran and Tom Parks, in particular, for comments on an earlier draft, and Eduardo Gonzalez and Alan Whaites, for their encouragement.
2. There may, however, be some benefits from talking about political analysis as a means to address constraints and as a way of managing risk. Particularly in more sensitive contexts, where external actors are aware of not (being seen to be) engaging in domestic politics, it could be helpful to frame thinking and working politically initially as a way of managing constraints and risks.
3. To our knowledge, the most promising implementation of such an approach is the Strategy Testing being pioneered by The Asia Foundation. See "Strategy Testing: An alternative approach for monitoring flexible and iterative programmes", Effective Development Group website, www.edgroup.com.au/workshop-18-strategy-testing-an-alternative-approach-for-monitoring-flexible-and-iterative-programs/.
4. As Campbell et al. found when examining what policymakers want in terms of an evidence-base, that they need powerful and compelling anecdotes that resonate with politicians and the public to persuade and get something on the agenda, but to keep it there the evidence-base needs "to be defensible and withstand challenges made to the policy decisions. Research that could not stand up to such scrutiny was seen as of little use in terms of evidence-based policy" (Campbell et al. 2007: p. 27).
5. See "TWP uptake spectrum", in the From Poverty to Power blog (3 March 2015), http://oxfamblogs.org/fp2p/how-can-we-persuade-aid-agencies-to-think-and-work-politically/twp-uptake-spectrum-2/.
6. These are all challenges from a real-life initiative to co-design a health/governance programme.
7. Much of the discussion around this reminds us of the famous joke, first summed up by Kenneth Boulding in 1970: "There is a story that has been going around about a physicist, a chemist and an economist who were stranded on a desert island with no implements and a can of food. The physicist and the chemist each devised an ingenious mechanism for getting the can open; the economist merely said, 'Assume we have a can opener'!" The PEA world has never been very realistic when it comes to the changes needed to take on board this agenda, and it seems to be getting worse rather than better.

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Putting political economy to use in aid policies[1]

Wil Hout

1. The rise of political economy analysis for development assistance

Political economy analysis has been a favourite instrument among donors of development aid since roughly the turn of the century. Donors have emphasised the usefulness of such forms of analysis because they realised that their focus on the formal aspects of the social and political organisation of countries had caused them to overlook important elements of the "political economy" of these countries.[2] As a result, political and governance reform programmes, which had become part and parcel of the agenda of development under the post-Washington consensus, turned out to be much less effective than anticipated.

The call for donor agencies to "look behind the façade"[3] of formal institutions in developing countries has thus come as part of the aid effectiveness agenda. It was argued that the effectiveness of development assistance policies would be enhanced if the realities of social and political power structures in developing countries were mapped and fed into the design of governance reforms targeting those countries. A more or less tacit assumption was that political economy analysis would enable donors to identify potential pockets of resistance to the reforms that they were advocating – hence improving the chances of getting reforms accepted.[4]

Examples of political economy approaches adopted by donors include the Drivers of Change approach developed by the UK's Department for International Development in the early 2000s, the Strategic Governance and Corruption Analysis adopted by the Dutch Ministry of Foreign Affairs in 2007, and the World Bank's approach to the political economy of policy reform and its problem-driven governance and political economy analysis, presented in 2008-09. The Demand for Good Governance programme, implemented under the aegis of the World Bank, with active participation of Australia's aid agency, AusAID, has attempted to implement insights from political economy analysis in development policy.

A key element of most or all of the approaches to political economy analysis appears to be their identification of different "layers" of analysis: beneath the daily events in every political system, there are the institutional arrangements (the "rules of the game") that impact on day-to-day politics by influencing the policy options that politicians have. Even more fundamental are so-called "structural" elements, which relate to the history of the country under discussion, its natural resource endowment, and the power distribution across social groups. Improving the understanding of the rules of the game, and more fundamentally the structural features of developing countries, is believed to be the key contribution made by political economy analysis.[5]

2. The problem with political economy analysis

The political economy approaches that were adopted by development agencies demonstrate various weaknesses.[6] First, problems exist in the design and application of the instruments adopted by several aid agencies. Second, difficulties arise in translating the lessons of political economy analyses into concrete policies of reform. Third, the core assumptions of most political economy analysis actually work against the correct identification of potential reform coalitions in the developing countries being targeted by the aid agencies. These three weaknesses are discussed below.

The political economy of donor agencies

The first major problem with the implementation of political economy analysis in recent years is related to the way in which such analysis is embedded within the instruments available to donor agencies. Essentially, this problem calls for a political economy analysis of the donors themselves, as the interests *of* and conflicts *within* donor governments need to be understood to see why the implications of political economy analysis are not likely to be followed to their logical conclusions.

Donor agencies need to be perceived as creatures with special features within the realm of government. In the words of William Easterly, donor agencies are in the business of "moving money" (Easterly, 2002). As a result of their mandate, staff incentives in the aid agencies are significantly related to the disbursement of funds allocated to them for development projects and programmes. The everyday practice of donor agencies forces them to be more concerned with the implications of their "logical frameworks" than with the environment they work in. For donors, "doing development" is, first and foremost, implementing programmes and projects

The perceived need to spend money – increasingly through so-called budget support modalities, which are felt to be most in line with the objectives of the Paris Declaration, such as alignment and ownership[7] – can easily come into conflict with the conclusions derived from political economy

analysis. Recent controversies over budget support arrangements to regimes engaged in foreign military operations (such as Rwanda) or found to be practising corruption (such as Uganda) illustrate how government agencies may feel the impact of conflicting policy principles.

Apart from the bureaucratic tensions between pressure to spend and accountability requirements, donor agencies are subject to greater influence due to the role they play in their national political environments. Development assistance policies need to be understood as part of the foreign-policy framework of their governments. Hence, decisions on how and where to allocate aid are part of the foreign-policy equation. Foreign policy is generally understood as an instrument to further a country's strategic and commercial interests, and development assistance can only escape from the foreign-policy parameters to a limited extent, as much research on the impact of donor interests, recipient needs and normative ideas on aid allocation has shown.[8] It is not surprising that decisions on development assistance are often guided at least as much, if not more, by donors' perceived geostrategic and economic interests as they are by their desire to "do good" in the countries of the global South.[9] Moreover, the relatively lowly position of development agencies in the pecking order of policy making reduces their leverage in budget negotiations *vis-à-vis* other government departments – such as credit-insurance agencies – which have a much easier job in justifying their activities in terms of the national interest.

Likewise, the relative weakness of development agencies can be observed in the application of political conditionalities related, among other things, to human rights norms. One example is the short-lived freezing of the UK's aid disbursement to Rwanda over allegations that the Kagame government has been involved in the civil war in the Democratic Republic of Congo. Although the evidence about Rwanda's involvement was very stark – prompting Germany, Sweden and the Netherlands to maintain their aid freeze – the UK's Secretary of State for International Development indicated after barely one month that there was sufficient proof that Rwanda had "engaged constructively with the peace process" and that resumption of the GBP 16 million in budget support to the country was therefore justified (Blair, 2012).

The political economy of donor-recipient relations

The second factor affecting the relevance of political economy analyses is the dynamics inherent in donor-recipient relations. This relationship, which has been defined by many as one of dependence, has a major impact on the ability of donors to influence the course of reforms in developing countries.

Dependence has been assumed too easily to imply a complete acquiescence by recipient governments to the policy objectives of the donors. Such an interpretation of donor-recipient relationships neglects the tools

that recipient governments possess to serve their own interests, however. The powerful instruments available to recipient governments were clearest during the Cold War, when allegiance to one of the superpowers brought advantages in terms of foreign aid allocations. Yet even after the end of the Cold War, recipient governments have retained important means to look after their own interests. Apart from the obvious strategic interest of the West in particular natural resources – now more and more subject to competition with emerging economies such as China – recipient governments have played the card of "the politics of the mirror". In the rather cynical words of Chabal and Daloz, which seem to have mileage in relation not just to Africa but to regimes across the developing world more broadly:

> This consists essentially in addressing the foreign 'other' – in this case, potential aid donors – in the language that is most congenial and, crucially, most easily reinforces the belief that they (outsiders) understand what Africa needs. Thus it was that Africans conspired to support the colonial notion that they were all divided into discrete and identifiable 'tribes' and, later, convinced their colonial masters that they intended to run the politics of their newly independent countries on the principles of multi-party parliamentary systems. Thus it was too that some African leaders became overnight the proponents of scientific socialism or adhered wholeheartedly to the proposals for development projects which came their way. (Chabal and Daloz, 1999: p. 117)

Dependence regularly leads to the assumption that governance reform can be used to neutralise vested interests by installing technocratic, "apolitical" rule. Thus, market-oriented precepts of public sector reform, performance-based financing and results-based accountability – which are all related, in one way or another, to New Public Management, or what Cooke and Dar, among others, have called the "new Development Management" (Cooke and Dar, 2008; Gulrajani, 2011) – are used to legitimise governance reform as a condition of development assistance. In many cases, however, donor agencies and reform-resistant power holders end up being "strange bedfellows".[10] Reform programmes that seem to comply with the demands issued by donors may be relatively easily hijacked by special interest groups, which appear to be playing along with the donors but are mainly motivated by their own interests. The way in which the later "oligarchs" benefited from privatisation policies in Russia in the 1990s is probably the starkest example of how reform programmes are seized to serve the interests of particular elites. Similar examples – possibly less extreme but very likely equally devastating – can be found in the implementation of development programmes, such as in the World Bank's Demand for Good Governance Programme in Cambodia and participatory budgeting programmes in Mataram, Indonesia.[11]

The political economy of reform coalitions

The third major problem concerning donors' political economy analysis relates to the nature of reform and the driving forces behind the establishment of reform coalitions in developing countries. Here, one of the most important issues concerns the assumption that development can be defined in terms of "public goods" characteristics. The assumption seems to be that Pareto-optimal solutions can be found in development strategies if donors, in co-operation with recipient governments, apply the correct technical instruments to bring about development. Poverty reduction, as the main target of contemporary development polices, can thus be perceived as non-exclusive and non-rivalrous – and thus subsumed under the public goods framework – since it actually makes everyone better off.[12]

The understanding of development in terms of a public-goods logic is essentially apolitical, since it fails to recognise that easy, Pareto-optimal outcomes are not so obvious. Development is, rather, a process that is inevitably conflict ridden. The main reason for dissenting with the optimistic assessment of donor agencies is that development presupposes the existence of a particular institutional order which benefits some social-economic groups more than others. The spreading of the fruits of development more generally – that is, to groups which have traditionally been marginalised and disenfranchised – would essentially imply a restructuring of this institutional order. Groups that have traditionally benefited from the existing social, economic and political institutions will perceive change as inimical to their interests, and thus will attempt to ward off reform. The restructuring of the institutional order is an inherently political process – understood in the classical Lasswellian sense of the process that determines who gets what, when and how[13] – and cannot, therefore, be seen as a merely technical undertaking, which produces easy efficiency-optimising solutions.

The main flaw of mainstream political economy analysis, which is intimately connected to the apolitical understanding of development, is that the political process can be understood in liberal/pluralist terms. The pluralist theory of politics, which sees the political process as an essentially benign struggle for power among groups, is insufficient to understand the difficulty that the marginalised and disenfranchised experience trying to get access to the political arena in the first place. As a result of the pluralist bias, conventional political economy approaches assume that governance reform can be achieved by engaging with enlightened technocrats, who can be won over to the side of the well-intended donors by promises of development assistance.

One example of an approach to governance reform for development purposes is the Developmental Leadership Program (DLP), which was established in July 2009 and is funded by the Australian government

with the help of other donor agencies.[14] The DLP has chosen an explicitly political starting point for its approach to governance reform,[15] but is clearly buying in to the pluralist assumptions underlying much of today's political economy analysis. As Leftwich and Hogg argue in a background paper for the programme, the main challenges for achieving economic growth and social development in developing countries are defined as "collective action problems. If these problems are to be resolved, enough leaders, elites and reform agents – often with different initial interests and coming from different sectors – have to work collectively and co-operatively" (Leftwich and Hogg, 2007: p. 5). In their view, many developing countries lack leaders with "wider 'national' goals". Yet, they argue that:

> where enough leaders and elites are able to generate positive "synergies" within and between the interests, organisations and institutions of both the state and the private sector, on the basis of shared social purposes, they are able to form "developmental", "growth" or "reform" coalitions, capable of devising or reforming institutions which promote economic growth and social development across a range of sectors and challenges. (Leftwich and Hogg, 2007)

In a similar vein, the World Bank's Demand for Good Governance demonstrates a similarly pluralist orientation. The focus of this programme is not so much on elites, but rather on the impact of civil society as a mechanism to hold governments accountable and achieve better development outcomes. As the World Bank's website describes the aims of the programme:

> "Demand for Good Governance" (DFGG) refers to the ability of citizens, civil society organisations and other non state actors to hold the state accountable and make it responsive to their needs. DFGG encompasses initiatives that focus on citizens as the ultimate stakeholders and include activities relating to information disclosure, demystification and dissemination; beneficiary/user participation and consultation; complaints handling; and independent and/or participatory monitoring. … DFGG aims to strengthen the capacity of NGOs, the media, local communities, and the private sector to hold authorities accountable for better development results. DFGG activities include development approaches that focus on citizens as the ultimate stakeholders for better governance. DFGG mechanisms can be initiated and supported by the state, citizens or both but very often they are demand-driven and operate from the bottom-up. (World Bank, 2014)

In contrast to the political economy approach sketched above, the rest of this paper is informed by a structural political economy perspective, which rejects the conflict-free conception of development. This perspective understands development as a permanent process of institutional restructuring, with the aim of achieving resource redistribution. This process, which requires

particular elites to give up certain privileges in favour of the poor, involves conflict. If development agencies seriously take up the reform of institutions as an objective, they will need to get enmeshed in the political struggles that result from the expected opposition of (parts of) the elite that do not wish to give up their privileges.

3. Structural political economy and the politics of (structural) reform

The structural political economy perspective advocated here calls for a reorientation of the approach to governance reform. Nowhere is the implication of this clearer than in the approach to the politics of reform and the identification of reform coalitions. The approach does not start from the assumed objectives of particular elites, as in the Developmental Leadership Program, or from the possible counterweights that can be organised through civil society action, as in the Demand for Good Governance programme. Rather, the starting point of the structural political economy perspective is the identification of sets of elites in relation to their position in the national structure of power. The assumption is that a useful way to determine power positions is by relating these to some sort of material basis – be it their ownership of capital, their access to natural resources or their command of the strong arms of the state. Existing governance arrangements work in the interests of the dominant power holders, while subordinate groups (the poor, indigenous and other minority groups, in many cases also women) are marginalised and generally fail to get access to the formal decision-making structures.

If governance reform is the purpose, then clearly reformers are the natural focus of any analysis. Several types of reformers can be distinguished, as well as several forms of alliances between donor agencies and reformers. A major distinction is that between *dedicated* and *tactical* reformers. Dedicated reformers are those groups, whether power holders or the marginalised sectors of society, with a genuine interest in reform. Among those reformers there are *idealists*, who believe in long-term goals of social change, and *pragmatists*, who have similar long-term aims, but also consider the importance of achieving short-term improvements, even if that would require them to compromise on some of the longer-term objectives. Tactical reformers are in essence *opportunists*, who see that the forming of alliances with donors can bring them greater advantages than the support of the ruling groups. The long-term objectives of these opportunists are not so much a radical transformation of the existing social, economic and political order, but they have a short-term interest in some of the advantages that the alliance with the donors may offer them, either in terms of resources, political exposure or prestige.

The types of alliances depend on the nature of reform-oriented groups. Very likely, the likelihood of success of reforms sponsored by donors is

influenced by the type of alliance that can be forged with reform-oriented groups, as well as by the weight that such groups can assemble for reform. The relation among types of reformers, types of alliances and likely outcomes is given schematically in Table 1.

Table 1. **The politics of reform alliances**

Types of reformers	Types of alliance	Likely outcome
Idealists: interested in reform that advances long-term social change.	Form dedicated alliances only with ideologically like-minded actors; likely to reject tactical alliances.	Success to be expected only where they are able to cause social revolution (e.g. Khomeini-type "mobilisation of the masses").
Pragmatists: interested in long-term social change but also in short-term gains.	Form both dedicated and tactical alliances.	Success dependent on mobilisation of anti-regime forces. Likely to lead to intra-regime struggle for power, and possibly political instability (e.g. democratisation in developing countries).
Opportunists: commitment is contingent and tactical, as interests are short term and self-interested, and long-term goals are unrelated to reform agendas.	Form tactical alliances.	Change of rulers and rules rather than change of regime and constitution (e.g. Arab Spring in Egypt and Tunisia). Defection likely if reform is no longer seen as useful. Opportunities for improving the situation of marginalised groups

The main implication of this approach is that outside forces are dependent on domestic alliances if they wish to influence the direction of any reform process. For donor agencies, this implies that they will need to take sides if they are truly interested in making an impact on governance reform. Thus, they need a strategic assessment of the power of pro-reform alliances, as well as of anti-reform opposition alliances.

Given that different types of reformers are likely to engage in different strategies for governance reform, the options for donor agencies that wish to support reform-oriented groups can be ranged on a continuum. At one end of the continuum is supporting idealist reformers in a declaratory way and providing financial support for those reformers to organise. While such an approach will enable donors to keep their hands clean, Table 1 also indicates that the likelihood of such a strategy bringing about reforms is rather slim. At the other end of the continuum is the situation where donors are required to dirty their hands by siding with opportunist elites that have been occupying roles in oppressive or highly corrupt regimes. Given the

role of these opportunists in the national balance of power, the likelihood of achieving results is arguably greater, yet such a strategy may be resisted because of the impact on the reputation of those donor governments from siding with representatives of regimes that are considered objectionable by their domestic constituencies. Case studies presented elsewhere illustrate that, in attempting to duck the issue, donors often end up failing to produce any concrete positive reforms for the poor and marginalised at all (Hutchison et al., 2014: Chapters 5-7).

The argument may be illustrated by focusing on the possible approach of donor agencies to the promotion of democratisation processes. Democratisation, understood as the increasing influence of greater parts of the population on decision making, is likely to be resisted by the elites in control of an autocratic regime. These ruling elites, who control the main power resources (such as economic assets or control of security forces), will feel threatened in their power position as a result of the demands for greater influence by marginalised groups, particularly if the latter constitute the vast majority of the population. The role of the middle classes in most developing countries is still likely to be limited, though growing as a result of greater economic dynamism over the past decade. As a result, the potential for change resulting from mobilising the middle classes can be assumed to be relatively small.

A structural political economy analysis may offer tools to help uncover the dynamics involved in such a democratisation process. The typology of reformers sketched above may help identify several other groups besides the reform-resisting ruling powers. Groups pressuring for democratisation because of ideological convictions belong to our category of idealists. They support fundamental, long-term democratic reforms and greater respect for political rights, aimed at providing more opportunities to the poor and marginalised for influencing the outcome of political processes. The pragmatists are those groups in favour of democratising the polity, but which also value the introduction of short-term improvements in the life of the poorer parts of the population, brought about, for instance, through the adoption of certain redistributive social policies. Pragmatist reformers would be willing to support alliances that aim to get social policies adopted, where they consider these as the best approach in the given situation. The opportunists are those parts of the ruling class who have an interest in removing the clique that is in control of the state, but are not fundamentally concerned about democratising the political system. They may support reform, for instance the introduction of social policies or limited democracy, in order to weaken the grip on power of the incumbent autocrats.

Donor agencies interested in contributing to democratic reforms should aim to build alliances with those groups that are most likely to produce the desired outcome. Given the general weakness of the idealist reformers, supporting pro-democracy idealist groups may be morally comforting,

but will often turn out to be politically ineffective. A different approach may, therefore, be required to install change in the political system of the developing country concerned. Building an alliance with both reform-minded pragmatists and opportunists may turn out to be the only way to create some sort of pro-poor political reform – even though such change may fall short of the original aims of democratisation. In the end, donors may have to get their hands dirty providing support to the opportunist elites, whose main objective is to replace the incumbents in power, in order to improve the plight of the poorest segments in a developing country. The balance of power between the pragmatists and opportunists will ultimately determine the extent of the reforms; external donor agencies will be able to exert only partial influence on the exact outcome of the reform process, and will need to acquiesce in their fairly limited role.

4. Putting political economy to use or the road to nowhere?

Does structural political economy leave us without any hope for governance reform in developing countries? While the approach outlined above does certainly give rise to a fair degree of scepticism, there is probably no need to be entirely negative about the leverage of donor agencies and see political economy approaches as no more than a purely academic exercise.

The first lesson that can be learnt from a serious engagement with political economy analysis is that development should not be understood rather naïvely as a process that will bring about improvement in the lives of all parts of a population over a relatively short time span. Although it is tempting to think about development in largely positive terms, everyone involved in the aid industry should recognise that development is a conflictual process of reordering economic and social relations. As such, development is not a conflict-free public good, but is inevitably political in nature.

For example, among the presently developed countries, many people would be convinced of the benefits that development has brought in terms of the level of wealth, health and education. This should certainly not be denied, but the plight of "underclasses" in those same societies indicates that the fruits of development do not automatically "trickle down" to all individuals, and that exclusion mechanisms are still very powerful even in the most developed countries. The "discovery" of the urban underclass of New Orleans after Hurricane Katrina hit the southern United States in 2005 brought home to many that not all US citizens had shared in the benefits of economic growth. Likewise, repeated reports on undocumented migrants in European countries indicate the presence of an underclass even in inclusive welfare states.[16] These examples illustrate the persistently political nature of development at all levels of economic progress.

The awareness that development must be conceived in outright political terms necessitates the adoption of a political economy perspective which zooms in on the resources and instruments that people have, or lack, to obtain a fairer share of social wealth. Such an analysis emphasises the various dimensions of governance reform that can be laid out. Using the frequently applied distinction between the "here and now", the "rules of the game" and the "structural factors" that various donor instruments for political economy analysis use, some lessons for those attempting to reform governance in developing countries can be drawn.

The nature and extent of governance reform differs across the various political economy layers. At the level of the "here and now", reform relates to a change of leadership. The "rules of the game" relate to a deeper layer of countries' political economy, and here governance reform would imply changes in the constitutional order. At the most fundamental political economy layer, where the "structural factors" are located, reform would address such issues as the distribution of resources, inequality and the adverse treatment and discrimination of parts of the population. Moving from the here and now towards these structural factors, the social impact of governance reform becomes more profound and obtains a more clearly political dimension (in the sense that it has an impact on "who gets what, when and how?") – thus, the deeper the political economy layer, the more conflict governance reforms are likely to cause.

In these terms, the conclusion is that some donor agencies, despite their rhetorical commitment, generally shy away from getting involved in deeper governance reform processes. The main reasons for their difficulty in engaging with politics derive from their own incentive structure and their development-oriented outlook. These donor agencies are likely to use political economy analysis mainly at the rhetorical level, and will use the knowledge it generates primarily for preparing their staff working in aid-recipient countries. For them, political economy analysis will not have a great impact on their policies with regard to their partner countries. In the terms of the title of this section, such donor agencies find themselves on the road to nowhere.

If donor agencies are serious about the need for governance reform and wish to engage with the political marginalisation of the poor in developing countries, they may want to proceed on the road laid out by political economy analysis, and actively apply the insights derived from it. The concrete use of political economy analysis has the capacity to make aid more effective as well as more directly beneficial to the poor. In many cases pro-poor policies require a critical attitude towards the ruling elite in developing countries, as their approaches tend to be quite harmful to the cause of poor and marginalised segments of the population.

A structural political economy approach would guide donors searching for reformers who are able and willing to engage seriously with pro-poor policies. Idealist reformers are probably the easiest to identify, but they are also the least influential among reform-oriented groups. Idealists will be found in certain civil-society organisations, and empowering such organisations may be a first strategy that donor agencies can adopt. Their activities would very likely be twofold. First, some civil-society groups could engage in advocacy for the cause of the poor and marginalised. The objective of supporting such groups would be to enhance awareness among the wider population of the living conditions and limited access of the poor to the political system, in order to influence policy making in the longer run. In the second place, civil-society organisations could be recruited for the implementation of programmes and project aimed at the poorest parts of society.

Structural political economy analysis can also provide development agencies with a better understanding of the location and the nature of opportunist groups, as well as the way to win them for the cause of pro-poor governance reform. Such opportunists may be tempted to engage in tactical alliances with donors if their short-term interests run parallel with those of the aid agencies. Such a situation may exist when a specific part of the elite notice that their engagement with the pro-poor policies of the donors will enhance their own political power base among the poor. This could be true, for instance, for elites originating from a region of a developing country where many of the poor are concentrated. Donors need to be aware of the tactical nature of alliances with opportunist reformers, and of the risk that the opportunist elites may rather easily shift allegiance away from the donor agencies if the alliance is no longer considered to be beneficial to them.

The relative ineffectiveness of dedicated alliances with idealists and the expected volatility of tactical alliances with opportunists indicate that building alliances with so-called pragmatist reformers is preferable. Unlike idealists, pragmatists are not only interested in fundamental reforms, but also in piecemeal changes in what they feel is the right direction. In contrast with the opportunists, their engagement with donors is not just tactical and self-serving. Pragmatists are very likely the prime mover for governance reform in developing countries. Political economy analysis may help identify pragmatist groups in or associated with the elite who are supportive of the pro-poor governance reforms supported by donor agencies. As the pragmatists' agenda may conflict with the interests of other parts of the elite, who are primarily interested in maintaining the status quo and their own position in power, the engagement of donor agencies with the pragmatists may result in a struggle for power within the regime and, at least in the short run, increased political instability.

The outcome of such a political struggle within a regime is not certain, and depends on the political resources that pro- and anti-reform groups manage to mobilise. It is likely that donor agencies will come to be seen as part of the political struggle as they take sides with pragmatists pushing for governance reform. Committed donors, who see the battle against forms of patronage, nepotism and corruption as inherent to development, will need to be prepared to support the cause of the reform-oriented pragmatists and risk a deterioration of relations with those at the helm. They may come under attack from their own domestic constituencies that wish to maintain "good relations" with specific foreign regimes for strategic or commercial reasons. The need to navigate in rough waters both at home and abroad obviously requires that donor agencies can think and act politically, and persevere in their chosen strategies. The tendency of these agencies to minimise risks, as well as their relatively low place in the pecking order of foreign-policy making, are not the best ingredients for the assertive pursuit of development strategies. For the reasons sketched in this paper, most of the aid industry seems to be on a road to nowhere as far as political economy analysis is concerned, but hopefully some will be able to change course and put such analysis to good use.

Notes

1. This paper is based on and draws from the joint work undertaken by Wil Hout, Caroline Hughes, Jane Hutchison and Richard Robison as part of the project Achieving Sustainable Demand for Governance: Addressing Political Dimensions of Change, which was supported by the Australian Development Research Awards (ADRA). The paper reflects the ideas published in: Jane Hutchison, Wil Hout, Caroline Hughes and Richard Robison, *Political Economy and the Aid Industry in Asia*, Basingstoke: Palgrave Macmillan, 2014.
2. Cf. Copestake and Williams (2014).
3. This term is used in, among others, Harth and Waltmans (2007).
4. This approach comes out very clearly in Fritz et al. (2009).
5. For instance Warrener (2004) and Unsworth and CRU (2007).
6. See Hutchison et al. (2014: pp. 13-73) for a more elaborate discussion of these weaknesses.
7. Cf. Molenaers (2012).
8. See for example Clist (2011).
9. For example Lancaster (2007), Van der Veen (2011).
10. Cf. Robison (2009).
11. These cases are analysed in depth in Hutchison et al. (2014), pp. 84-93, 114-125 and 139-145.
12. This seems to be the implication of the United Nations Development Programme's work on global public goods, though this conclusion remains largely implicit (Kapstein, 1999).

13. See Lasswell (1951). The first sentence of Lasswell's work is: "The study of politics is the study of influence and the influential".

14. See "About the Developmental Leadership Program", DLP website, www.dlprog.org/about-us.php (accessed 29 October 2014).

15. The DLP defines politics as "all the activities of conflict, negotiation and co-operation which occur when people with different interests, ideas, power and influence have not only to shape and abide by common institutions, but also to take decisions about how resources are to be used and distributed and about how power is to be gained and used" (Leftwich and Hogg, 2011: p. 2).

16. For example PICUM (2010).

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Practitioner perspective: Politics on Monday morning

Richard Butterworth

Dear Lucy,

I won't need to tell you that politics matters for development, and especially for governance. You will have read this a lot in your background reading, and as a Governance Adviser, I doubt it will have come as news to you. As we know, politics isn't just what people do when they are not behaving rationally: it is the way that societies and economies change. And those changes are what development is ultimately all about.

But this may not help you very much with your current assignment. It's one thing knowing that politics matters. But how does that affect what you do on a Monday morning? I can't offer all the answers – particularly how to apply it to the country you are about to visit. But I can give you a few thoughts from my own experience.

You may have already encountered people in development who get uncomfortable when you talk about politics. If you haven't, you soon will. As a Governance Adviser, it's useful to understand why this is, and what you can do in your role to respond to it.

The first reason for this discomfort about politics is that many of us working in development are technical experts of one sort or another. We are instinctively more comfortable believing that there is a technical solution to the problems that we see around us – even when faced with growing evidence that there probably isn't.

This doesn't mean that everyone in the development business is trying to sell their own skills and tools as the answer to everything (although you will meet plenty out there who are). There's also a healthy element of humility in this. If I don't have expertise that adds value to this country, wouldn't I be better getting out of the way? After decades of experience, shouldn't we be able to offer some idea of how countries can get to the end goal of "development" faster? Admitting that we might not have the solutions sometimes makes us uncomfortable.

I'm afraid we need to live with that discomfort. Development is too important – and too complex – to be done entirely within development professionals' comfort zone. Politics matters, and political processes are context specific and unpredictable. Local counterparts – inside and outside government – who understand those processes better than we do might humour us when we go to them with pre-packaged solutions (particularly if they stand to benefit from the project), but they are more likely to take us seriously when we recognise we don't have all the answers.

This doesn't mean technical expertise is not important and necessary. It's just rarely sufficient. An important part of your role as a Governance Adviser is to lead people gently but firmly out of their comfort zone. You need to help your colleagues find a place where they can apply their technical expertise in ways that reinforce initiatives from real and influential coalitions of interests within the country itself: what the literature calls "working with the grain".

A quick note of caution here. The language of "working with the grain" has started to go mainstream, so I'm afraid you'll increasingly see it being used in contexts where it really shouldn't. Last week, for example, I saw a document suggesting that because a country's Poverty Reduction Strategy has a goal to increase growth by 2 percentage points, attempts to promote the significant reforms that would unlock that extra growth would be "working with the grain". You'll spot the flaw in that logic. A lot of the goals in poverty reduction strategies or development plans are aspirational (some less charitable types would call them wishful thinking). The assumption[1] that a government will take on powerful vested interests in order to achieve those goals is also, sadly, often wishful thinking.

This is where political economy analysis can help us. If done well, it will give us a much better idea of what "working with the grain" really means. At the very least, it will tell us what it doesn't mean. Some people in the development profession (including DFID, my own organisation) became frustrated with the initial wave of Drivers of Change studies, because they provided lots of pointers on what *not* to do, but not a lot on what we could do. At a time of rapidly growing aid budgets, advice on what not to do wasn't seen as all that helpful. In recent years, aid budgets have stopped growing and we have started talking more about value for money (and developing increasingly elaborate frameworks to assess and measure it). But there's a more basic angle on VFM point that is often overlooked – which I will one day market as my First Law of VFM. That law is *Don't Do Stupid Stuff*. In other words, don't invest in technical fixes that an understanding of the politics should tell you are never going to happen.

Of course, if we use PEA intelligently, it ought to provide some pointers on what to do, as well as what not to do. More of that in a minute. But if PEA

alerts you to the stupid stuff that you shouldn't do, there's value for money in that as well.

Before that, there's another reason why development people get uncomfortable talking about politics, and that's the tension that Tom Carothers describes in your briefing pack on "Accountability and Actors" about the concept of country ownership. There are some legitimate grounds for caution here; essentially the "do no harm" principle. If our aid is too confrontational and critical, and starts to be seen (rightly or wrongly) as fomenting regime change, then you have a problem. If that provokes a backlash against domestic civil society, or lands local visionaries in jail (or worse), then you are probably doing harm.

Ultimately, though, Tom's conclusion is right. Unless you are dealing with the world's best, most democratic, pluralist government (from your background notes, it doesn't sound like that's the government you are dealing with this week), it's unlikely that all the positive social, political and economic changes that might happen will be driven by the national government. So if we want our aid to be effective in supporting change, we need to find ways to work with a diverse range of partners and partnerships.

So how to square that circle in practice? How do you avoid the backlash, without retreating into the easy option of only working with the government machinery? (By the way, you might want to rethink your initial thought that that's the route to go down in the country you're looking at).

This is one way where political economy analysis can help us. Where I have seen PEA work best is where it is built into a programme, not just as a one-off analytical "product", but as a process. You can use that sort of PEA to identify issues that are not overtly confrontational or threatening to a government, but where there is scope for independent civil society or the private sector to bring policy makers to account. We used this sort of PEA to guide a civil-society programme in a country where we disliked the government enough not to give any aid to them (even technical assistance – although we still maintained a dialogue with them around less contentious programming), and where that government was so repressive that many people at HQ thought there was no space for civil society at all.

We used PEA to identify issues that were:

- important enough to local civil society and private sector counterparts for them to want to work with us
- areas were some of those counterparts had channels to communicate with people in positions of power and had a prospect of changing something.

PEA also gave us some pointers on issues that might be too contentious and provoke a backlash. But the final decisions on what issues were safe to push, and how far, were taken by our local (non-government) partners, who were better judges of this than we could have been. This is another approach to country ownership. As a result, for example, the language of "democracy", "human rights" and even "accountability" was conspicuously absent, even if the concepts were not. One important indicator of the success of that programme – not in the log frame but always in the back of our minds – was that none of our partners should end up in jail.

This programme was one example of a *coalitions for change* approach. You will be familiar with the approach from your reading. It has been used most often in civil-society programmes, but there's no reason you can't use similar approaches to support government reforms – particularly where your PEA tells you that reform-minded individuals or units within government might benefit from wider coalitions of support. Like any other approach to programming (PDIA, to name but one), it's not a magic bullet to be applied to every development challenge. Think of it as part of a toolkit that can help you work more politically.

You mention political systems. Ironically, this is an area where we probably need to learn to work more politically. It's surprising how often you see projects on elections, parliaments or political parties taking an entirely technical approach. Obviously we don't want to go to the other extreme and end up overtly supporting one party, or one community, at the expense of another (Do No Harm again). But ultimately politics is political, and all the best programmes I have seen working on political systems have thought continuously about coalitions of interests, and incentives, and ideas, and not just the technical fixes. So if you do decide that some work on political systems makes sense, keep that in mind.

If you think there is mileage in a thinking and working politically approach in the country you are looking at, one additional area you might want to read up on is the literature on how coalitions work. Some of the best work in this area was done outside the development field (the best presentation I have seen on coalitions theory was by a community organiser in Australia[2]), but the Developmental Leadership Program has pulled some of this thinking together and expanded on it.[3] It contains some interesting (and counter-intuitive) insights for development people: broader, more inclusive coalitions are not always better (it depends what you are trying to achieve); effective coalitions don't usually develop into permanent organisations, so don't try to make them "sustainable"; the success of coalitions is measured by the quality of joint working as well as the progress made towards the objective; and many of the most effective development coalitions have a well-connected, visionary local individual (Faustino's "development entrepreneur") at their heart – not a donor or a project. Having worked on

coalitions for change projects for a few years, this stuff was a real eye-opener for me when I discovered it.

Now, at this stage I could try to tell you what a perfect governance programme would look like in the country you are looking at. But I won't, because I don't have a clue. It's always tempting to speculate on the basis of limited knowledge of the context, but you would be well advised to ignore such speculation.

However, I can give a few pointers on how you might approach your mission:

- Don't try to get a complete understanding of the political economy in two weeks. You won't be able to. Do talk to as many people as you can get to see, and do read as much existing analysis as you can lay your hands on – but don't beat yourself up if you don't have all the answers after two weeks.
- Even if you do come up with the perfect set of governance interventions, informed by the perfect PEA that you won't have time to do in two weeks, bear in mind that it's extremely unlikely that DFAID would actually be able or willing to implement all of them.
- If your mission turns up some ideas that could help move the country in useful directions, are feasible and, ideally, triangulated with a few different local sources, that's a good start. (You've read about Good Enough Governance. Think Good Enough Programming.)
- Then make sure that whatever programming is developed from those ideas is flexible enough to adapt as it goes along. PDIA has some useful insights here: spend time getting agreement from the people who matter on what the problem is you are trying to solve; keep that goal in mind, but be flexible on the strategy for getting there.
- It isn't always easy to keep that flexibility in the face of your organisation's management systems. But if you're going to choose one battle to fight in DFAID, make it the battle for adaptive programming. You'll have to work hard at it, particularly on systems for M&E. Being a Governance Adviser doesn't mean you are excused from the need to monitor and report on what is being achieved with your taxpayers' money. You will probably find that standard tools like the log frame won't help you: you will need other ways to measure the changes that matter. But get it right, and it's worth the effort.

Finally, as David Booth has pointed out in a rather good blog,4 don't think about governance programming in a silo. Have a look at the other programming DFAID is doing in the country, and see how you can introduce governance insights into that to make it better. There are two ways to do that. One is the more standard "cross-cutting" governance advice, where you

use your insights to inform the design, monitoring or re-focusing of other programmes (including, if you can, gently steering them away from Stupid Stuff). The other way, which we are trying to do in the country where I work at the moment, is to develop programmes that work in more political ways to address challenges that other programmes are trying to address, but from a different angle. You won't be able to identify all the opportunities for this in two weeks. But you might identify some.

Ultimately, political economy analysis, and thinking and working politically, is not a set of tools, it's a way of thinking about development. Never forget that development is not something that donors do, it is a set of changes that happen within a country, driven by the vision and actions of local actors, which we may be able to support (if we can marshal the right sort of programmes and tools to support change – and don't get in the way).

In other words, it's all about politics.

Good luck.

Richard.

Notes

1. An overview of Drivers of Change is included within the online governance resource centre at: www.odi.org/publications/5399-drivers-change-dfid-doc.
2. Summarised in DLP (2012), *Coalitions in the Politics of Development*, Developmental Leadership Program, www.dlprog.org/publications/coalitions-in-the-politics-of-development.php.
3. "Reform coalitions", DLP website, www.dlprog.org/theme/reform-coalitions.php.
4. Booth, David (13 April 2015), "Five steps for reorienting governance work in development", ODI website, www.odi.org/comment/9468-five-steps-reorienting-governance-work-development.

Section Two

The Public Sector and Reform

Notes to self – Public sector new institutional complexity action problems

Lucy

Public sector management is supposed to be the real heart of governance – I am told it's where my technical skills will be properly tested and improved. I know that there are different views of how to approach the issue of public sector institutions. I have read Willy McCourt's six models of public sector reform, which he says explains the evolution of thinking from the 1950s and 1960s to the present day. But then he also says: "I pay respect to successful reform models; we can all learn from them. But they must be understood in terms of the environment in which they have arisen; or, ... in terms of the "problem situation" as particular policymakers have perceived it."

Willy McCourt's point seems to be important because I also know that the discussion of public sector reform happens at both a broad and high level – general questions about why "reform" does or does not happen. And also at a more technical level, what has been called "the plumbing," related to different ideas on models, strategies and technical assistance. Lant Pritchett, Matt Andrews and David Booth are among those who have really questioned whether development agency staff properly understand the drivers and constraints of reform. Their work pushes us to think differently about the way that we work in terms of understanding the contexts for reform. Others have pointed to the need to look specifically at a more technical level at the process of engagement with partners on the delivery of public sector programmes. This means recognising that successful incremental reforms can add up over time, particularly if support for reform brings measurable results that can help to inform successive generations of programmes.

I do sense that there is a common theme which echoes McCourt, all seem to suggest that recognising and defining the problem is key. However, I have scrawled down at least fifty different problems from the country report alone. The "centre of government" clearly does not work very well: the President's Office does no real co-ordination of ministries and does not prioritise. The Ministry of Finance tries to prioritise but is distrusted by all the other ministries, the Civil Service Commission

is chronically corrupt. There are few coherent policy settings and the budget is all over the place. The informal job-pricing system seems to suggest that jobs in regulatory bodies and Customs are most sought after, but then again the biggest part of the civil service are the service delivery ministries (and nobody really knows how many civil servants there are). I know everybody says focus on the problems identified by the partner – but which partner and which of the many problems?

Simone Bunse and Verena Fritze make me feel more hopeful – in a report for the World Bank they said that success was more widespread than often thought. They advocate taking an explicitly political approach to planning – but even then argue that windows for reform may be limited. I know that some writers, such as David Booth and Heather Marquette, have suggested we need to consider the "collective action problems" that partners face – and that certainly features in the study from the ODI on "unblocking results" in service delivery. The ODI said that there are a set of common constraints that undermine progress in service delivery. But if this is true and there is an "inability of actors to work productively together because the costs of cooperation are distributed in a way that deters participation" then what can development actors really do?

In trying to understand those problems I know that people used to talk about collective action issues as part of the informal "real story". The idea being that there is a "formal" and an "informal" system – with the real game going on behind the scenes while aid agencies deal with a formal technocratic façade. Now, though, the advice is to avoid the trap of peering into the house through something called a Weberian window, which assumes that the façade and the interior don't match. The argument is that the system is neither formal, nor informal, it is just "the system" and it makes sense in its context to those who live and work within it – whatever they might feel about the results. If we do not understand the real underlying problems that exist it is not because there are two systems, one hidden and one on the surface, it may just be that the system is complex.

Which brings me naturally to the issue of Complexity Theory. My notes on this say that governance is messy, unpredictable and non-linear (tell me about it) and must elaborate "the problem-solving capacity of existing multilevel governance systems in the face of change characterized by nonlinear dynamics, threshold effects, and limited predictability". It is not something I can ever imagine writing in a report. I better make a note of complex adaptive systems as a way to deal with complexity theory.

But how do I actually use any of this? Can we programme support for public sector reform from complexity theory, and what about collective action problems? I must not be gloomy – ODI do say that there are "enabling factors" that can help to improve results and that can be encouraged or built into programmes. I also read Matt Andrew's book on the limits of institutional reform and his idea of Problem-Driven Iterative Adaptation is something that I can consider when I sit down with

partners. Even some of the complexity theorists seem to think that we can get over "stickiness".

I also made a note of what I heard Alan Whaites say at the "New Directions in Governance" conference. He said that we focus on ideas and theories more than on the way that we actually support governance reform; and that as a result we usually change our ideas more often than our aid instruments. I think the point was that we generate new theories to support public sector reform, then we use the same approaches, systems and technical advisers to design the programmes, and to advise the partner bodies, and to evaluate the impact. And so perhaps not surprisingly the results can also often be the same.

But that is a cynical view – there is no reason why traditional aid instruments cannot support effective public-sector reform if we follow the ideas of Matt Andrews and the ODI team. And anyway there are ideas on new instruments – Stephan Klingebiel from the German think tank DIE argued that results-based aid could be applied to some areas of governance; paying on delivery on issues such as public financial management. Nick Manning's work also makes me hopeful that we are moving into an age of greater choice and contestation between approaches and ideas – helping to break the monopoly of old models.

I just need to remember all these ideas and the different ways to understand public sector reform. Six models, problem-driven, Weberian, complexity theory, and collective action. I need to make a note – ask local colleagues if our counterparts' plans make all this clear?

Reading

Andrews, Matt, "The Limits of Institutional Reform in Development: Changing Rules for Realistic Solutions," Cambridge University Press, 2013

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Achieving governance reforms under pressure to demonstrate results: Dilemma or new beginning?

David Booth

Introduction

Organisations affiliated with the OECD Development Assistance Committee (DAC) are under increasing pressure to justify their budgets by showing results of a demonstrable and preferably measurable kind. Not infrequently, this is understood as an obligation to support programmes that produce predefined outputs on a predictable basis within planning cycles that are as short as three to five years. Annual and mid-term reviews give programmes good, bad or indifferent scores depending on whether they are "on track" in terms of a logical framework or equivalent planning tool that is supposed to ensure a positive contribution to development outcomes. In some agencies, there is also an assessment of whether they continue to deliver "value for money", understood as maximum impact for minimum expenditure.

These requirements are taken to apply not just to social and economic programmes but also to the 16% of official development assistance classified as support to governance reform in the DAC database. However, for those responsible for designing and delivering programmes to influence governance, the rigidity of the standard performance pressures poses a problem. Governance programmes are expected to contribute to changes in institutions, or in patterns of behaviour within and among organisations. Such changes are generally recognised to be the result of long-term processes, subject to considerable uncertainty and not easy to measure in the short and medium terms. Therefore, even when they show reasonable promise, governance interventions seem destined to perform poorly according to the prevailing criteria.

On current assumptions, therefore, governance advisers and planners in development agencies face a serious dilemma. As elaborated below, the typical ways of dealing with it appear unpromising. But does the above

description capture accurately the current state of play, and are all the assumptions valid? This paper suggests not. It argues that in at least two important respects the dilemma just described is artificial. The challenge facing governance programming needs to be conceived in a different way – reversing in some important respects the dominant thinking of the last 25 years and pointing to a new beginning. Appreciating the matter in this alternative way does not entirely eliminate the difficulties, but it does mean that the responses need to be different from those currently on the table.

The dilemma as posed

According to a great deal of current thinking in the development assistance community, governance work is both outstandingly important to countries' long-run development performance and peculiarly hard to justify in the terms preferred by the ministers and senior officials who set the tone in the major agencies. Responses to this perceived dilemma currently include requiring contractors and implementing partners to do more to document and demonstrate their successes than they did in the past. That is taken to mean building into their work a larger and more sophisticated component of logframe-based planning and monitoring, and/or theory-of-change thinking, and/or continuously updated political economy analysis. While this may seem desirable in principle, there are signs that many – particularly among non-governmental organisation (NGO) recipients of grants for governance advocacy – are severely challenged and in danger of being crushed by these additional burdens (ICAI, 2013).

An alternative way forward is to explain to ministers that governance work is different from programming dedicated to producing the more tangible kinds of development results (better educational outcomes, lower poverty headcounts, etc.) and therefore ought to be given more leeway. According to some, the politicians who are ultimately responsible for steering both bilateral and multilateral official agencies are more open to such arguments than senior bureaucrats are. As practitioners themselves, they appreciate the importance of politics and leadership in development. However, this underestimates political incentives. Unless and until aid budgets come under less intense parliamentary and media scrutiny than they have been in recent years, it is hard to see such a conversation getting past the first few seconds. After all, neither improved educational outcomes nor inclusive economic growth respond in entirely clear and predictable ways to aid spending. Special pleading on behalf of governance is unlikely to be received sympathetically.

Is there a way around this problem? I believe there is, but it involves questioning prevailing assumptions, first about what is distinctive about the governance field and then about the purpose and place of governance programming.

Governance: A sense of history

The first problem concerns the proposition that governance reforms are long-term processes, subject to uncertainty and not easy to measure. While broadly true, this understates what the research and evaluation evidence says about the relationship between governance and development.

The burden of a large and growing literature is that the changes in governance that enable human progress are highly context- and period-specific (Meisel and Aoudia, 2008; Andrews, 2010; Centre for the Future State, 2010; Khan, 2012; Sundaram and Chowdhury, 2012; Kelsall, 2013; North et al., 2013; Root, 2013; Levy, 2014). There is no such thing as "good governance" in the abstract. Contrary to what may be concluded from a careless reading of some of the influential big books of the last few years (notably, Acemoglu and Robinson, 2012), countries have achieved striking development success in the recent past under a great variety of governance arrangements. Paths towards progress have been and are certain to remain multiple. And, crucially, there is no other test of what should count as a good innovation in governance than the ability of that innovation to make possible development results – where development results include the range of fundamental freedoms: economic, social and political.

In other words, the particular features of governance as a field of development work are not limited to the slowness or the unpredictability of significant change. The assumption that governance reforms are going to be slow tends to be predicated on the belief that what poor developing countries need is a standard set of liberal-democratic and market-enhancing institutions closely modelled on 20th century Anglo-American experience. This belief has been given a boost by the conviction of some politicians, including the UK prime minister in 2012 (Cameron, 2012), that all history confirms the relevance of a "golden thread" of open political and economic institutions. However, this is not what the above-cited literature says. Even within Europe, human progress has been achieved by several routes other than the Anglo-American one, and the fastest ever transformations in the overall human condition have happened in Asia under regimes that deviated in quite radical ways from liberal-democratic capitalism. In the light of history, we are not justified in making the assumption that we know what the eventual destination of a country is going to be, or even what it ought to be. In this sense, the notion that progress in governance is likely to be "slow" is rather problematic.

Conversely, it may be that some extremely valuable changes in the way countries are governed may be achievable quite fast. In fact, comparative history is full of examples where a change in a specific governance arrangement has had huge implications for subsequent progress, albeit sometimes with undesirable side effects. The Meiji Restoration in Japan and

the battles in the Chinese Communist Party that brought Deng Xiaoping to power would be the most striking examples. For sure, when and how such critical shifts occur is subject to great uncertainty. But this uncertainty is different from the unpredictability of the timing of steps taken on a known pathway of progress. The uncertainty affects what will in retrospect count as progress, and not just the likelihood of desirable change.

Finally, the measurement challenges around progress in governance are real enough but they are more theoretical than methodological. As Matt Andrews (2008) argued, there is no shortage of usable governance indicators; the problem is that so few of them are backed by empirically grounded theory about effectiveness or quality. Proposals have been made for measuring specific dimensions of governance which arguably are less problematic, including "quality of government" conceived in terms of a concept of basic fairness (Rothstein, 2011) and state autonomy and capacity (Fukuyama, 2013). However, these proposals do not get around the fundamental problem. The international effort led by the World Bank to generate indicators of the strength of public management systems (ISPMSs) or actionable governance indicators (AGIs) has made impressive progress in the technical business of assessing the relevance and completeness of available indicators and data. But the case for its approach relies quite heavily on the impracticality of the alternative of assessing governance quality in terms of performance or outcomes (Holt and Manning, 2014). AGIs are supposed to be both *actionable* (specific enough to point governments towards policy actions they can take) and *action-worthy* (widely associated with desirable development outcomes). However, it is recognised that empirical evidence on the latter is "scarce", and the Bank has fallen back on an imperfect solution where proposed indicators are assessed by reference to its own Country Policy and Institutional Assessment (CPIA) data – that is, the opinions of its own staff (World Bank, 2012: pp. 19-20).

To summarise this section, the challenges associated with planning and tracking the effects of donor programmes on governance are more radical than perhaps we imagine. In respect of timescales, uncertainty and measurement, the difficulties are different not just in scale but in kind from what was implied by our opening statement on the dilemma facing governance programming

Governance work as politically smart development

The second problem with the dilemma as initially posed is the assumption that the purpose of governance programming is to improve governance. That might seem obvious. But, in several agencies and in the DAC's Governance Network for at least a decade, governance advisers have been wearing two hats. As well as supporting governance (or democracy and human rights) initiatives, they have been the principal bearers of the belief that efforts to improve economic and social development results are

least effective when fundamental political economic realities are ignored, and most effective when pursued in a politically informed way. In some agencies, the commitment to using governance expertise or "thinking and working politically" has been as strong as the commitment to promoting specific models of good practice. In others, organisational mandates are less permissive, a difference nicely captured by Carothers and de Gramont (2013) in their discussion of the "almost revolution" of development aid's encounter with politics. In both cases, however, this has entailed divided loyalties and a schizoid mentality. I suggest the time has come to confront the tensions inherent in this situation.

The case for politically smart working seems quite solid, albeit based mostly on negative evidence – experience of the waste and frustration, if not actual harm, that is caused when aid ignores politics. To that extent, the main – and perhaps exclusive – purpose of governance work should surely be to enable programmes that are not defined as governance programmes to achieve better results. One of the advantages approaching the matter in this way is that it is fully consistent with the historical evidence that the governance improvements that matter for development are not known in advance, but discovered in and through efforts to tackle specific development problems. Thus, the two parts of my argument coincide in suggesting that governance specialists should stop designing "governance programmes" and instead throw themselves wholeheartedly into helping other programmes to become politically smarter.

The main challenge, of course, is to identify practical ways of doing this – ways that make operational sense both for the agency and for country partners. An obvious first step in agencies that are already training their governance cadre in country-context or political economy analysis is to sell this sort of expertise to sector advisers and programme staff, including economists. This has happened to some degree with one of the more widely adopted training courses (ODI/TPP, recurrent). However, training is at best only a first step towards politically smart ways of designing and running programmes. There is a serious need for operational models in which understanding of political context becomes so blended in to the practice that it becomes indistinguishable from it.

It has taken some time, but we are now beginning to have convincing, well-documented and controlled case studies showing what politically smart programming looks like and how it achieves results (Asia Foundation, 2011; Faustino, 2012; Booth, 2014; Booth and Chambers, 2014; Booth and Unsworth, 2014). An important conclusion from the most recent studies is that being politically smart is partly about having the flexibility to be able to work in a problem-driven, iterative and adaptive way, as advocated by Andrews, Pritchett and Woolcock (Andrews et al., 2012; Andrews, 2013). It is also about dedicating time and effort to brokering relationships and building

the co-operation or capacity for collective action, the lack of which is so often at the back of inferior development performance (Booth, 2013; Booth and Cammack, 2013). In turn, all of this this is more likely to be feasible when the initiative is locally led, not aid-driven. Hence, Problem-Driven Iterative Adaptation (PDIA) will tend to call for initiatives that are also PSLL – politically smart and locally led (Booth and Unsworth, 2014). In the field of economic reform, the operational model of development entrepreneurship has shown particular promise (Faustino and Booth, 2014).

Several potential obstacles may hinder the generation of more programmes of the sort just described. One that ought to be superable is the possible unwillingness of sector specialists to recognise that their technical knowledge and experience does not provide all of the answers to the question of how to get better results. Although many are coming to this view on the basis of their own experience, resistance to the idea of making programming more politically smart is likely to be considerable if it appears to entail governance specialists invading their "turf". However, it would be a sorry state of affairs if agencies were incapable of addressing this type of obstacle.

Another, potentially more serious, barrier is the unwillingness of many donor agencies to "let go" sufficiently, so that the discovery of locally led pathways to better development results can become effective. To this extent, the challenges arising from mechanical and ill-informed understanding of the "results agenda" remain quite pertinent. However, to the extent that the integration of governance and sector work is real, there is no special dilemma arising from the particularities of governance change processes. The problem is "only" that even improvements in educational quality or employment generation tend to happen in fits and starts, if they happen at all. The type of monitoring based on the model of a sausage machine – where a standard product emerges at fixed intervals – doesn't apply well to any kinds of development results apart from the simplest turnkey hardware projects. The real challenge, therefore, is what development interventions in general can do to satisfy reasonable expectations of results-based accountability without putting themselves into a straitjacket that prevents results being obtained by what experience suggests is the most effective means.

The real challenge

To summarise the implications of the argument so far, it is time to think outside the box about governance and development, and to start taking seriously what governance research, much of it donor-funded, has been saying for at least 15 years. This provides hardly any intellectual or practical case for free-standing governance programmes, as distinct from programmes that aim at specific outcomes, including such outcomes as justice or security. On the other hand, all development programmes should have a governance element because, if they are not attuned to and responsive

to the actual governance environment, we may be quite sure that they will fail. To this extent, the dilemma posed at the beginning is not a real one. It is the artificial product of unsupported assumptions about what changes in governance are needed and how these needs are relevant to achieving development results.

The challenge that remains is not a small one but it is generic, not particular to the governance field. Development gains that matter do not appear in a linear way, but jerkily and unpredictably. Some of the best outcomes are the least predicted. Under such conditions, the general question is how programme supervisors, senior officials and ministers can be assured that satisfactory progress is being made year on year, and that funding is not simply being poured into a bottomless pit. This need is not, unfortunately, satisfied by making logical frameworks more and more elaborate and indicator-heavy, which has been the typical reaction in DFID, for example. The illusion that development programmes can be made more effective by exercising stronger control over them by bureaucratic means has been heavily critiqued over many years (Korten, 1980; Rondinelli, 1983; Porter et al., 1991; Natsios, 2010). Treating monitoring as a means of control, rather than a source of learning for programme managers, is a sure way of preventing programme managers from dealing effectively with the uncertainties which, recent literature has reminded us (Harford, 2011; Ramalingam, 2013), are characteristic of very many fields of human endeavour.

Is there an alternative? There is if we are prepared to be courageous. Some hard thinking on exactly this issue has been done within the particular approach to politically smart programming that has been called development entrepreneurship. This approach takes some of its inspiration from the literature on business start-ups, while remaining fully consistent with the PDIA concept, which has its origins in management theory. For business start-ups, the question of whether adequate headway is being made or not is every bit as sharp as it is for development initiatives using taxpayers' money. A central distinction in this literature (Ries, 2011; Sims, 2011; Croll and Yoskovitz, 2013) is between "vanity metrics", which are sufficient to make entrepreneurs feel good about themselves and "actionable metrics". Only the latter provide robust evidence to support decisions about whether to press ahead with a current approach or else "pivot" and try something slightly or radically different.

In the business context, this is a matter of selecting an indicator that is a valid predictor of whether the firm will achieve the volume of sales needed for an acceptable rate of profit within an appropriate period of time. By analogy, development workers should be taking regular decisions about what steps they need to have taken by a set date in the future for the initiative to be considered on track to its goal – the achievement of a specific development result – ruling out the need to pivot in the near future. The

concept of actionable indicator used here recalls the World Bank-led work on governance measurement mentioned in a previous section. As in that context, the concern is to identify metrics that are both relevant to action and a good predictor of the results being sought.

In the development entrepreneurship model, the goal of the intervention is identified in broad terms at the outset. The objective is then refined as the political obstacles and opportunities affecting the feasibility of a large and sustainable impact become apparent. The actionable indicators and targets, on the other hand, need to be period-specific. They are regularly updated and checked for whether they are really relevant, in the current period, to the decision to proceed or pivot. They need to be linked to frequently updated theories of change – that is, the reform team's best guesses about how the objective is most likely to be achieved. In the case of economic reforms by legislation, as in the Philippines examples, the most actionable metric at certain points in the build-up to reform was the number of congress members indicating their willingness to expend political capital in support of the reform bill. At other points, it was the number of potential opponents of the reform that indicated willingness not to come out in public against it if specific concessions were made (Booth, 2014; Sidel, 2014).

The way forward

The above is the technical answer. It may not be politically palatable because, undeniably, it has the flavour of programme managers "making it up as they go along". Since, in the real world, paths to development success have to be discovered because no one knows enough to specify them in advance, there is actually no alternative to allowing managers to make up this sort of thing as they go along. The only guarantee that they will select indicators that are genuine markers of progress towards results is their own commitment to making a difference to their societies and the lives of their compatriots, reinforced by the mentoring and peer challenge provided by their external supporters. That guarantee is at the heart of the development entrepreneurship approach, but it will be unfamiliar to many whose thinking has been shaped by the mainstream of the development business, where relations of trust between donors and their "partners" are often absent.

To be sure, it is not going to be easy to convince senior managers and ministers of the validity of time-specific actionable indicators of politically smart progress towards development results. However, it should be somewhat less hard than special pleading on behalf of governance. One reason it should be easier is that sector advisers already face a similar problem. For example, while school enrolment and possibly even completion rates can be delivered more or less predictably as budget allocations increase, establishing progress in improving educational quality is much harder and

involves more "political economy" – the incentives determining choices by teachers and parents. Similarly, what should count as adequate progress in support to an agricultural policy reform is notoriously difficult to assess, until a big breakthrough of some kind happens. In the meantime, there is no way of judging whether such support is a good use of taxpayers' money unless it is by metrics of intermediate process change that can be justified in terms of regularly reformulated and closely scrutinised hypotheses about how the desired change might plausibly come about.

We need more discussion and more and better examples from practice about how period-specific actionable indicators and theories of change can be used to deal with this challenge. Even assuming that governance work can be merged into results-oriented or sector programmes as suggested, there will still be some dilemmas. Officials in development agencies will still face the obligation to speak truth to power – to explain the place of uncertainty in development work. However, the dilemmas and difficulties are different from the ones we started out with. They create better opportunities for governance specialists to form alliances with other development workers and with local partners who know these things from bitter experience.

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Building capability by delivering results: Putting Problem-Driven Iterative Adaptation (PDIA) principles into practice

Matt Andrews, Lant Pritchett, Salimah Samji and Michael Woolcock

1. Introduction

International agencies have done well at helping countries with two broad types of problems.[1] On purely logistical problems, where the problem is predominantly the expansion of a known technology and an organisation's agents can follow a script, the world has seen stunning progress – such as the expansion of schooling or immunising children. Similarly, if the problems require adopting policies that are light on implementation – non transaction-intensive policies where local discretion is not required – there has also been massive progress: witness improvements in controlling inflation through stronger central banks. However, the global community has been far less proficient at addressing non-simple, non-technical problems that are implementation intensive – such as reducing corruption in procurement, providing dispute resolution, ensuring student learning, and administering land and natural resources.

The same hammer is often deployed for driving a nail and drilling a hole: when facing implementation-intensive or complex, adaptive challenges, the development community frequently deploys the same methods and modalities of engagement they use for logistical or policy problems. This happens not because the professionals in development organisations are uncaring, naïve, indifferent, ignorant or inadequately trained but because of powerful imperatives generated by the core logic of the ecosystem within which they work, and in turn by the organisations comprising and reinforcing that ecosystem or "field"[2] in which they operate.

In many developing countries the capability of the state to implement its policies and programmes is a key constraint to improving human development. Many governance reform initiatives fail to achieve sustained improvements in performance because organisations pretend to reform by

changing what policies and organisational structures *look like* rather than what they *actually do*.

These notional policies allow donor countries (and thus donors themselves) to claim success without actually having achieved any. This process results from a pressure to mimic – when countries face ambiguous goals, are risk averse, uncertain about the means to achieve them and are dependent to varying degrees on external bodies. These external bodies have defined and codified best-practice solutions, which they either implicitly or explicitly compel recipient countries to copy, measuring success by the incidence of such copies (and/or by inputs provided or rules faithfully upheld). We refer to this ability of organisations to sustain legitimacy by imitating the forms of modern institutions without achieving their functionality, as "isomorphic mimicry".

This process can compound upon itself, eventually making failing and flailing states (and the organisations within them) both internally resistant to reform and immune to external pressures for any real change: the more things change the more they stay the same. Donor countries provide best-practice change scripts and the recipient countries comply, putting on the appearance of change without changing. Such carbon-copy states are then expected to function like real states. They are asked to perform tasks that are too complex and too burdensome, too soon, too often. This external engagement can, paradoxically, actively hinder the emergence of domestic, organically evolved functional organisations, by pushing too hard, so that stresses exceed capability. We call this premature load bearing.

How to enhance an organisation's ability to implement increasingly complex and contentious tasks is a problem whose solution is usually not known or even knowable up front. There are no easy or quick-fix solutions. Building state capability is an idiosyncratic process that looks different in each and every country; the specific institutional structures that come to have local legitimacy and effectiveness are highly dependent on a complex interplay of local context, history, politics and culture. In other words, the wheel must be reinvented, each and every time, because the *process* by which it emerges (or not) matters more than the *product*. We argue, as have many others, that solutions to these problems are not to be found in universal best-practice techniques or generic institutional blueprints. You cannot import or transplant effective, sustainable institutions into any given developing context. In principle, most development professionals will nod in solemn agreement with such sentiments – everyone concurs that recipient countries "should be in the driver's seat", that "context matters", and that "there are no silver bullets" – but in practice this notional consensus is routinely violated; indeed, the imperatives of the aid architecture within which development is conducted essentially require that uniform responses are the norm.

Escaping this trap of stagnant capability and increasing frustration requires new conceptual models of state capability that go beyond transplanting other countries' institutional blueprints. Our alternative approach, called Problem-Driven Iterative Adaptation (PDIA), offers a framework and a method for the development community to do things differently. It rests on four principles:



Local solutions for local problems

Transitioning from promoting predetermined solutions to allowing the local nomination, articulation and prioritisation of concrete problems to be solved.



Pushing problem-driven positive deviance

Creating (and protecting) environments within and across organisations that encourage experimentation and positive deviance.



Try, learn, iterate, adapt

Promoting active experiential (and experimental) learning with evidence-driven feedback built into regular management that allows for real-time adaptation.



Scale through diffusion

Engaging champions across sectors and organisations who ensure reforms are viable, legitimate and relevant.

The PDIA approach argues that we don't need more "experts" selling "best practice" solutions in the name of efficiency and the adoption of global standards; we need instead organisations that generate, test and refine context-specific solutions in response to locally nominated and prioritised problems; we need systems that tolerate (even encourage) failure as the necessary price of success.

2. Construct locally driven problems

PDIA is about building capability through the process of solving good problems. It's not about finding *the* solution and then replicating that solution; it places emphasis on the *process* of solving problems, not the solutions themselves. Historically, this is how today's most effective organisations acquired and now maintain their capability for implementation. It is not easy or without real risk but ultimately it is a more sustainable approach because it infuses legitimacy into change processes that inherently generate a contentious mix of "winners" and "losers".

Problems are key to driving change. Change usually happens if the following conditions exist:

- There is disruption in the context (i.e. something is recognised to be going wrong, because of a crisis or some disruption to the status quo).
- Those who need to change are willing to question the way they do things (i.e. the incumbents are weakened).

- There is an active search for a real and legitimate "new" alternative (i.e. for something that can be done and will be fit to context).
- The power of agency is mobilised around the new approach instead of the old ways.

Most development practitioners think their work is already structured around problems. However, their problems are often identified and constructed from the top down or are determined by external experts. In addition, when asked to name a problem, they often name the lack of a solution (e.g. you don't have a procurement system). This leads to standardised interventions, which don't address the actual problem.[3] Put differently, such approaches place development professionals in the business of selling solutions they happen to have rather than working with counterparts to craft solutions to specific problems that counterparts themselves have identified and prioritised.

The most vexing problems in the public sector are "wicked hard" – they are simultaneously logistically complex, politically contentious (i.e. implementing them generates potentially hostile resistance), have no known solution prior to starting, and contain numerous opportunities for professional discretion. Often, such meta problems need to be broken down into smaller and more manageable problems around which support can be mobilised and ultimately solved.[4] One needs to have mechanisms to identify problems, to construct and deconstruct the problems, to refine the problem based on emerging experience, and to ensure that the problem provides some aspirational goal for action and plausible entry points to start executing change.

A good problem therefore, is one that is locally driven, where local actors define, debate and refine the problem statement through shared consensus. In reality, the process of problem identification is likely to be long, iterative and uncertain – much longer and more uncertain than most of today's development agencies are set up to accommodate.

We believe that constructing local problems is *the* entry point to beginning the search for solutions that ultimately drive change.[5] A problem that matters is one that gets attention and mobilises action. Such action requires coalitions – groups of agents mobilised to work together to solve common problems that they cannot solve on their own. A clear problem can become the basis for an honest and directed search for legitimate and contextually relevant solutions.

The process of problem identification is a long iterative process of diagnosing, testing and revising; the learning thus needs to be experiential, occurring in real time, with built-in rapid cycles feeding back into design and implementation. It requires taking calculated risks, embracing politics and being adaptable (thinking strategically but building on flexibility). Crucially, one needs the humility to accept that we do not have the answers and to accept, discuss and learn from failure.

3. Build and maintain authorisation

An impact evaluation assumes that outputs are a given and tests whether outputs lead to outcomes. In reality, however, the key outputs required often do not materialise and therefore outcomes are not achieved; more importantly, there is no learning about where, how and why the failure occurred in the process of going from inputs to outputs to outcomes. The iterative learning process in PDIA helps ensure that inputs are being translated into activities, which in turn are leading to outputs.

To put PDIA into practice, it requires that agents receive authorisation to do things that, in their current ecosystem, they are not allowed to do. It requires changes in an organisation's authorising mechanisms and personnel structure to authorise a reform, to incubate it, and then to get it moving.

How does one gain and secure robust authorisation? This brings us to the topic of leadership, a topic that is often overlooked in development, or addressed is superficial ways. Given a specific development project, who – notionally and actually – leads the reform process? On what basis is that person identified as a leader? Do they have access to adequate resources? To top-down authority? Implementing power? Rather than the traditional view of leadership – whereby development projects seek to gain authorisation through an individual champion, who is sufficiently high ranking to help push through a proposed reform – we argue that reforms are never really led by one person alone. Indeed, this "hero orthodoxy" can actually be another source of failure in development. Successful change comes instead through multi-agent leadership. In this view, the cumulative and concerted efforts of a networked team (rather than any one leader alone) result in success.

If the right people needed to make a reform succeed are not initially engaged together, how can we get authorisation across multiple domains? Potential collaborators might come from different sectors/levels/agencies within a government, they might have different individual capacities, they might not have even met each other. In a case of legal reform, for example, change might require authorisers from the Ministry of Justice and also the local court systems, which each have their own completely different authorising environments. How do these authorisers get together? In such cases, collaborators/coalitions are helpful in making effective teams that can push reforms and create spaces for authorisation.

We do not believe that building the state's capability for implementation – or development in general – happens exclusively or even predominantly from the top down. We hold, rather, that change primarily takes root when it involves broad sets of agents engaged together in designing and implementing locally relevant solutions to locally nominated and prioritised problems. PDIA is about building and sustaining broad coalitions of stakeholders, at both the political and implementation level, working toward a shared goal. You do not

just have to maintain the initial authorisation, but also expand the number of actors who provide authorisation, thus building momentum and increasing the legitimacy of the project or reform.[6] We call this "building capability by delivering results".

4. Learn, iterate and adapt

Figure 1 shows how the PDIA process works, through a series of six-stage "find and fit" iterations that are intended to foster the gradual but progressive identification and implementation of reforms that help governments escape the capability trap.

Figure 1. **A six-stage "find and fit" iteration within the PDIA approach**

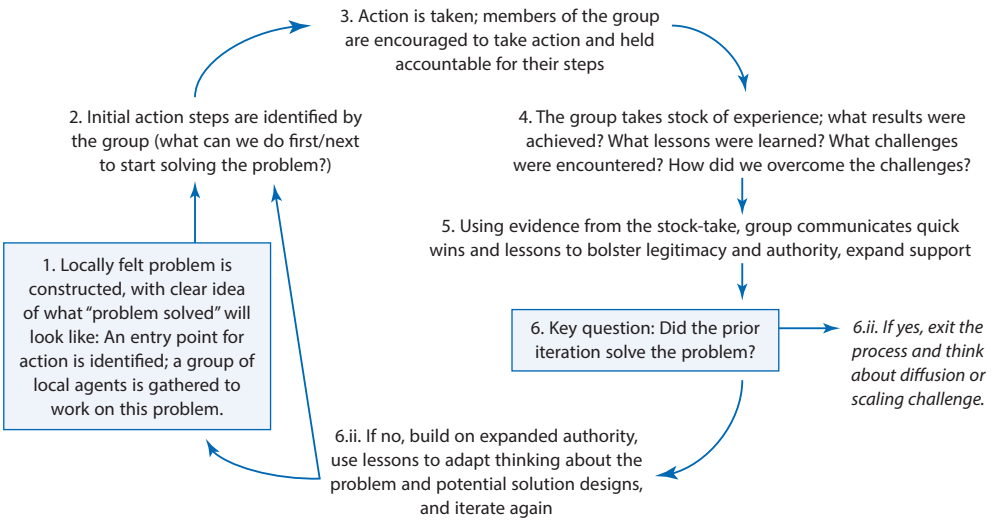


Figure 2 illustrates how PDIA achieves this kind of gradual functional improvement with growing legitimacy. Step 1.1 captures Stages 1 to 3 in the discussion above, where reform groups identify and implement actions they have identified as important in solving a particular problem. This step helps the group learn about enhancing state capability and functionality. Step 1.2 consolidates Stages 4 and 5, where reform groups use information from the earlier stages to consolidate and build legitimacy and support for the reform. At this point, the reform group has not identified a final solution but has progressed somewhat in this direction. It has learned what is needed to fit those parts of the solution that have been identified to the context and it has ensured that there is support for the step that has been taken – and authority to take another step (2.1). As the group iterates through these stages

in repeated iterations (Steps 2 and 3), it finds and fits more dimensions of the solution to the context. Gradually, this leads to an end point where the problem is solved.

Figure 2. **Iterating to meet the dual challenge of legitimacy and functionality in reform**

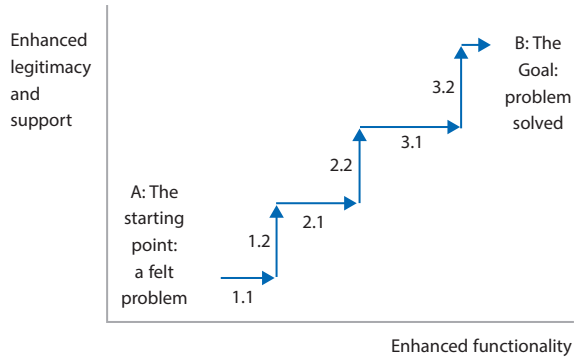
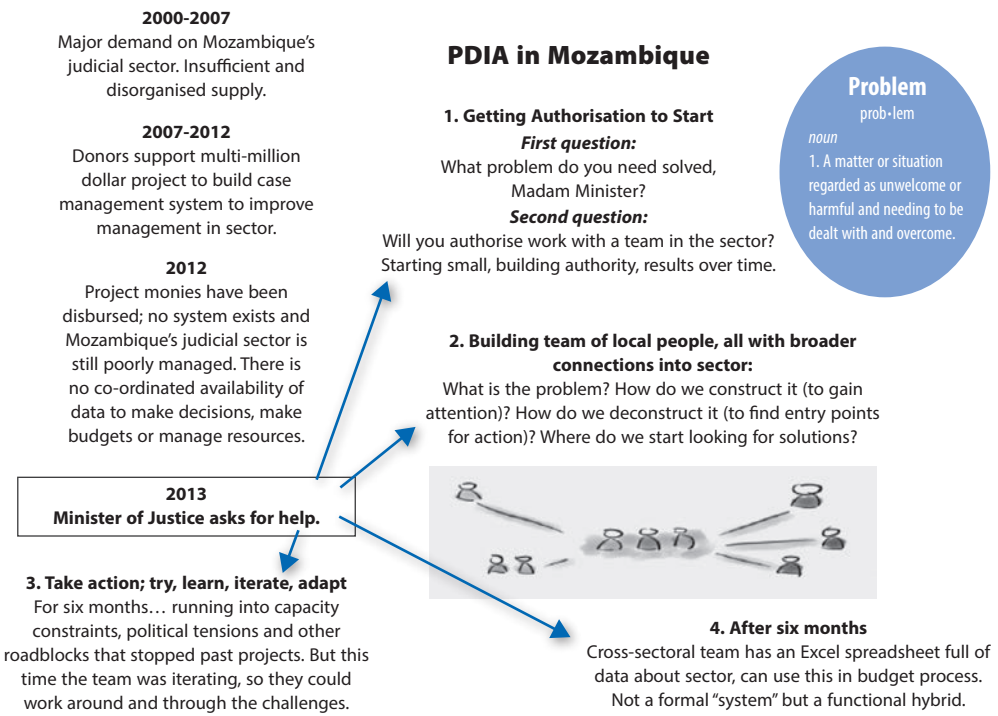


Figure 3. **Putting PDIA to work in Mozambique**



To summarise, PDIA focuses on solving locally nominated and defined problems in performance (as opposed to transplanting pre-conceived and packaged "best practice" solutions). It seeks to create an authorising environment for decision making that encourages positive deviance[7] and experimentation (as opposed to designing projects and programmes and then requiring agents to implement them exactly as designed). It embeds this experimentation in tight feedback loops that facilitate rapid experiential learning (as opposed to enduring long lag times in learning from evaluation after the fact). It actively engages broad sets of agents to ensure that reforms are viable, legitimate, relevant and supportable (as opposed to a narrow set of external experts promoting the top-down diffusion of innovation). In Mozambique, a PDIA approach to judicial reform has followed this sequence (see Figure 3).[8]

The PDIA approach has many intellectual forebears and contemporaries.[9] We situate PDIA within this ever-evolving intellectual landscape alongside related work by academic researchers, business thinkers and development practitioners, identifying the similarities and differences between these approaches. While PDIA shares many similarities with – indeed, actively borrows from – many aspects of this recent (and not-so-recent) literature, it is in fact quite different. PDIA aspires to provide a fully comprehensive framework, one that integrates the strengths and builds on the weaknesses revealed by antecedent approaches. We aim to provide a set of principles and approaches together with an array of techniques for coping with each of the concrete steps: problem definition, creating authorised space for novelty and positive deviation, feedback and iteration, and scaling achieved by diffusing new ideas and strategies through an expanding community of practice.

4. Conclusion: PDIA-ing PDIA

Across the world, historically unprecedented gains have been achieved in development over the last fifty years. Much of this has happened, however, through the decline of awful things (large-scale wars, famines, pandemics, everyday violence), the advent of more pro-development policy reforms overseen by technocratic elites (trade openness, fiscal stability) and the introduction of services, or aspects of services, amendable to implementation via a minimally comprehensive logistics apparatus (building schools, printing textbooks, immunising babies).[10] As difficult and important as these achievements have been, that was the easy part; as development *succeeds* it only gets harder, because the scale and complexity of the organisational tasks required to sustain and advance a modern economy, society, polity and public administration intensifies. Land administration, pension systems, food safety, progressive taxation, business regulation, public health, environmental management, energy infrastructure, transport systems… All of these and

more are, or become, central tasks of middle-income countries, and their effective implementation necessarily requires a highly capable state.

Our prevailing aid architecture is inadequately situated to engage with these challenges, but engage with them we must: historical events, geopolitical realities, the advocacy of social movements, broader shifts in public sentiment regarding the importance of human rights and reducing corruption, and (most importantly) the demands of developing countries themselves have combined to put these challenges front and centre of the 21st century development agenda. Instead of asking an aid architecture strong on logistics and policy reform to take on the qualitatively different challenges of building institutional capability, which are deeply complex and contentious, we need a complementary, customised and customisable architecture that is fit for purpose. Instead of forcing square pegs into round holes, we need strategies for responding to development pegs of all shapes and sizes.

PDIA is one attempt to respond to this challenge. To move PDIA – or strategies broadly similar to it – from the margins to a more central place in development strategy, however, will clearly require more than clarion calls, some publications, a few training programmes or high-energy conferences. It will take a global social movement of development professionals who are willing and able to create (and protect) space within their own organisations for "doing development differently"[11] and who can integrate their experiences with those of others. It will take putting into practice the principles we have outlined here as they seek to instantiate and then expand this movement, whose credibility will ultimately turn on being able to demonstrate, most especially to colleagues, clients and counterparts, that a superior alternative to orthodoxy is not only think-able and say-able but do-able. These processes are now underway – in justice reform in Mozambique and Cambodia, in service delivery reform in Albania and Indonesia, in civil service reform in Sierra Leone – and are being deployed by a range of development agencies, even as much surely remains to be done. It is a challenge to which we invite readers to contribute as this movement itself collectively learns to iterate, learn, improve and expand.

Notes

1. This chapter summarises more detailed findings and arguments in Andrews (2013a); Pritchett, Woolcock and Andrews (2013); and Andrews, Pritchett and Woolcock (2013). Access to the various publications and resources associated with this work can be found at the Building State Capability programme (based at Harvard University's Center for International Development); see http://bsc.cid.harvard.edu/.

2. The concept of an organisational "field" comes from Bourdeiu (1993).

3. Watch the Building State Capability (BSC) video, "Selling solutions vs. solving problems" (http://vimeo.com/92338009).

4. Watch the BSC video, "Deconstructing sticky problems" (http://vimeo.com/91733930).
5. Watch the BSC video, "Real problem driven reform" (http://vimeo.com/91733932).
6. Watch the BSC video, "Maintaining your authorizing environment" (http://vimeo.com/84691288).
7. The idea of learning from "positive deviance" is most forcefully articulated in Pascale, Sternin and Sternin (2010). See also Andrews (2013b).
8. For details on the Mozambique case, see Andrews (2014).
9. See, for example, Lindblom (1959).
10. See Pinker (2011), Deaton (2013) and Kenny (2012).
11. See this movement's "manifesto" and strategy agenda at: http://doingdevelopmentdifferently.com/.

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Release the pressure on governance practitioners

Frauke de Weijer and Volker Hauck

1. Introduction

Practitioners within development agencies are facing strong pressure to show results and value for money.[1] This is understandable from the point of view of donor countries, whose domestic constituencies want to see the most effective and efficient use of tax revenues spent on international development. At the same time, there is recognition that effective institutions and transparent and accountable systems of governance in developing societies are fundamental to results, and that changes in governance are long-term processes. These circumstances place great pressure on practitioners, especially those working in complex or fragile settings. The context and their own sense of responsibility pushes them in one direction, while incentives in the system push in a different one. How can individuals cope with these pressures and what can be done to realign the incentives?

This article aims to paint a picture of the different types of pressures that practitioners operate under, with a focus on fragile settings. It uses as its starting point practitioners who are in the position of governance advisor, change management or capacity development advisor, in a government ministry in a fragile state or other complex developing country environment. These pressures apply not only to practitioners with a specific mandate for issues of governance, they apply to practitioners in all fields who engage in processes of policy reform and institutional change. To a large extent the same pressures also apply to an advisor working in the office of a development agency in a fragile state. They apply to national and international advisors alike, perhaps with differences in the relative strength of the different pressures. Both authors have operated for long times in such settings and are thus basing this analysis as much on their own experience and studies,[2] as on existing literature.

We aim to show how these pressures – in addition to placing unmanageable pressures on the individuals in these positions – are leading to worse outcomes, where context sensitivity suffers the most. We then ask what policy makers

in a development agency can do to reduce these pressures by rebalancing the various forces affecting the work of practitioners. Without aiming for a comprehensive list, we will present a number of levers and tools that policy makers and practitioners currently have at their disposal.

However, we will argue that more is needed. In order for governance practitioners to be able to function effectively and work towards realistic and context-specific governance improvements, we need a much more fundamental redefinition of their role in order to make them more fully equipped – and better enabled – to accompany a transformational change process, deeply rooted in contextual realities, and maintaining a balance between demonstrable results and robust institutional change.

2. The dilemma: quick results versus deep institutional change

There is a general consensus that governance reforms, which frequently imply behaviour changes in organisations and societies, are long-term processes. The World Development Report (WDR) speaks of them taking at least a generation (World Bank, 2011) and other research shows even longer timeframes (see for instance Pritchett and de Weijer, 2010). Furthermore, there is an increasing recognition that pathways towards improved governance can have ups and downs and setbacks can be expected (Cliffe, 2014; Ur Rahman Mayar, 2014; da Costa, 2014).

There are risks associated with pushing too hard for results. In certain situations there may be a negative relationship between quick results and the sustainability of these results, as sustainability is derived from effective institutions that are able to uphold the delivery of results and adapt to changing circumstances. Pritchett and colleagues have described the risks of creating paper tigers. Pushing for "too much too soon" can lead to a recurrent dynamic of failure and a capability trap. When an organisation is overloaded with tasks it cannot perform the temptation is strong to retreat behind a façade of reforms that only exist on paper, and are not rooted in the institutions. With increasing stress on the system, the gap between *de facto* and *de jure* capability widens. As a result the real capability and robustness of the organisation deteriorates, and it gets stuck in a capability trap (Pritchett and de Weijer, 2010).

At the same time, particularly in post-conflict settings, it is crucial to show some results quickly, either through immediate improvements in basic living conditions (think water, electricity) or through low-hanging fruits in governance. After a conflict or a crisis there often is a sense of urgency and a hope that everything will be different now. Expectations are high and patience often relatively low, which leaves the new government only a short window of opportunity to gain the confidence of the people and to buy time for the more long-term and painful reforms ahead.[3]

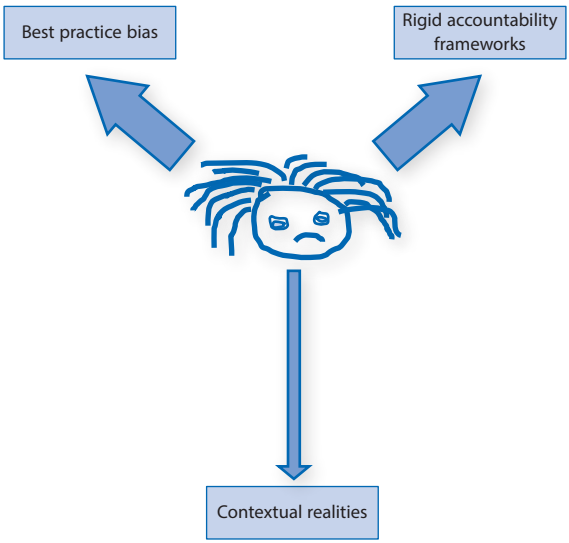
The key question then becomes how to combine the need for quick results with long-term institution building and avoiding capability traps. How can governance practitioners manage this dilemma? What role should they play and do the pressures placed upon them allow them to play that role?

3. Pressures placed on the practitioner

There are three types of pressures that governance practitioners face in complex contexts, pulling them in different directions. These are: rigid accountability frameworks, best practice bias, and the realities of complex and multi-layered contexts.

As Figure 1 illustrates, the incentives built into practitioners' work tend to pull them upwards towards best practice and upward accountability. The complex realities of the environment in which practitioners operate make it very difficult for them to be strongly grounded in the realities, and to base their actions firmly on these realities.

Figure 1. **Pressures faced by practitioners**



1) Best practice bias

Until recently, international best practice was the standard to which reforms and programmes were held. Countries are judged against these standards, which are often highly ambitious and not very context specific. Best practice bias tends to disregard the different shapes and forms

governance systems can and do take – even within Europe the differences are great. It leads to a continuing reliance on predetermined approaches and strategies, which may not suit the specific change context in that country. In recognition of these problems, the discourse is now slowly shifting to "best-fit approaches".

Regrettably this does not yet solve the problems associated with best practice bias. There is a strong mental component to this bias. Policy makers and practitioners are educated in a certain discipline and equipped with the "state of the art" knowledge in their field. This knowledge is deeply infused with the worldviews in which it is embedded, and leads practitioners to believe that certain practices are objectively the best whereas they are in fact quite deeply ideologically driven. This was made painfully clear to one author[4] on a number of occasions where different donors were fighting it out over the best approach. For instance, in one case in Afghanistan, the United States was arguing for a private-sector driven agricultural system while the EU was pleading for a livelihoods-based system.

Policy makers and programme designers still tend to identify strategies that are proven to work elsewhere and aim to apply these in different contexts. The focus continues to be on "what works" rather than "what works in what context". This automatically reduces the legitimacy of alternative forms of governance that may not meet Western standards, but may fit the context very well. It also reduces the credibility of certain reformists, whose ideas for reform do not match international best practice, but could still serve the country well. They are at risk of being seen as "spoilers of the reform process" rather than as holding one of the keys to a solution.

So in spite of the shift in discourse to best-fit approaches and the rhetoric of context-specific solutions, this best practice bias continues to effectively reduce the scope for finding genuine context-specific solutions. Unfortunately, this bias is not limited to international advisors; national advisors, and even reform-minded leaders within national institutions, are often trained in western institutions or influenced by information shared rapidly in a globalised world. They are also keen to apply best practice lessons, while seeing alternatives founded in alternative practices as second best.

One of the key challenges that the international development community currently faces is figuring out how to get to these best-fit solutions, because they actually require a blending (or at least an understanding) of different worldviews, which few individuals – let alone institutions – are well able to do. Furthermore, even if they do find the right solution, they would have to battle incentives within the system, which requires a good deal of courage and personal risk-taking, to which the next section will turn.

2) Pressure to show visible results

Over the last decades, there has been an increasing demand on development agencies, pushed by their parliaments, to show transparency, cost effectiveness and the impact of the money spent. This drive for a stronger focus on results tends to lead to the relatively rigid use of accountability frameworks, whereby accountability is based on a linear prediction of specific inputs leading to specific outputs leading to specific outcomes. This implies a predictability that is often not realistic in complex settings, and practitioners may thus become bound to an implementation strategy that they discover to be ineffective or even harmful. This is compounded by the often long time lag between conceptualising a programme and its implementation. The programme may no longer be fit for purpose but it is often difficult to adapt midway through. Practitioners face high pressures to continue to produce these results, in spite of their reservations.

Monitoring and evaluation is intended to account for money spent, rather than for the purpose of learning. Monitoring for learning purposes would ask different types of questions,[5] the answers to which would be used to fine-tune or rethink the strategy and its implementation in search of better outcomes. The direction of the accountability is mostly upward, to the domestic constituencies of donors, rather than to the citizens of the country where the assistance is applied. This reduces the flexibility needed to adjust a given strategy in complex and less predictable settings. It creates incentives for the practitioner to focus on programme outputs and to disregard the bigger picture. Practitioners also have an additional accountability requirement towards the local partner institution. This is also often a complex relationship that needs to be managed carefully and for which they need space to manoeuvre.

Further pressures on practitioners relate to the need to execute the budget and to show results. This combination of factors creates a situation in which it is easier to continue to generate visible outputs by implementing the same, well-known, type of programme, even if there is no evidence that these programmes have generated real outcomes or made any impact. Doing the converse is a lot harder. Often, the root cause of a particular problem is deeply political and relates to issues of power. Solving these would require not just a good power analysis, but upsetting these power relations. This will generate friction and resistance, and may even seem to upset local ownership; or rather a superficial interpretation of what local ownership entails. It would lead to less visible results in the short run, budgets left unspent and counterparts upset. Clearly not a situation the current incentive mechanisms reward.

Lastly, there tends to be a lack of realism among donor agencies[6] as well as government partners on how much can be achieved within a short time frame, which further heightens the pressures for quick results. Actual governance outcomes are relatively difficult to measure, and relatively slow to change. This leads to a pressure on the practitioner to focus on what can

be measured, notably formal outputs such as formulating glossy strategy papers, developing action plans or setting up new organisational structures or institutions. There is much less pressure to focus on the process of changing behaviour and organisational culture that is so fundamental to deep institutional change. This pressure is often exacerbated by leaders in national institutions who also want to show concrete and demonstrable results, and have less patience for the slower dimensions of reform.

3) Complex and multi-layered contexts

Practitioners operating in fragile settings are working in complex sociopolitical environments. Different institutional regimes overlap, with informal and formal institutions operating in conjunction or independently from each other, and power and influence is often mediated through shadow systems. Changing formal systems or devising new policies do not therefore automatically lead to real changes on the ground. Practitioners mostly operate in the formal sphere and so tend to be isolated from the real realms of power, influence and behaviour. They are therefore continually confronted with a lack of any real progress. Their relative isolation does not help them in gaining a deeper insight into these dynamics.

Furthermore, different societal groups hold different expectations and visions for the future. The idea of "one vision" and "whole-of-society ownership" is therefore somewhat illusory in many post-conflict settings. In Western societies our democratic institutions serve as vehicles for constructive deliberation, but in fragile settings the mechanisms for constructive deliberation will not yet be functioning well, and may themselves be the subject of contestation. Gaining a consensus on the best way forward, and a broad-based support for reforms, is therefore fraught with difficulties. Practitioners who have been taught to consult and "listen to the people" are caught within a myriad of perspectives, and struggle to find a way through the maze.

Also the internal environment – the government organisation with or within which the practitioner works – will be complex and fragmented. Even if, hypothetically, the "whole-of-society" agreed on the reforms that are necessary, there could still be resistance to reform within state institutions. Leaving aside the sometimes obvious issues of power relations and opportunities for rent seeking, any process of restructuring will always lead to winners and losers, and will create fear among some. The necessary changes in organisational culture can affect people's sense of security, status and identity. The capacity for change in an organisation is highly dependent on how the process is framed and guided by the leadership at the top, something over which the practitioner has little control.

These factors place strong pressures on the practitioner, who is expected to show progress in the institution to prove his own performance.

4. What can policy makers and practitioners do to rebalance these forces?

How do practitioners cope with these pressures? Individuals find their own ways of coping. Some simply follow the rules as per the incentives created within the system. Others, however, are not satisfied with this strategy, and end up being two-faced. They show their headquarters or the donor what they want to see, but in the meantime try and find the space to be more rooted in reality and do what circumstances demand. This strategy can go a long way, but in the end can lead to cynicism or even burnout. This leads the best people to leave, which is clearly an undesirable outcome. In addition to the human cost, it is the context sensitivity that suffers. Burnout significantly reduces the ability of the international community to work towards context-specific solutions that manage in the most optimal way possible the dilemma between short-term results and sustainable institutional change.

The purpose of this section is to find ways to loosen the springs pulling practitioners up in Figure 1, and strengthening the strings pulling the person down. We will give some pointers to what policy makers can do to rebalance these forces. Without aiming for a comprehensive list, we will present a number of levers and tools policy makers currently have at their disposal, as well as interesting research that can help the rebalancing. Figure 2 shows how these suggestions can serve to tighten or loosen the pressures, although most of them work at more then one level simultaneously or strengthen each other at different levels.

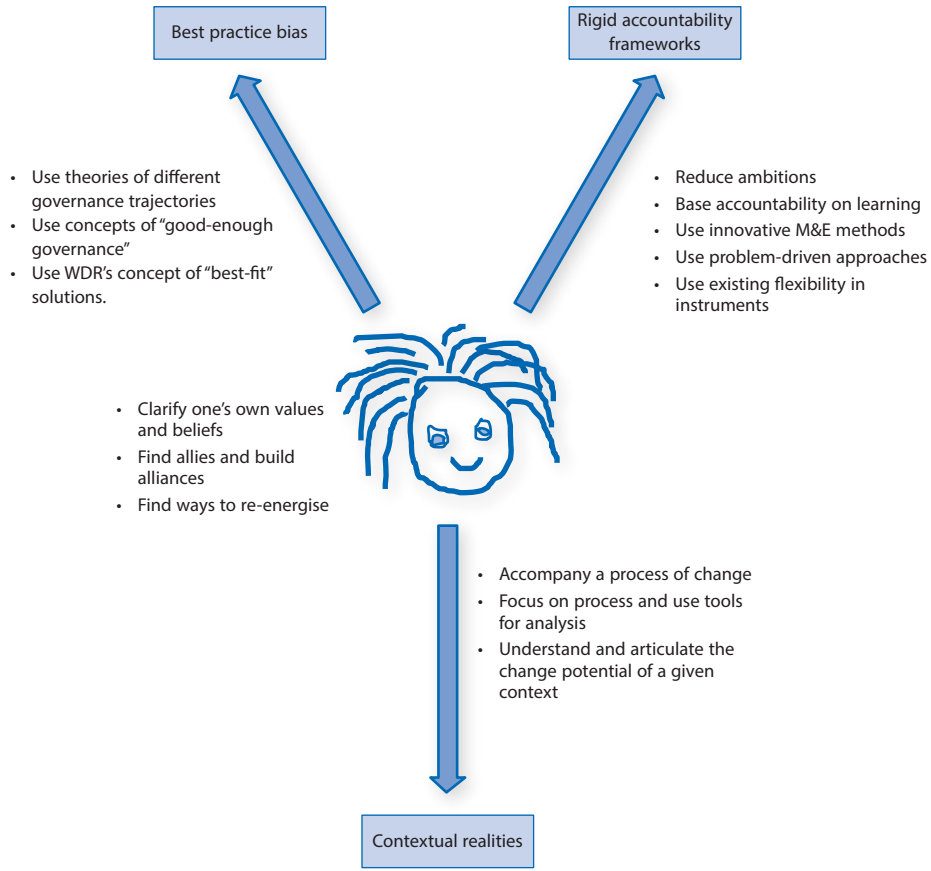
1) Continue and deepen research on sequencing governance reforms in specific contexts

The general belief that governance matters for development led to a long list of institutional reforms that had to take place for development to take place. Grindle challenged this point of view and coined the concept of good-enough governance suggesting that not all governance deficits need to (or can) be tackled at once. Instead, fewer, more useful and more feasible interventions should be targeted. Improved analytical frameworks should be used to decide which governance interventions should be undertaken in particular country contexts (Grindle, 2004, 2007). The need for this type of research is still very relevant, as practitioners cannot be simply left with the catchphrase “it depends on the context”.

Recently efforts have been made to map the characteristics of contexts for which particular aspects of governance seem particularly relevant, based on political economy analyses. Black boxes, such as neo-patrimonialism and rent-seeking, are being opened up in order to gain deeper insights into the particular opportunities for governance improvements they may provide.[7] Such research may give practitioners more guidance on what can

work in a given context, by breaking down which type of strategies may be more suitable to contexts with which characteristics. Policy makers and practitioners can draw on this type of research to argue for fewer, more context-specific and more realistic governance reforms, and push back on "good governance" best practice. It allows also for better-informed decisions on how to prioritise and combine actions towards achieving short-term results with measures aimed at long-term transformation.

Figure 2. **Possible tools and levers for rebalancing the forces placed on practitioners**



2) Articulate the potential of a given context to change, and reduce ambitions accordingly

Not all sociopolitical contexts are equally open to change. Existing power relations and socio-cultural patterns tend to perpetuate the status quo. The different institutional regimes at play (including the shadow power dynamics described in the previous section), and specifically the elites, play an important role, although disruptions to the existing context can create opportunities for change.

Political economy analysis and conflict analyses have now become commonly accepted as important tools for developing more context-specific programmes. Unfortunately research shows that in many cases the analysis has little influence on the subsequent scope and content of programming. Policy makers could promote the use of political economy analysis[8] to understand and articulate the change potential of a given context. They can further insist on the development of a theory of change based on this change potential. This articulation of the context for change and what may be realistically feasible can then be used to push back against the overly high ambitions that tend to be imposed from above.

Matt Andrews, in his book *Limits of Institutional Reform*, outlines different scenarios in which disruptions can lead to more or less fundamental change (Andrews, 2013). The most important contextual factors are 1) the severity of the disruption; 2) the presence of an alternative institutional logic that could replace the currently dominant one; and 3) the presence of actors that can facilitate the shift. When these factors are all strongly present, the chances of transformative change are higher.[9] Another useful framework is the one presented in the World Bank publication *Institutions Taking Root* (Barma et al., 2014). It describes different potential pathways for change for reform-minded national agencies, influenced primarily by the degree of alignment between the agency's objectives and elite incentives. Frameworks such as these can be used by policy makers and practitioners to make the change context explicit and use it as the basis for the theory of change. This should not form part of a one-off exercise, but become part of the DNA of a more iterative way of working.

3) Promote a way of working that is based on "accompanying a process of change"

As described above, a reform-minded agency (an organisation or an individual) needs to relate to the complex sociopolitical context it inhabits, and find a way to manoeuvre through it. Within a given context it seeks to identify and work with change agents, build alliances and coalitions of like-minded people, align incentives between likely or unlikely bedfellows, and aims to strengthen collective action. This implies a constant process

of scanning the arena, seizing opportunities when they arise, holding firm where possible and compromising when necessary. This is not a process of predefining outputs and then implementing them; it is a process of finding one's way through a maze. A practitioner needs to be enabled to accompany this process of change, in order to be effective.

Policy makers need to find ways to promote this way of working, in spite of the constraints imposed by current management systems and accountability frameworks, which are not conducive to this approach. One relatively practical way of doing this is to use a problem-centred approach. Rather than aiming for reforms directly, they can be approached tangentially. For instance, infrastructure is a relatively value-neutral proposition. A practitioner can use the momentum created by the desire for, say, a bridge to develop a more inclusive decision-making process and strengthen the institutions. An active, multi-stakeholder engagement centred around the bridge can help build capacity within institutions, streamline and institutionalise processes, and embed systems of mutual accountability. This clearly begs for a closer connection between governance advisors and those working in technical fields, as well as a strategic engagement promoting sustainable transformational change while going for the low-hanging fruit in the short term. This is particularly important in fragile settings, where dimensions of social contract, legitimacy of and confidence in state institutions, state effectiveness and systems of accountability are so central.

4) Shift the onus for decision making onto recipient countries and foster local expertise

A key precondition for development assistance to be more rooted in reality is to move the onus of decision making onto recipient countries. The current emphasis on local ownership and whole-of-country visions in policy discourse, provide opportunities to strengthen these processes. Practitioners need to transform consultations from the box-ticking exercises with the usual suspects (organised civil society as we know it) that they often are to a genuine process of constructive deliberation between the various societal groups and their perspectives. This, however, should not be taken lightly. Local ownership is not something that is latently present, it is something that needs to be forged through a difficult and lengthy process, particularly in more socially fragmented environments.

Only by spending lengthy periods of time within a given context, and by discovering where the margins for manoeuvre are, can a practitioner effectively contribute to processes of institutional change. Networks, coalitions, strategic partnerships and alliances are the essential ingredients of pathways of change, and require time to build up and build trust. Practitioners therefore need long-term engagement, ideally based in-country. Provision could also be made for individuals who have spent considerable

time on the ground to stay engaged on a more arm's-length basis for a longer period, for example in the form of a counselling function. This will also help address the pressing issue of a severe lack of institutional memory, particularly in fragile contexts where there is a high turnover of staff.

Further decentralisation of decision making, and transferring more discretionary powers to embassies and field offices can contribute to a more effective way of monitoring the change context and identifying and making use of opportunities for change when they arise. This will help contribute to an environment in which "development entrepreneurship" can thrive.[10]

Moreover, investment in local policy analysis, management and organisational development analysis, and local think tanks can help foster independent and locally grounded expertise. Practitioners should be given incentives to build connections with these institutions and groom young talent, for instance through smart twinning of advisors with young talent, or through (co-) teaching at local universities. They can serve as bridge builders between international best practice and local conditions, and can over time build up the institutional memory and learning that is required to build up "local best practice". Fostering such local expertise and critical analytical skills is a value in itself, as it helps contribute to a more informed and deliberative society that can effectively weigh and debate policy options.

5) Enhance flexibility and adaptability in planning, monitoring and evaluation

None of the suggestions above can work without changing planning, monitoring and evaluation systems. They need to shift from a linear input-output-outcome model to one that incentivises accompanying the process of change. This requires frameworks and tools that are more geared toward learning, flexibility and adaptation. Innovative and more process-oriented monitoring and evaluation (M&E) methods have been developed in recent years, such as developmental evaluation, and theory-of-change based methods. Mixed evaluation methods, including for instance "most significant change" stories or "outcome mapping"[11] are increasingly accepted.

Recent years have also seen a renewed interest in learning as a distinct process that is more internal and self-reflective in nature than M&E. A less explored, but potentially very interesting avenue, is to hold programmes (or practitioners) accountable for how well they critically reflect and also for how well they "learn" (de Weijer, 2012). This creates incentives for practitioners to continuously scan the context, identifying change opportunities and building and adapting strategies based on these opportunities, and for a continuous exchange on how best to achieve the desired results. Not just the practitioners but also those holding the purse strings would then be held accountable for their ability to respond effectively to a given change context.

Time and resources need to be built into the design of a programme to permit for a more context-specific and adaptive process. A number of development agencies, such as the European Commission, have specific guidance on how to work more flexibility in fragile situations (European Commission, 2014). Practitioners are advised to search for and make use of such provisions, which are often not overly publicised. Certain approaches are more optimised for process accompaniment than others. Problem-centred approaches, such as the Problem-Driven Iterative Adaptation approach promoted by the Harvard Center for International Development (Andrews et al., 2012) but also the multi-stakeholder approaches used by many multilateral and non-governmental organisations (NGOs),[12] take a specific problem and identify and aim to solve specific (governance-related) bottlenecks. Policy makers and practitioners are encouraged to promote and make us of such approaches.

5. Can we release the pressure?

How can practitioners really make a difference, when they are under so many pressures and need to manoeuvre through such a highly complex and multilayered, multi-perspective environment? How can we release some of these pressures on the practitioner?

First and foremost, practitioners need to be provided with the space to act creatively, to act on opportunities for change as they arise, to facilitate change indirectly by supporting local change agents or development entrepreneurs[13] and their organisations, and not be bound to effect reforms for which the change context is not conducive.

Parallels can be drawn with mediators who are brought in to mediate peace processes. They are not judged by the results, they are judged on how well they manage to steer a complex process. They are given the space to operate, without being held to preset outputs, and often not even to preset outcomes. Viewing practitioners as mediators – not just in governance but in every field that involves policy reform and institutional change – can open up new ways of thinking, and new ways of holding them accountable. It can perhaps help delink them from the need to show results, and instead to report on how they engaged and have engaged others for change. This can further contribute to a deepening of our understanding of how external actors can accompany processes. Hopefully this learning can be of assistance to less experienced practitioners who are about to dive into this highly difficult field of work, for which they are currently unprepared, unequipped, and are not given the space to do it well.

In the article we have provided a number of suggestions on how policy makers and practitioners can start to rebalance the forces that place the practitioner in such a conundrum. But will these suggestions provide

practitioners with sufficient space to accompany processes of change in a way that is in tune with the change context? The answer is that they may, but it is rather unlikely. Past efforts to bring about more transformational change in the way international agencies work have shown that many of the above suggestions risk becoming neutralised when brought into the bureaucratic management process that international development has become, and may instead end up maintaining the status quo.

Effectively, change is thus necessary in two dimensions. First, fundamental changes need to be made to the way the system operates, in order to really reduce the pull from the upward springs and to allow the above proposals to have a chance. Second, practitioners need to be better equipped to accompany processes of change in a way that is in tune with the change context, in other words to become an "institutional change mediator".

Becoming an institutional change mediator is not easy. It has taken the authors of this article more than ten years to understand what "accompanying a process" really means, and they still find it very hard. It requires certain competencies that can to some extent be taught. It requires individuals to free themselves from the ideological and technocratic ballast that has been loaded onto their shoulders, while at the same time clarifying their own orienting values. They must have an affinity with the deeper structures of societal dynamics and an empathy for those living within them. They must be able to hold multiple points of view simultaneously and aim to build bridges between these. It requires a different type of intelligence, best articulated by Scott Fitzgerald in his statement: "the test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function".[14]

If equipping practitioners with the competencies and mindsets to become institutional change mediators is tough, changing the way the incentives work within the development system is tougher. Only marginal progress can be made towards reducing these pressures unless we are ready to embark on a full revision of the way we define and use accountability. Let us be realistic enough to recognise that governance advisors cannot be expected to do the impossible. But let us be bold enough to create an environment for them in which they can do their utmost. Let's help the practitioners out of the conundrum they are caught in.

Notes

1. Practitioners are understood in this article as staff mobilised from different regional and cultural contexts, including nationally recruited staff working with international co-operation agencies.
2. See publications on our website at http://ecdpm.org/volker-haucks-publications and http://ecdpm.org/people/fraukedeweijer/.

3. The same can be true for developing societies not emerging from conflict and severe fragility, though the situation is generally more politically stable, allowing for more space and time for reform.
4. This refers to Frauke de Weijer's personal experience in Afghanistan.
5. Such as do our strategies work? Are our predictions regarding the potential for reform correct? Are our outputs indeed leading the governance outcomes we would like to see? Do we need to make adjustments to our proposed outputs, intermediate outcomes, implementation strategies? Are we indeed striving towards the correct goal?.
6. Please note that donor agencies themselves are under pressure from domestic parliaments and the broader public opinion, who also expect visible results quickly.
7. See for instance the work done by the Africa Power and Politics programme, www.institutions-africa.org.
8. For a good overview see "Political economy analysis (old)", GSDRC website, www.gsdrc.org/go/topic-guides/political-economy-analysis-old-/tools-for-political-economy-analysis (GSDRC, undated).
9. See Andrews (2013), pp. 49 to 52, and in particular the table on p. 51.
10. Development entrepreneurship is the term used by Faustino and Booth to describe an iterative and politically informed way of working with development assistance (Faustino and Booth, 2014).
11. See for instance the different approaches presented at the Better Evaluation website, such as http://betterevaluation.org/plan/approach/outcome_mapping (Better Evaluation, undated a) and http://betterevaluation.org/plan/approach/most_significant_change (Better Evaluation, undated b).
12. See for instance the multi-stakeholder processes Knowledge Co-creation Portal at www.wageningenportals.nl/msp/.
13. The term "development entrepreneurs" is used by Faustino and Booth (2014).
14. F. Scott Fitzgerald, "The Crack-Up" (1936).

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Supporting "small" improvements in government functioning: A rough guide for development professionals[1]

Nick Manning

1. Introduction

This rough guide offers advice to development specialists seeking to support modest public sector management (PSM) reforms. The first part of this chapter offers suggestions for governance practitioners – emphasising the importance of understanding the technical domain, of practising enthusiastic scepticism as a response to the acknowledged difficulties of the field, of acting with conviction but without professional ego and of recognising the power of honest contestation in a territory which has some entrenched fault lines. In the second part I offer ideas for managing the product, concluding that while it is unlikely that any programme will be right first time, it is important to get it as right as possible about what it is that needs to be fixed, to build in enough flexibility (of ends as well as means) into the project design and to have a working theory about why autonomous individuals might want to change their behaviour as a result of the programme

The starting point for this discussion is that in a development context, asserting that your task is in some way to help the public sector work better – casting light on the darkest parts of the bureaucratic black box – elicits broadly similar responses.

You will hear that it is vital. Everyone is quick to assure development professionals working on this area that development is significantly a function of public sector capacity and that governments work better if budgets are better prepared and financial management systems better operated, if arrangements are in place to ensure that skilled staff are recruited on merit and rewarded for doing well, if revenues are raised more equitably and efficiently, and maybe you will even hear that it is important that social and economic regulation is managed more productively. You will certainly hear that anything that helps governments to better commission, fund or directly provide services is important and long overdue.

Those technical objectives might be qualified with various "magic" development terms: "accountable", "participative" and "inclusive" will be referenced,[2] joining the competition to be "more transparent than thou".[3] The phrase "problem-based" will likely be included in that list of comforting terms, carrying with it the implication that real problems are those that governments and not donors identify.[4]

Those who follow public policy might contribute to some mutually reassuring ridicule of recent public management fashions; New Public Management will be handled with tongs and a scornful expression[5] and the claims that markets or networks can sweep outdated hierarchies out of the path to progress will be referenced sceptically.[6]

But you will also be told that it is more or less hopeless. Under cover of vapid and all-embracing phrases concerning political incentives, ownership and the importance of being context specific you will hear that not much can be done and that focusing on economic policy and growth, combined with a big sector-level push on service delivery, will probably have to do.

So your work is perhaps shaped by a sense of both determination (we have to help make some progress) and anxiety (maybe they're right, and we don't know how to help). This makes it tempting to circle the wagons and take refuge in the company of others working on similar tasks. This provides the opportunity for mutual reassurance but unfortunately it also encourages a reflexive conformity with professionally aligned certainties – despite the somewhat patchy evidence behind them. Defensive discussions taking place entirely within the guild of public sector management development specialists or the closed and ancient order of development economists are far from an open-minded contestation of ideas on a tough development challenge.

This rough guide is about navigating through this complex territory. It transgresses many unwritten topical rules of development speak. First, it is addressed to those in development agencies who work on "upstream public sector management" reforms and so is uncomfortably donor centric. This is not because donors are the most important part of the development puzzle (in fact, it argues quite the reverse). The focus on development professionals is simply because, in the complex interplay between diverse internal and external actors and incentives, they represent one variable which can in principle be adjusted.

Second, it is focused on and urges an understanding of the plumbing of the public sector – the seemingly dry although politically loaded elements of the centre of government – and so runs counter to the current drift in development towards broad references to governance and an emphasis on good process as an alternative, rather than a supplement, to good knowledge.

Finally, it urges a relatively narrow focus on a particular set of public institutions. Again (as will be emphasised a lot) this is not because these are the most important elements for action; in fact, as it notes, very reasonable people may reach a very different conclusion. It is because specifying what we are talking about relatively precisely makes it easier to see whether we have something concrete to add. Generalities, whether about public management or any other area in development, really don't help.

This rough guide contains a lot of citations. Some might be of interest and many will probably not be. The reason for including them is to emphasise that in such uncertain and contested territory, there is much to be gained from drawing wisdom and insights from the struggles of others. However one approaches the task of helping to fix the centre of government, there is no avoiding the demanding task of combining knowledge with humility, dialogue and open mindedness.

2. Part 1: manage yourself

Know what it is that you (hope to) know

Specify the technical objectives of your work

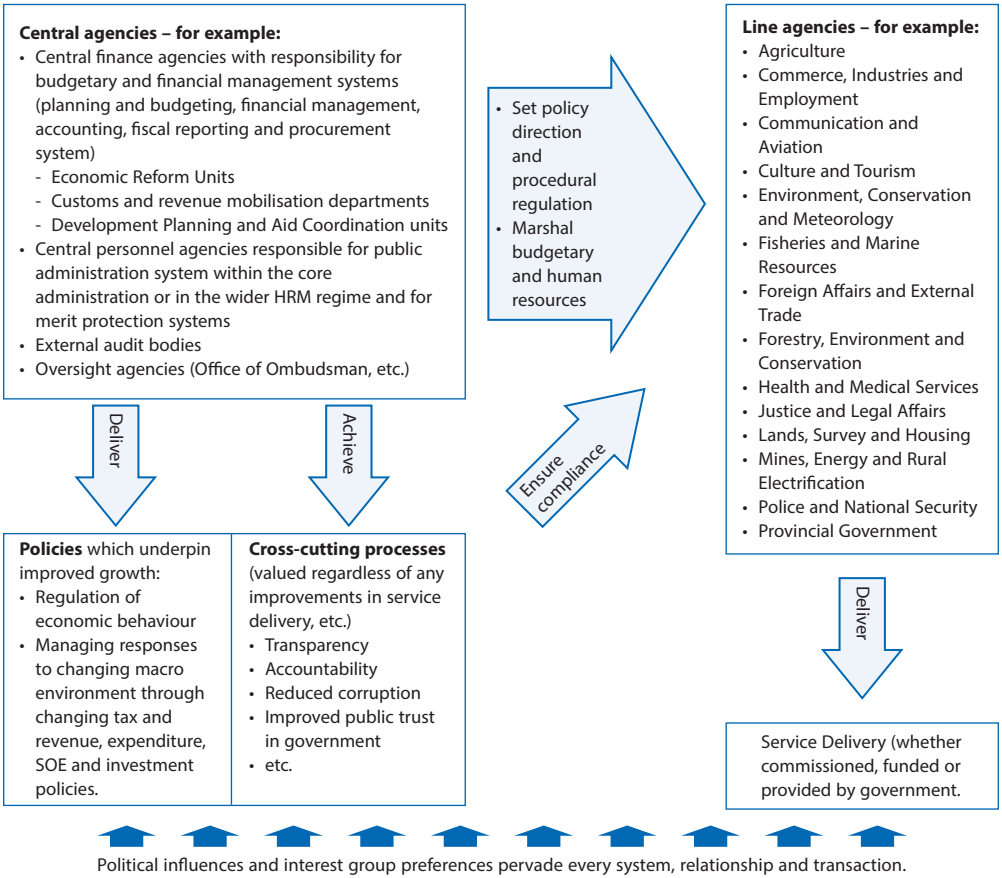
In their magisterial review of public management reform in the OECD, Pollitt and Bouckaert (2011) remind us that, at root, public management reforms are "(d)eliberate changes to the structures and processes of public sector organisations with the objective of getting them, in some sense, to work better" (Pollitt and Bouckaert, 2011: p. 2). The authors highlight the looseness of the concept of public management reform – a looseness which combines with a remarkably weak empirical base to enable those who are broadly sceptical of big reforms and those who retain a passionate enthusiasm for it to comfortably coexist.[7] These loose ideas about what constitutes reform, untethered by actual facts, have created a policy domain large enough to hold many differing views and even more career ambitions amongst advisers and proponents.

Leaving the discussion of public sector management at this level is analytically debilitating and results in many catchphrases but little purposeful movement. However, there are several filters which can be applied to get a more rigorous fix on lasting improvements in the centre of government.

First, while we should celebrate individual managerial effort and drive, these are not by themselves public sector management (PSM) reform even though there are good examples of sheer determination making a difference;[8] PSM reform is a structured, purposeful, timebound programme of lasting change to institutional arrangements.

Second, we can distinguish between the upstream cross-cutting management arrangements in the public sector and the sector-specific downstream arrangements entailed in delivering services. A stylised conception of the upstream public sector is on the left of Figure 1. Upstream improvements concern the core public sector and the functioning of the central agencies (Ministry of Finance, Prime Minister's Department, Ministry of Public Service, etc.) Downstream improvements focus on performance incentive and control issues at the sector level and the selection of providers and sector funding arrangements. This guide focuses on the former – Annex 1 sets out the latter choices to clarify what it is not talking about.

Figure 1. **Control, regulation and delivery within the public sector**



Finally, and to get even more specific, we may note that those upstream public sector management reforms have, typically, three objectives: 1) systematic improvements in government decision making and policy management (central agencies with better capacity to quality assure policies which support growth and fiscal/environmental sustainability); 2) better processes and cross-cutting management systems (central agencies changing systems across the public sector which foster transparency, accountability, reduce corruption, improve efficiency or accessibility across the board, etc.); or 3) support for eventual improved operational results (central agencies improving how they provide line departments with incentives or opportunities to improve their commissioning, funding or provision of services). These objectives are set out more fully in Annex 2.

Balance that technical precision with political realism

Core public sector management is not separate from politics – political influences and interest group preferences pervade every system, every relationship and every transaction. There are the "big" politics with identifiable elites driven by the self interest of remaining in power or in office and self enrichment; a phenomenon which is more evident in weak governance environments with "extractive institutions" (Acemoglu and Robinson, 2012) or in "limited access orders", where the consensus about rent distributions between elites is unstable (North et al., 2007). Just as important are the "small politics" of inter-ministerial rivalries, union concerns, and cadre and bureaucratic rivalries.[9] Big and small politics, often hidden from public view, affect how control, regulation and delivery arrangements play out in practice. Thus while many politicians promise improved public sector results, rather fewer seek election on an administrative reform platform, as they know that changes in how money and people are managed within the public sector will prod interest groups into defensive action with few public consequences.[10]

All this is to say that the conception of control and regulation within the public sector offered by Figure 1 is a Platonic ideal more than a Weberian ideal type. These authority relationships within the public sector exist to some degree – but exactly how much in a given setting is an empirical question. As will be discussed below, what you see is often not what you get.

Beware of sub-disciplinary loyalties

"Public management systems" is a common term of art used to understand how central agencies undertake the tasks set out set out in Figure 1. Most would agree that these systems include budgetary and financial management, procurement and revenue mobilisation, and public administration, but whether this is exhaustive – and the exact dimensions of these functions – could be open to considerable debate.[11] The term "public

management system" is useful in providing a common frame of reference that governments, donors and researchers can use both in analytic work and country dialogue. The list of these "systems" is also a list of the main sub-disciplines among public sector development specialists, and here lies the danger. While when building a house, the plumbing really can be installed somewhat in isolation from the wiring, in public sector management the imagery of parallel and completely separate systems is misleading. Advising on aggregate wage bill control is not a task for human resource management (HRM) specialists on their own, any more than it is a task for public financial management (PFM) specialists on their own. In upstream public management reforms, there is a risk that, rather than talking about identifiably distinct systems, we are really talking about professional sub-disciplines competing for prominence and hence career prospects within the donor agency or development community.

Acknowledge the difficulties of the field

Be clear about why it is so hard

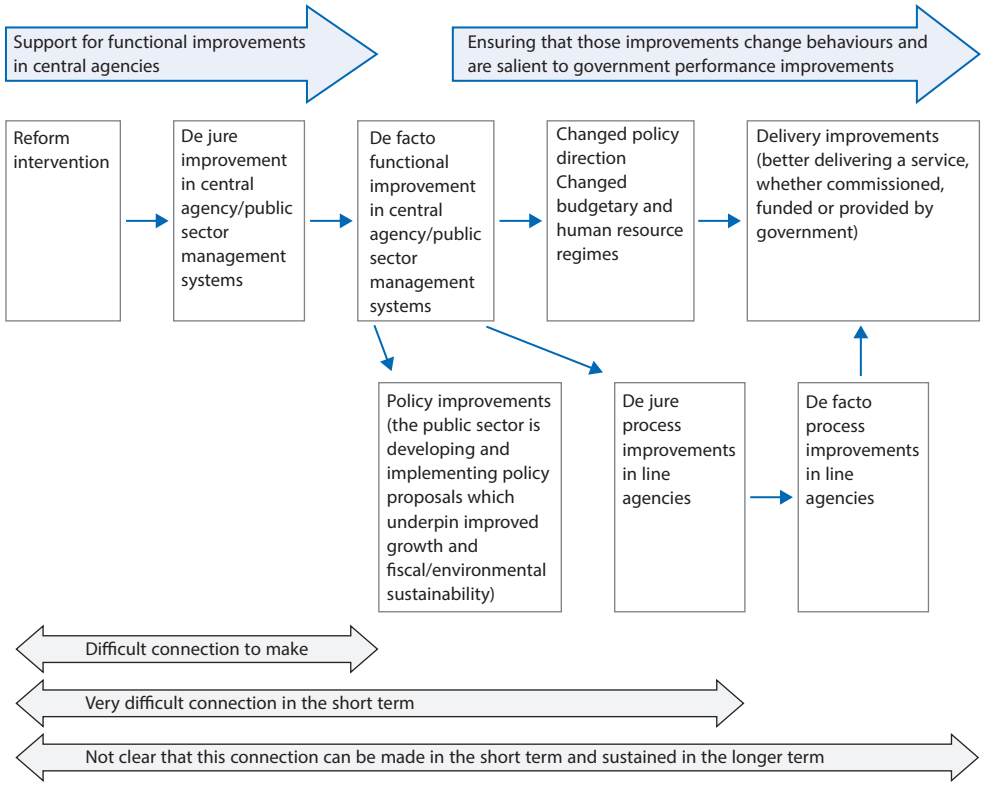
With upstream public sector management reforms defined as having one foot firmly placed near the functions of the central agencies, the reform challenge is then immediately apparent (Figure 2). Upstream public sector management reforms have to reach a very long way down a very tortuous chain of results. Each step is replete with the challenges of explicit and hidden divergent interests and, crucially, each step involves diverse organisational actors who cannot see exactly what the other actors are doing and who are themselves very heterogeneous with divergent internal incentives.[12]

In sum, as set out in Figure 2, the connection between a change at the centre and a change further downstream is increasingly difficult to make. Change agents, even those deeply embedded in the system, do not know enough about what will work in a particular setting to prescribe a series of changes that would resonate effectively through long sections of the results chain.

Be realistic about what we know

As noted above, public sector management is a data-starved environment – with little appetite for purposeful inquiry (Scott, 2009).[13] There are many possible reasons why research on public sector management reform in is lagging behind. They include: 1) that development specialists are more often economists than public administration scholars, with a consequent emphasis on normative prescriptions reflecting assumptions about extrinsic incentives

Figure 2. **The challenge of reaching far along the results chain for upstream PSM reforms**



rather than empirical research (Stein, 2008); 2) the "ghettoisation" of public administration as a field of study within the larger stream of management studies (Andrews and Esteve, 2014; Kelman, 2007); 3) that public sector management reforms are long term, complex and tough to measure, lending themselves less to rigorous evaluation since, unlike deworming pills, a medium-term expenditure framework cannot be randomised and even if impact evaluations could be constructed, the contextual variables are too complex to track in the case of significant reforms (Basu, 2013); and 4) that ideology has triumphed over pragmatism in the dichotomous assertions that the public sector is either very similar or fundamentally dissimilar to the private sector (Boyne, 2002). This is not to say that the field of PSM research has not made advances – but compared to other policy domains there is relatively little evidence about what matters most in improving public sector performance, in particular in developing countries.

One distinctive problem, as pointed out by the "new realist"[14] approaches to development in general and governance and public sector management in particular (Doing Development Differently workshop, 2014; Andrews, 2013; Andrews, Pritchett and Woolcock, 2012; Blum et al., 2012; Booth, 2014; Booth and Unsworth, 2014; World Bank, 2000, 2012) is that it is expensive and difficult to find out what is really happening before, during and after reforms. So the evidence base needed to underpin both types of knowledge is in very short supply. We can (maybe) see what is happening with the "concentrated agents" at the centre, but it is hard to see what is changing in the behaviour of the "distributed agents" – the "budgeters, accountants, and such in sector ministries, provinces, and districts" (Andrews, 2014: p. 1) – in the spending ministries. A new civil service law or new budgetary procedures can be proposed and agreed, but implementing a new merit-based promotion policy within the civil service requires changing the hard-to-observe behaviour of thousands of public servants, many of whom can continue patterns of patronage while claiming to have introduced the policy wholeheartedly. This is much harder to monitor than it is to know whether more children are being vaccinated as the result of a particular sector reform.[15] This problem of unobserved behaviour is exacerbated by the political stakes highlighted earlier. There are many political temptations to collude with Potemkin Village-like managerial reforms that have little real significance in practice.

The consequence is that we face severe limitations in our ability to advise about how to reach along the results chain because we lack of two types of knowledge: knowledge about reforms in general (what tends to work?) and knowledge about context (what seems to work here?). We do not know enough to know how reforms will play out in a given context.

Practise enthusiastic scepticism

The wider PSM reform industry has set an unfortunate pattern.

If the purpose of PSM reforms (keeping in mind that by this term we mean structured, purposeful, timebound programme of lasting change to institutional arrangements) is to deliver improved public sector outputs or outcomes, then the limited evidence available suggests that public sector reforms focusing on upstream concerns show at best mixed results (Alonso, Clifton and Diaz-Fuentes, 2011; Hood and Dixon, 2015; Van Dooren et al., 2007). Given that, why has there been so much of it? Partly of course it is because, however dim the prospects, often something simply has to be done and, contrary to the common observation that reforms to core public administration are very difficult to implement, in reality they are surprisingly easy to make both in OECD settings (Gingrich, 2015; Pollitt, 2007) and in middle and lower income settings (Andrews, 2013; World Bank, 2012) regardless of their likely ultimate impact.

But much of the reform energy has been stimulated by commodified reform products: managerial prescriptions which over claim about their likely reach along the results chain and which can be applied regardless of the uncertainty about their fit within a complex context. Annex 3 provides a brief historical overview of this rather ingenious packaging. For example, Hood (1991) observed that New Public Management (NPM) was being marketed as "public management for all seasons" – an observation which is implicitly made about public sector management reforms more generally. Various forms of results-based management, most extremely "deliverology" (Barber, 2008; Barber, Kihn and Moffit, 2011; Barber, Moffit and Kihn, 2011), suggest that they have solved the problem of ensuring that reforms in the centre reach right along the delivery chain set out in Figure 2. Critics of these claims (Hood and Dixon, 2015; Seddon, 2008) suggest that this connection is more apparent than real. This is not to say that NPM or other approaches emphasising results are without merits – but it is to say that it is very improbable that they represent a universal solution.

The overselling of reforms has been clearly identified in recent research (Andrews, 2008; Pollitt and Bouckaert, 2011) and the incentives to continue this are obvious. By focusing on promises and sidestepping measures of impact, public sector management reform in OECD countries has become a very large business. In Europe alone, each year governments spend around EUR 30 billion on consulting services to improve public sector performance (Poór, Milovecz and Király, 2012). An investigation by the UK National Audit Office showed that in 2006-07 the UK public sector spent approximately GBP 2.8 billion on buying in management consultants (National Audit Office, 2006).

And donor-supported PSM reforms have an unpromising family background

In parallel with sceptical debate about the track record of PSM reforms, there is a discussion about whether aid works in general. There is a vast literature on this, but there is enough evidence to suggest that in specific areas it has been significantly transformative, including the Marshall Plan (1948-1952), the "green revolution" and global health programmes which largely eradicated smallpox. At the country level a small group of countries, including the Republic of Korea and Botswana, are often cited as aid success stories as a result of remarkable economic progress following significant aid infusions (Lawson, 2012: p. 3). However, these may be exceptions as, more generally, other than the apparent long-term relationship between aid and very modest increases in growth (Arndt, Jones and Tarp, 2013; Ranis, 2012), development assistance seems to deliver its planned outputs while achieving few results at the outcome level (Riddell, 2014). Deaton (2013: p. 306) speaks for many when he concludes that: "(i)n spite of the direct effects of aid

that are often positive, the record of aid shows no evidence of any overall beneficial effect."

While Deaton's conclusion might be uncomfortably extreme, there is a well recognised set of concerns about the pressures facing donor agencies to disburse funds (Mosse, 2013) and to proffer a standard and somewhat inflexible package of advice. While these pressures are often described in terms of the allegedly general tendency for public agencies to seek budget and bureau maximisation,[16] a more charitable interpretation of donor behaviour is that it is shaped significantly by the need for predictability in the operation of large organisations. While staff cannot be hired and fired at the drop of a hat (notwithstanding that donor bureaucracies are increasingly composed of armies of consultants who can, in principle, be hired and fired at short notice), and while budgetary appropriations for development assistance remain largely annual, donors will feel pressures to disburse the funds available to them and to provide the advice which their in-house experts happen to have.

Thus donor-supported public sector management (PSM) reform is at the intersection of two distinctly weak policy domains – public sector reform and development assistance. Development assistance to upstream PSM reform embodies the weaknesses of its antecedents on both sides; in caricature it has inherited the tendency to promote commodified PSM reform packages, reflecting the knowledge and certainties of development practitioners and which they then promote more in accordance with the need to be disbursing to a timetable, and the need to be seen to be active, than with concerns for specific local conditions.

The track record of donor-supported PSM reforms in achieving "big" results is undoubtedly poor

Michael Woolcock (2012) makes a rough and ready distinction between "Big Development" and "Small Development". Big Development is about significant improvements in state capability, entailing progress along key dimensions: economic wealth based on productivity growth; politics which reflect citizen preferences; equality of rights, responsibilities and opportunities; and rational, impartial administrative procedures. Small Development can be said to be about *some* better policies for growth and fiscal/environmental sustainability, *some* improved accountability and reduced corruption, and improved services for *some*.[17]

There is no shortage of observations that donor-supported PSM reforms have done little to drive "Big Development".[18] While there have been some large-scale successes for development assistance, these have largely excluded public sector management. In relation to the major public health advances for which development assistance can take significant credit,

Morrison (2013) highlights the scale of the operational advances in the measurement of health impacts in the early 2000s which led to major cost savings and efficiencies in HIV/AIDS and malaria programmes through a careful analysis of how dollars were invested, as compared with disease burdens and local capacities. The work included reshaping markets to reduce input costs and achieve efficiency gains in the number of persons with HIV on assisted antiretroviral treatment. A similar phenomenon was seen with respect to both the Global Polio Eradication Initiative and malaria efforts – better diagnostics and improved outcomes were achieved through a determined and large-scale effort. However, donor-supported improvements in national level public sector management did not figure centrally in these reforms (Morrison, 2013: p. vi).

If the assumption is made that "Big Development" generally requires big "transformational" change in public sector institutions, then donor-supported PSM reforms might not even have achieved much in reaching that intermediate step. The World Bank concluded in 2008 that less than a quarter of its public sector reform projects were associated with significant major institutional improvements at the country level (IEG, 2008: Table 4.1). It noted that "(o)f 80 countries that received PSR (public sector reform) lending in 2007-09, 39 per cent improved their governance CPIAs (Country Policy and Institutional Assessment) (2006-09) and 25 per cent had declining CPIAs… (but) countries with no PSR lending in 2007-09 had similar rates of CPIA changes." (Independent Evaluation Group, 2011: pp. 68-9). Turner (2013) confirms the rather gloomy picture for recent UK support for PSM reform.

The following chapter offers some speculations about what it might take to develop forms of assistance for radically transforming PSM reforms.

Act with conviction but without professional ego

Take heart – "small" results from donor-supported PSM reforms are within reach

The missing impact of donor-supported PSM reforms can be interpreted as meaning that the entire donor-supported upstream PSM reform enterprise has failed and that the increased emphasis on PSM in donor priorities which emerged prominently in the 1990s was misplaced (Pritchett and de Weijer, 2010).

However, while PSM reforms with large-scale impact might be in short supply, there are more optimistic signs about upstream PSM reforms and "Small Development". As Blum (2014) has recently found, when controlling for country context (and very particularly the presence of programmatic political parties), the results of World Bank public sector management projects have a success rate (as defined by the criteria which the project set for itself)

similar to those for projects in other sectors. This of course does not address the possibility that reform ambitions are being dumbed down in tough contexts to achieve these results. Nevertheless, donor-supported upstream PSM reforms do seem to be able to achieve small, modest results, results which do not claim impact far down the results chain but which introduce changes which, ultimately, could have a lasting and cross-cutting benefit. This storyline is supported by the type of result reflected in the World Bank's review of success stories in institutional strengthening for its poorest clients (IDA, 2013). The finely disaggregated level of PSM project *components* reflects donor ambitions to introduce small changes such as a new chart of accounts or a new selection procedure for senior public sector staff appointments, as distinct from the project-level ambition of more comprehensive public financial management or HRM reforms. The World Bank was supporting over 1200 small-scale reforms as reflected by the number of such project components active in its financial year 2013-14. Of those, where the targets were objectively measurable and entailed changes in behaviour rather than changed rules, regulations or other paper commitments, just under 80% were successful.

To avoid over-excitement here, we should note that only around 30% of project components had such targets – the other components were assessed against inputs such as training provided (Austria and Srivastava, 2014). So, at the extreme, this leaves open the possibility that micro (component-level) successes that mattered were only around 20% of the total. We should also note that few of these small successes were in fragile states where, arguably, it matters most.

But the supporting arguments about why small is worthwhile can lead to entrenched positions

If it is correct that donors can and do help make small improvements in upstream PSM, then the argument for engaging with them is essentially that small things can add up to something big over the longer term.[19]

However, this argument requires some working assumptions about sequencing. Traditional sequencing arguments have two parts. The first is based around the premise that some basic disciplines (typically around managing public financial management inputs and human resource management) should be entrenched prior to starting more advanced PSM reforms including arrangements for measuring and managing outputs/performance.[20] This case was most prominently articulated by Schick (1998) with the associated mantra of "look before you leapfrog". This was followed by the World Bank's Public Expenditure Management Handbook (World Bank, 1998) which stressed the importance of getting the basics right first:

- control inputs before seeking to control outputs

- account for cash before moving to accrual accounting
- operate a reliable budget for inputs before moving to budgeting for results
- make a comprehensive budget and reliable accounting system before trying an integrated financial management system
- get a proper budgeting and accounting function before strengthening the auditing function
- do reliable financial auditing before trying performance auditing.

This logic was operationalised most clearly in PFM in the platform approach proposed by Brooke (2003) in the "hurdle approach" to PFM reform in Thailand (World Bank, 2002) where competence in a set of internal ministry processes were prerequisites for enhanced autonomy, including budget planning, output costing, procurement management, budget and funds control, financial and performance reporting, asset management, and internal audit. In relation to PFM, the most recent (and most comprehensive) summary of assumptions concerning what comes first is set out in Diamond (2012).

Similar ideas are found in relation to HRM within the public sector. See for example Manning and Parison (2003, particularly Figure 3) and the emphasis on different possibilities for HRM reform once a "formality threshold" has been reached and the "tradition of rule following is well-entrenched" – whether that entrenched formality is around the neutral, apoliticism urged by the western public sector tradition or the disciplined commitment to the specific policy doctrine of the agency that they work within that Rothstein (2014) finds in the administration of China. A "basics first" logic has also been proposed in relation to the introduction of a performance orientation in the public sector (Manning, 2009).

The second part of the sequencing argument is that a public sector which is well-functioning in some sense is a precondition for growth and development. This part of the argument is summed up well by Henderson et al. when they note that: "there is in general a strong relation between the competence and effectiveness of public bureaucracies and their consequences for poverty reduction… (and) given a solid and sustained record of economic growth, the balance of presumption must be that the bureaucratic quality of public institutions in a given country is decisive for that country's ability to reduce poverty" (Henderson et al., 2003: p. 15).

Both parts of the sequencing argument are open to debate. On the establishment of basic disciplines, while the PSM literature is replete with injunctions to "do first things first", we are far from sure what those first things might be. There are many attempts at defining exactly what is

meant by the "basic disciplines" in public financial management with many similarities but with less than perfect consensus.[21]

On the second part, the specifics of exactly which institutions have been shown to matter for social and economic development are very unclear. Current evidence points to those that protect the returns on private investment, in particular property rights and the rule of law, but little beyond that. While Evans and Rauch (1999) show a causal link between the quality of public administration and economic growth, for example, examination of growth accelerations such as China after the late 1970s and East Asia from the early 1960s do not reveal any significant public sector management reforms which preceded them (Hausmann, Pritchett and Rodrik, 2005). Overall, a foundational level of institutional quality in relation to property rights and the rule of law appears to be necessary for sustained economic growth (Acemoglu, Johnson and Robinson, 2001; Rodrik, Subramanian and Trebbi, 2004) – but beyond that, it is not clear which institutions are causally related to economic development and in fact the direction of causation might be the reverse, with richer societies demanding better governance structures (Booth, 2015).

Both parts of the sequencing arguments, "basic disciplines first" and "an effective state is essential", are often favoured by avid proponents of upstream work (we might call them "upstream PSM foundationalists"). In their view, there is little point in pushing for other sectoral or economic reforms without a capable state, and to get there requires that some fundamental public sector management disciplines are entrenched.

But the non-foundationalists have a reasonable position too. Maybe both parts of the sequencing argument should be reversed – concluding that it is wider governance reforms which will, over time, drive the evolution of a more efficient non-partisan administration and that evolution within the public sector will be uneven and occasionally undisciplined, with ad hoc public sector reforms supporting a growing state capability.

One thing is for sure – we do not have a settled view on how public sector reform and social and economic development interact:

> …there is little evidence – or theory – to suggest how the different elements of statehood interact during state-building in fragile contexts. Familiar historical precedents don't help, because Western European budgets and treasury systems evolved alongside external accountability and administrative capacity, making it impossible to establish which caused which. We do not know enough about state-building to understand how the different dimensions of statehood fit together. (Hedger, Krause and Tavakoli, 2012: p. 3)[22]

Despite the strength of the case for agnosticism, there is a tension among those working on public sector management between the "upstream PSM foundationalists" and the "non-foundationalists" about whether core administrative capacity leads or follows growth and broader governance improvements, which is consistent with the tradition in the development field of certainty without evidence. This can lead to deep and unyielding divisions within development agencies about the logic of which PSM reform should be supported, when and where.

That is not the only fault line

There is a further stylised split in the development field between the "institutional symmetrists" and the "particularists" – a stylised distinction about whether administrative capacity is helped or hindered by sector-specific, asymmetric developments.

The background to this dispute is the question of whether public management systems really need to be improved "symmetrically" across the whole of government or whether sustainable improvements are more feasible but still sustainable if undertaken sector by sector, cadre by cadre, or entity by entity (Hakimi et al., 2004; Nunberg and Taliercio, 2012).[23]

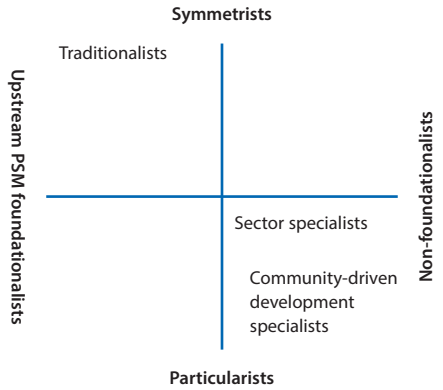
Ultimately, the symmetrists are concerned that asymmetry undermines or overloads country public management systems in the same way that donor projects can (Knack, 2013; OECD, 2008). The particularists do not necessarily disagree with that position, but they note that means should not be confused with ends and that ultimately the objective is to build strong systems, not to put the existing arrangements on a pedestal. If, in a particular context (say the development of a Financial Management Information System), the project procurement is handled more efficiently by the donor but the result is a stronger financial management system, then the price of a parallel system might be worth paying (Dener, Watkins and Dorotinsky, 2011). Similarly, if diverse pay regimes can be managed without leapfrogging in pay bargaining rounds, then symmetry has no intrinsic value.

Productive contestation is key

Thus, with evidence (or lack of) to suit every position, we end up with the territory set out in Figure 3. Arguments can be made for any position on this map in specific contexts, but the PSM traditionalists tend to gravitate to the top left, the sector specialists (health, education, water etc.) somewhat to the bottom right, and the community-driven development specialists further in that direction. Nothing wrong with broadly different perspectives of course – but there is a serious problem when empirically unsupported positions become articles of faith for particular professional groups, to be

adhered to under all circumstances. The result can be self-reinforcing expert camps – each seeking validation from the like-minded and none subject to verification. Levy (2014) identifies the somewhat shameful conflicts within the World Bank when considering governance reforms between, on the one hand, "governance advisers who saw the "strengthening of 'country systems' within the public sector as key to effectiveness" and, on the other, "protagonists who gave priority to more bottom up, community-based approaches" and champions of "vertical global programmes" which, the governance advisers felt, undercut country ownership and "added new difficulties to the challenge of strengthening country systems" (Levy, 2014: p. 5). In a zero-sum competition for prominence and project finance, one side "wins", and the knowledge of the other side is lost.

Figure 3. **Schools of thought on upstream PSM**



Against this context, the key for the intrepid development professionals seeking to help fix the centre of government is to engage in honest contestation. In a situation with such weak empirical evidence open-mindedness and ego-free contestation with those who adopt different positions are particularly important. The challenge is to devise mechanisms and to provide role models to encourage all to contribute their best knowledge.[24] The most recent World Development Report cites evidence that group deliberation among people who disagree but who have a common interest in the truth can harness confirmation bias positively (World Bank, 2014: p. 183). It is a well-established finding that "contestatory modes of communication" are helpful for "more fully exploring all sides of an issue, for uncovering shared information, and for reducing confirmatory bias" (Bächtiger and Gerber, 2014: p. 116).

This is easier said than done of course. It is not obvious how to organise such vigorous contestation when some of those involved can opt out if they find the vigour a little daunting.

Within donor agencies, the most likely approach is to upgrade the generally rather toothless peer review process, "institutionalising teams that review plans in an explicitly argumentative manner" or creating review teams which are institutionally distinct from proponents, to create space for more candour and critique (World Bank, 2014: p. 184). In addition, it is necessary to exhaust the available research evidence, even if it is far from sufficient (Ravallion, 2011). It is yet more challenging to develop protocols for such vigorous contestation with counterparts and local actors – although Booth and Unsworth (2014) point out that contestation is often part of the process of working with complex coalitions during reform. It is clear however that the nascent discipline of "collaboration engineering" (Kolfschoten, de Vreede and Briggs (2010) has certainly not been comprehensively mined to identify possible strategies.

3. Part 2: Manage your product

Don't be ashamed of doing "small"

A good adaptive process is necessary…

As argued above, donor-supported upstream PSM reforms have a reasonable success rate for "small" improvements, particularly considering their rather dubious parentage. However, reasonable is far from good. The current "new realist" approaches to development in general and governance and public sector management in particular essentially argue for a reform approach which is agnostic about preferred processes or organisational forms and locally led and adapted as lessons emerge during implementation.[25] In OECD countries, Pollitt and Bouckaert (2011) have made similar arguments for moderation and adaptive approaches. Melchor (2008) and the OECD (2005) both observe and welcome the prevalence of incremental adaptation in reform. In incremental, adaptive approaches, the results of each change are monitored and course corrections are made, iterating towards an ultimate solution.

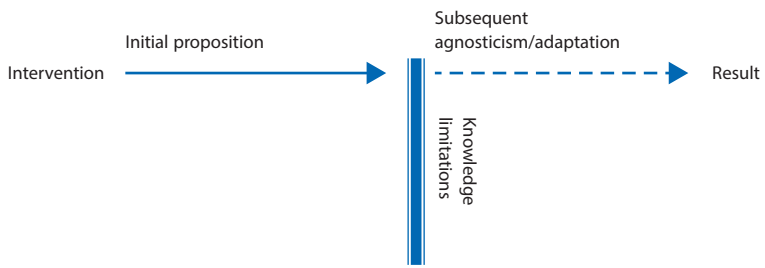
The approach is logical as there is now a widespread agreement that PSM reforms address "adaptive" rather than "technical" problems. "'Technical' problems can be addressed by a technical/expert, whereas 'adaptive' problems require deeper transformation by more people in the community who have to change their values, behavior or attitudes" (Heifetz, 1994). As Booth rather memorably puts it in reference to some complex institutional reforms in the Philippines: "This was a guerrilla operation, not a war of fixed positions" (Booth, 2014: p. ix).[26]

As noted, these arguments for adaptation and agnosticism stem from the limits of our knowledge about public sector management in general, and particularly the consequence of making changes in particular settings. Adaptation and agnosticism are not good things in themselves; they are part of the general tactical case for cautious incrementalism in reforms, along the lines of the observations made by Lindblom (1959) concerning "muddling through" within large bureaucracies, as a rational way of managing complexity and the inherent uncertainty in predicting exactly what the consequence of reforms at each stage will be.

… but can be hard to sell…

Reforms have to begin somewhere – it is necessary to "develop initial responses which are then modified over the life of the project" (Brinkerhoff and Ingle, 1989: p. 490). After all, "it is difficult to hold the attention of those eager for progress and clear answers with responses that amount to 'Well, I'm not sure, but let's explore this more and perhaps we can generate some ideas…" (Grindle, 2013: p. 400). Subsequent adaptation is necessary where the results of further reform are not known (or could not be known) with any degree of confidence in advance (Figure 4). When knowledge limitations raise uncertainty about the likely result of further change beyond any reasonable limits, it is obviously sensible to proceed cautiously and, using the insights of local personnel who understand the realities on the ground and can see changes as they happen, push forward adjusting and redesigning the intervention logic as facts become clear.

Figure 4. **Combining prior certainty with subsequent adaptation**



… and a good technical starting point remains key

These are arguments that an agnostic/adaptive approach is necessary, not that it is preferable. Adaptation is obviously cheaper than failure, but it is more expensive financially and in opportunity costs than getting it right first time. The recent reform of the public sector pay system in Afghanistan took three years to pass and eight to implement – should this attempted solution to the problems of weak accountability and lack of merit be iterated and adapted? How long have we got?

The more that reformers, local and/or external, know what to do, the less costly and time-consuming the reform. The challenge is to maximise knowledge, accepting that the less that is known the more adaptation is necessary. The further that the knowledge limitation boundary line in Figure 4 can be pushed to the right, the better.

Keep in mind the three keys to getting it as right as possible

If intervention design is, in caricature, a process of identifying a starting proposition to be modified over the life of the project, there are three dimensions in that proposition to get right:

1. What is the context-specific thing that is being fixed?
2. How will we help fix or improve it?
3. What is our autonomy-respecting idea about why the actors involved will want to change their behaviour?

The need to answer the first two questions is self evident; the "what" and the "how" are clearly crucial to understanding the way that the programme is meant to operate. The third concerns an articulated theory of change and this could be seen as a mere embellishment. Why worry if it is not obvious why the intervention works as long as it does? Like all theories, there are two purposes of an explicit theory of change. By providing ideas which can be tested in practice day to day, it is a device for keeping an open mind to the need to change strategy without waiting for long-term evaluation. It also provides a way of leveraging the impact of a successful project through convincing others to take actions in line with the theory.

Improving the accuracy with which these questions are being answered, pushing the knowledge limitation boundary line in Figure 4 to the right, speeds effective reform by reducing the need for further complex adaptations and restructurings.

Get it as right as possible about the context-specific thing that is being fixed

Most project documents reveal that knowledge about how the current arrangements work in practice is very limited. They contain a seemingly complete description of how the public sector could work in the future, showing the assumed connections between formal institutions and arrangements, behaviour of the key actors, and the final results. However, the frequent assumption is of current institutional *terra nullis*, as if reforms can be introduced without reference to existing custom and practice.[27] Project documents are very often generic with little evidence of a real understanding of how the connections work in this particular setting, and no admission that the understanding is incomplete

In seeking to understand how things work right now, reformers should heed the words of Avinash Dixit who concluded his Presidential Address to the American Economic Association on "Governance, Institutions and Economic Activity" with a call for caution: "before recommending any change, you should determine whether existing institutions are there for a good reason, and how your reforms would interact with them in the short run and the long run. I am not saying that everything that is there is there for a good reason, but it is better to start with a presumption in favour of what has existed for a while than the presumption that everything should be changed to match the successful formal institutions in advanced countries" (Dixit, 2009: p. 21).

Others have made similar points about specific upstream public management systems – arguing that apparent dysfunctions are actually misunderstood functioning arrangements: "Patronage systems are not synonymous with bad governance… Managers with discretion over hiring have significant opportunities to create islands of excellence… The fatal weakness of patronage systems is that they are capricious, not that they are inevitably incompetent" (Grindle, 2012: p. 261). Similarly, Srivastava and Larizza (2013) point out that apparent dysfunctions such as the rapid "shuffling" of staff works perfectly well at constraining the power of (and information held by) senior administrators who might use that to limit the ability of politicians to allocate goods and services to favoured groups.

Proposing change without an understanding of how the current arrangements operate in practice – the formal and informal arrangements which drive current behaviour and the consequences of that behaviour – is a proposal for disruption without direction.

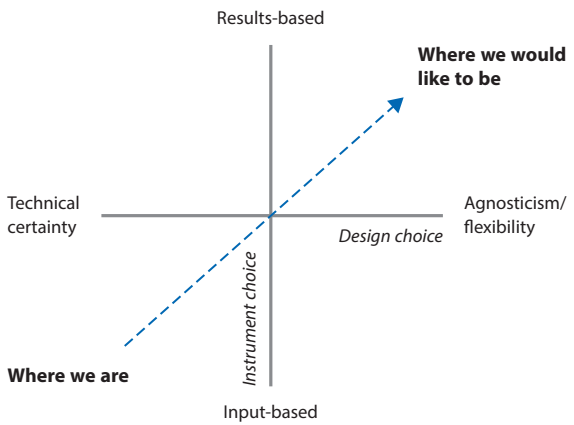
Get it as right as possible about the type of intervention which might help

Proposals for the deployment of inputs within an intervention are usually set out as part of a logical framework – an approach which has become a more or less standard tool in development agencies since its initial development by the United States Agency for International Development (USAID) in 1969 (DFID, 2009; Team Technologies, 2005). It is a way of structuring the thinking of donors and counterparts as projects are being prepared – requiring them to develop a logical claim running from their activities, through outputs and purposes, to development goals. The problem is that when prepared as standalone documents, they are more akin to engineering templates in which all the facts are known and hence all the inputs fully described and costed, year by year. It would be a brave task manager within a development agency that sought financing for a project in which they could not, before starting, describe the types of inputs required, the amounts that they will cost and the likely year when the expenditure will occur.

The problems inherent in logical frameworks have been understood for some time. They lock a project concept and all its assumptions in place, on the basis of very modest understanding of complex and perhaps fast-changing environment (Porter, Allen and Thompson, 1991).

Moving to a results-based project approach, in which the objectives (and maybe the incentives) are centred around what is to be achieved rather than how it is to be done, is no magic bullet here. As Figure 5 highlights, there is the separate question of whether the design choice locks in assumptions about the intermediate problem to be solved – assumptions which might later prove to be flawed. For example, ensuring an apolitical hiring process for senior officials might seem an obvious objective en route to improving service delivery – but might be followed by the later discovery that patronage appointments by well-intended ministers are much more effective. It is not making progress to continue to drive towards results which the course of the engagement have gradually revealed to be misplaced.

Figure 5. **Instrument choice and design choice are separate questions**



Source: Roseth, B. and V. Srivastava (2013), "Engaging for results in civil service reforms: Early lessons from a problem-driven engagement in Sierra Leone", *Policy Research Working Paper*, No. WPS6458, World Bank, Washington, DC: p. 5).

It is one thing to find appropriate project frameworks which avoid locking in a blueprint; it is another to motivate staff to use that flexibility. The 2015 World Development Report (World Bank, 2014) cites evidence which shows that, despite a record of failure, as sunk costs in a project increased, the propensity of the staff to continue with the project also increases.[28]

If we are going to be flexible about how to improve upstream PSM reform, then we need to have some intelligence about when efforts seem to be going off track. We are probably not going to find indicators at the aggregate "strength of the public sector" level (Pritchett and de Weijer, 2010). We are likely to do better at the level of specific management public management "systems", where there are now a variety of instruments for measurement including the World Bank's Country Policy and Institutional Assessment (CPIA), Public Expenditure and Financial Accountability (PEFA), the Tax Administration Diagnostic Assessment Tool (TADAT) for public financial management systems and the Methodology for Assessing Procurement Systems (MAPS) for procurement. These indicators can offer great insights but require much care as not everything that can be measured requires improvement and not everything that requires improvement can in fact be improved.[29]

In sum, project design needs to build in flexibility about ends as well as means which can be harnessed without disincentives for donor staff, and also needs to provide meaningful early alerts about progress.

Get it as right as possible about why autonomous actors would want to change behaviour

"Theories of change" is a new big thing in development. While at times it is a rather theological concept,[30] it seeks to unpack the crucial question of *why* the relevant actors will make the changes assumed within a reform programme which, if it is to have any basis in reality must be "autonomy-respecting" (Ellerman, 2005) since compulsion is both infeasible and ineffective. The term is intended to mean "the rationale behind an… intervention, describing the relationships – and identifying the assumed links – between activities and desired outcomes. It shows a series of expected consequences…" (Dart, Hall and Rudland, 2010: p. 17). It is a "theory" because it produces predictions which are capable of falsification about why facilitating some managerial or institutional changes will lead to others and eventually to the desired improvement in the results chain. The purpose of an explicit theory is to mobilise others to help and to sound an alarm if the assumptions on which the project is based turn out to be wrong. The risk in not having an adequate theory of change is that all involved might not be sufficiently mindful about whether reforms are headed in the right direction and whether any course corrections are needed.[31]

Despite powerful arguments for "nimble political analysis" and the messages emphasising the importance of "working with the political grain" (Booth, 2011; Fritz, Levy and Ort, 2014; Yanguas and Hulme, 2014), donor programmes rarely seem to offer testable theories of change. The recent political economy rhetoric within the development world has been marked by

set piece "political economy analyses" which comprise "standalone products, designed by specialist consultants or academics, for individual donor agencies" (Fisher and Marquette, 2013: p. 3) but with little predictive power.

In science, a theory is an explanation for a broad set of observations, supported by multiple lines of evidence. In public management reform, given the weakness of the evidence base, we might do better to talk about "informed change hunches". Since there is no first best or obvious answer to the politician who asks "why be the first minister to abandon the political capital that patronage can bring?" (World Bank, 2012: p. 5), we need to be able to articulate through explicit theory or informed hunches what might bring about change and why – and to be prepared to abandon our hunch/theory if we see that it was simply wrong. The arguments made by Wild et al. for indicators which test whether a working theory of change is being applied in practice through measures of "the extent to which issues have local salience or relevance, and whether processes give priority to local leadership and capacity", "the use of the best knowledge available about the local political economy and its dynamics", "learning in action… (and) the use of feedback loops" and "attempts to monitor and measure innovation processes and impacts" (Wild et al., 2015: p. 42) are practical steps in this direction.

4. Concluding thoughts

The message of this guide is that intrepid development professionals seeking to help fix the centre of government have a tough journey to make. The task itself is intrinsically difficult, and the tradition in the public management field of over-claiming and over-generalising about reform products have led to an unhelpful tradition in which rhetoric has long since overpowered empirical evidence. Nevertheless, with much luck and minimal ego, intrepid professionals can help bring about small but useful changes, particularly when they act with due modesty and welcome open contestation of their ideas – and these small changes can add up to something big over the longer term and can ensure that downstream delivery improvements are sustainable.

Annex 1

The PSM choices in downstream service delivery arrangements that this guide is not discussing

Choosing performance incentive and control issues at the sector level	+	Choosing providers and funding arrangements
Trust and altruism: reliance on professional standard-setting and self-regulation (e.g. the traditional dominance of teachers and doctors in the management of health and education services). **Hierarchy and "intelligence"**:* the general provision of performance information but with no particular incentives attached to it (e.g. the relatively loose performance-*informed* programme budgeting structure in many settings including the Russian Federation) **Hierarchy and targets**: performance-*driven* budgeting with a requirement to report on performance expectations in budget and on results in entity reports with more or less mechanical consequences (e.g. the No Child Left Behind legislation in the US, UK National Health Service (NHS) reforms). **Choice and competition**: money follows choice combined with supply-side flexibility (e.g. Charter schools).		**Vertically integrated providers** with service provided by ministries and departments in central, state or local governments using core country systems. **Project implementation units (PIUs) type arrangement:** unit on budget but using consultants outside of the general human resource management regime. **Special purpose agencies:** unit within government with independent funding, outside of existing financial management and human resource management regimes. **Non-market non-profit institutions that are controlled and more than 50% financed by government**: schools, hospitals, etc. that are largely funded and controlled by government but not owned by government; social funds. **Market producers, controlled by government, selling goods or services at an economically significant price ("public enterprises")**: Publicly owned banks, harbours, airports.

Voice and public ranking: naming and shaming (e.g. citizen scorecards in the Philippines). Developed from Bevan, G. (2012), *The Challenge of Designing 'Good Enough' Performance Measures & Results Framework*, London School of Economics, London, and Le Grand, J. (2007), *The Other Invisible Hand: Delivering Public Services through Choice and Competition*, Princeton University Press, Princeton, NJ.		**Market or non-profit producers, whose indirect public funding comprises more than 50 percent of total revenue**: for example profit or non-profit private hospitals significantly dependent on publicly insured clients **Private enterprises with a statutorily privileged market position:** Private sector utilities licensed to operate in very limited markets (water, energy, sewage, waste disposal, post, local public transport companies, national train company, etc.). **Contracted out services.** **Pure market provision:** limited or no sector-specific regulation. Partly developed from Inter-Secretariat Working Group on National Accounts (1993), *System of National Accounts 1993,* European Commission, IMF, OECD, UN and World Bank, http://unstats.un.org/unsd/nationalaccount/docs/1993sna.pdf.

*"Intelligence" refers to the general provision of performance information but with no particular incentives attached to it.

Annex 2

The objectives of upstream public sector management reforms

Successful upstream public sector management reforms are structured, purposeful, timebound programmes of public sector management changes which achieve:

A. **Systematic improvements in government decision making and policy management**: central agencies delivering policies which better support growth or fiscal/environmental sustainability:

   1. Regulation of social and economic behaviour in key sectors e.g. food or transport safety.
   2. Management of responses to changing macro environment through improved tax and revenue, expenditure, state-owned enterprise (SOE) and investment policies.
   3. Management of infrastructure or other public investments which the private sector is unable to finance or bear all the risk.
   4. Developing or managing broad policy proposals or in identifying emerging social and economic challenges and proposing solutions.
   5. Setting specific sector policy objectives, such as reimbursement methods for allocating recurrent budgets to hospitals, or incentives for efficient water use.

B. **Better processes and cross-cutting management systems**: central agencies changing systems across the public sector which foster transparency, accountability, reduce corruption, improve efficiency or accessibility across the board, etc.:[32]

   1. Budgetary and financial management system:
      - planning and budgeting
      - financial management
      - accounting, fiscal reporting and audit.

2. Procurement system:
   - quality management in legislations and regulations
   - capacity development
   - operations and market practices
   - transparency.
3. Public administration system:
   - management of operations within the core administration
   - quality management in policy and regulatory management
   - co-ordination of the public sector HRM regime outside the core administration.
4. "Public information" and administrative accountability systems:
   - access for citizens to information including open government and transparency
   - public accountability mechanisms and anti-corruption authorities
   - monitoring and evaluation framework for sector ministries.
5. Revenue mobilisation system:
   - tax policy
   - tax administration.

C. **Eventual improved operational results**: central agencies improving how they provide line departments with incentives or opportunities to improve their commissioning, funding or provision of services:
   1. Setting policy direction for line departments.
   2. Better procedural regulation of line departments.
   3. Better marshalling of budgetary and human resources for line departments.

Annex 3

The historical commodification of the PSM reform product

1970s – the development of reform products with big sales potential

The rise of "managerialism" in the 1970s can be seen as the development of a set of ideas and approaches which could be sold by charismatic generalists. Managerialism pushed back against the notion that improvement in delivery was obtained by improving large sets of formal rules which are deeply technical and specific to the public sector (Bach and Kessler, 2009). It was driven by a belief that institutions perform as well as they are managed – and that there was a distinctive skill set that good managers acquired, whether in the public or private sectors (Drucker, 1974). Efficiency in delivering results, of whatever nature (in the case of the public sector this might be around the provision of services, policy, regulation or taxation) would be as good as the quality of managers, and the flexibility that deregulation gave them to exercise these skills (Gore, 1993). After all, managerialism is a "set of beliefs and practices (that) will prove an effective solvent for … economic and social ills" (Pollitt, 1990: p. 1).

1980s and 90s – a special range of reform products developed for sale to the public sector

This theme was picked up and developed in a set of ideas which Hood labelled "New Public Management" (Hood, 1991). NPM sought to extend private sector management practices and introduced the idea of developing quasi-contracts within the public sector in which disaggregated entities committed to providing specified outputs in exchange for budgeted resources. In this way, it was NPM, more than managerialism, which challenged the long-standing notion that the basic organising principle of the public sector was hierarchy – it noted that many elements of the public sector could be organised as a set of internal trading operations (Schick, 1996). By emphasising efficiency and not differentiating across delivery mechanisms, NPM also led to considerable contracting in of services from

the private sector. If the outputs that were to be purchased could be specified internally, then they could also be set out in tender documents. Thus, while managerialism had individual agencies as its target, NPM looked at the sector in which they were operating since creating markets where none existed before became an important objective if the power of the private sector was to be harnessed.

NPM represented a segmentation of the market that had been created for the sale of generic managerial solutions across public and private sectors. NPM accepted that the public sector was somewhat different – and indicated that there is a generalisable approach (that could be sold) which applies across it.

2000s – range of public sector reform products expanded

A similar interpretation can be given to the more recent pushing of the "choice" agenda where service users have information about the performance of schools or hospitals and then choose to take their business to those that seem the most promising (LeGrand, 2007). This is a demanding method for organising the public sector as it requires public funds to follow customer choice and that entities whose services are not in demand can be allowed to fail – requiring a public sector equivalent to bankruptcy. It is another sweeping change, suggesting that an army of skilled consultants will be necessary to introduce it.

Most recently, discussion concerning public sector management has promoted the idea that many complex, multi-faceted problems (e.g. providing community care for the frail elderly) rely on networks of providers who must co-ordinate at the local level and recognise that they are providing services, not simple products, according to the highly differentiated needs of individuals (Osborne, Radnor and Nasi, 2013).[33] This requires recognising service recipients as active partners (co-production) and decentralised funding which is pooled between agencies. It also implies that the purpose of reform is less about better implementation of political priorities through more disciplined hierarchies or improved efficiency in the production of public services through quasi contracts; instead, like choice, it is more concerned with improving the public's perception of the ultimate value of the service (Blaug, Horner and Lekhi, 2006; Moore, 1995). Challenges in this model include the question of how to evaluate and incentivise agencies and individuals when they are part of a complex network of services and where the outputs that they are responsible for cannot be specified in advance (Sandfort and Milward, 2007). From this more recent perspective, innovation is valued over predetermined approaches and management techniques, with diverse experiments in incentivising some risk-taking by public employees (OECD, 2013).

Notes

1. This note has benefitted from many useful comments from colleagues. I am particularly grateful to Naaz Barma (Assistant Professor of National Security Affairs, Naval Postgraduate School), Jurgen Blum (World Bank), Bill Dorotinsky (World Bank), Philipp Krause (Public Finance Team Leader, Overseas Development Institute), Barbara Nunberg (Professor of Professional Practice in International and Public Affairs, Columbia University) and Geoffrey Shepherd (consultant) for their insights and wisdom.
2. A phenomenon noted by Carothers and Brechenmacher (2014).
3. A competition spotted by Hood (2006: p. 9).
4. Blum, Manning and Srivastava (2012) did not invent the movement but are representative of the trend.
5. There is a large literature criticising the overselling and damaging effects of New Public Management. See Manning (2001) for developing countries, and Pollitt and Dan (2011) for its impact in the EU.
6. As in Manning and Lau (forthcoming).
7. See Dunleavy and Carrera (2013) and Pollitt and Bouckaert (2011) as examples of the former, and OECD (2005) as an example of the latter.
8. Chakrabarti (2013) for example.
9. Ear (2009) provides a fascinating case study of donors confronted by bureaucratic politics and rivalries which they did not recognise or understand.
10. The interesting exception to this general principle is offered by some strands of the post 1990s populist anti-statism in the OECD (Mounk, 2014).
11. See also Holt and Manning (2014: p. 4). This is a widely agreed list of these management systems, but precise terms and classifications vary (Busan Partnership for Effective Development Co-operation, 2011; CABRI, 2014; OECD, 2008).
12. It is widely assumed that the problem of complex and often conflicting interests and objectives is more severe in the public than the private sector. While this seems intuitively plausible, oddly the evidence supporting this distinction is a little thin (Boyne, 2002).
13. A recent review of the impact of New Public Management (NPM) across the European Union refers to the current state of affairs as an "empirical desert" (Van de Walle and Hammerschmid, 2011: p. 17).
14. A term coined by Richard Batley, Emeritus Professor of Development Administration, University of Birmingham.
15. The difficulties of obtaining data about the internal working of the public sector have been noted in the social science research literature for many years (Jakobsen and Jensen, 2014).
16. A line of argument developed in relation to the US by Niskanen (1975), developed in Dunleavy (1991) and Williamson (2010) and usefully critiqued by Peters (2014: pp. 13-15).
17. "Big Development" is a very different thing to "Big Aid". The former is a result, the latter is a (seemingly unsuccessful) push to scale up inputs (Devarajan, 2013; Munk, 2013).
18. "The fact that the 'development community' is five decades into supporting the building of state capability and that there has been so little progress in so many places (obvious spectacular successes like South Korea notwithstanding) suggests the generic 'theory of change' on which development initiatives for building state capability are based is deeply flawed." (Andrews et al., 2012: p. 2).

19. There is a parallel and more defensive justification for donor work on PSM. Even if upstream PSM improvements cannot be achieved, there are arguably grounds for focusing on country systems etc. to guard against collateral damage arising from perverse incentives in donor projects which provide salary top-ups or other rewards which undermine public officials' interest in their broader duties (Lindner, 2013; Mukherjee and Manning, 2002).

20. Stevens and Tegemann (2004: p. 70) concludes that those basic disciplines include predictability of resource flows and timeliness and adequacy of civil servant pay, and that without these many public sector reforms are like a "building without foundations.".

21. See for example Tommasi (2009: p. 22) and Browne (2010).

22. Ang (2015) makes a similar point in relation to China.

23. Differentiated pay regimes have often been a source of asymmetry. These are sometimes seen as a temporary measure prior to a more comprehensive pay restructuring across government but can be undertaken with no such final symmetry in mind. Schemes in Tanzania (Stevens and Tegemann, 2004), Ghana, Zambia and Mozambique (Valentine, 2002), Afghanistan (Hakimi et al., 2004), Malawi (Mangham, 2007; Palmer, 2006) differentiate between agencies or groups of staff to enhance retention of scarce skills or to reward for restructuring. Hasnain and Manning (2014) conclude from an empirical analysis of the introduction of pay flexibility arrangements that cautious asymmetric introduction of performance-related pay can, with many caveats, be justified.

24. The problem of "domain narcissism" (a phrase coined by Professor Richard Marcy, Assistant Professor of Organizational Behavior at the University of Victoria School of Public Administration) in which one discipline seeks dominance over others, employing a narrowing of perception and rejection of incompatible information from other disciplines, and with an associated degree of emotionalism, is well-recognised. See for example Alexander and Lewis (2015).

25. See Andrews (2013) in particular.

26. Incrementalist and adaptive approaches are often attributed to the changing thinking in economics (Rodrik, 2008), but they have a history in public administration: the need for reform processes which allow iteration and adaptation has long been identified (Brinkerhoff and Crosby, 2002; Brinkerhoff and Ingle, 1989); Evans (2004) has warned against institutional "monocropping" when "deliberation" is more appropriate; and Ellerman (2005) set out a radical critique of donor agencies' tendencies to know best.

27. Cliffe and Manning (2008) and Evans et al. (2004) provide country-based arguments for this.

28. There is seemingly a strong "social norm for disbursing funds for a dying project" (World Bank, 2014: p. 185). "For sunk cost bias, the key is to change the interpretation of a cancelled programme or project. This involves recognising that 'failure' is sometimes unavoidable in development…" (World Bank, 2014: p. 190).

29. The World Bank refers to the need to ensure that indicators which measure the strength of public management systems are "action-worthy" (that behavioural change in these systems really is in some way associated with improved development outcomes) and "actionable" (pointing to a policy action or meaningful reform which would affect the indicator) (PRMPS, 2012). "Action-worthiness" is the toughest part of this as, to date, there has been relatively little testing to confirm that improvements in public management system indicators really are individually and collectively necessary for or contribute to development outcomes; they largely simply assume an association with downstream results (Global Integrity, 2010; PEFA, 2009; Reid, 2008). The debate initiated by Francis Fukuyama's recent article on "What is governance?" (Fukuyama, 2013) has reinvigorated the debate on how to measure state capacity.

30. See Stein and Valters (2012) and Vogel (2012) for some of the complex range of definitions.

31. The recent UK Independent Commission for Aid Impact critical review of DfID's Private Sector Development Work provides a useful illustration of the problem of not having a theory of change. The report notes that the commission could "not observe a clear 'theory of change' at the portfolio level that expressed how the private sector needed to be re-configured to enable it most optimally to contribute to economic growth, stability and poverty reduction…". That absence of a 'theory of change' meant that it was impossible to clarify "how DFID's activities cohere as a consistent endeavor" (ICAI, 2014: pp. 13-4).

32. See footnote 11.

33. Osborne et al. (2013) very succinctly spell out how services differ from products. A product is more or less tangible, while a service is a largely intangible process. Products can be made in advance and kept on the shelf – a service is consumed as it is produced. A service requires action on the part of the recipient (coproduction) – while a product is passively consumed or not by the recipient. A recent large scale survey of European senior public sector managers rated "collaboration and co-operation amongst different public sector actors" second only to digital government as a key reform trend (Hammerschmid et al., 2013).

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Supporting "big" improvements in government functioning: How public sector management development specialists can harness the growing significance of country choice[1]

Nick Manning

1. Introduction

My previous chapter argued that providing support for small managerial improvements at the centre of government is nothing to be ashamed of. But, modesty notwithstanding, big public management transformations are often necessary. Many governments need significantly improved capabilities if they are to manage targeted cash transfer schemes and, more pressingly, to begin to build stable social contracts in post-conflict settings and to raise more revenues from natural resources. Responding to the challenges presented by major demographic shifts, growing security threats, the unpredictable consequences of climate change and the need for services for the increasing concentration of the world's poor in fragile states argue for even higher levels of capability from governments which currently have the least.

The post-Busan process and the negotiation of the post-2015 Sustainable Development Goals are unlikely to help much. Large international summits and forums are often at best opportunities to help advance norms and aspirations concerning poverty eradication, human development, gender equality, sustainable use of natural resources etc. They may also allow developing countries (both emerging and still-poor countries) to more actively drive the agenda. But ultimately they are about ends. The challenge of going big in public sector management (PSM) reforms is about means.

This chapter speculates on why, as public sector management (PSM) development specialists, we are making so little progress in supporting significant improvements in government functioning. It notes that, ironically, the aid organisations which have created the career streams and provided the opportunities and incentives for professionals to at least try to support big PSM reforms are themselves part of the obstacle to doing big. The carefully

constructed consensus about the right way to strengthen government functioning has proven to be a limiting constraint. The recent emphasis on "political economy" is not wrong, but it is unlikely to help achieve the breakthrough in development effectiveness which is needed to make a big difference in how the centre of government works. "While political economy is the flavor du jour, it is not at all clear that we are going to get smart enough, or aggressive enough, to use this as the point of entry…" (Dercon, 2014)

To break out of this failing mould, we need to try things which are new and which are measureable. At root the current problems of weak measurement and limited innovation originate in the incentives facing donor agencies and the control mechanisms they are subject to: hierarchical top-down control from donor governments, technical co-ordination with other donors and country choice. Hierarchy seems to be gaining some ground currently, at the expense of technical co-ordination. Country-level choice of PSM reform solutions has, to date, been more of a rhetorical device than a practical strategy but the changing environment of donor financing makes increased country choice all but inevitable. Countries are already using the new choices available, suggesting that they are beginning to exploit the increasingly negotiable landscape to maximise their aggregate access to concessional financing and to influence the flexibility of financing and its associated terms and conditions. This choice, however, does not seem as yet to be having much effect on the technical quality of aid.

This chapter is about how PSM specialists might help advance this process. It argues that the way forward will be less agreement and more contestation, breaking out of the existing constraining consensus and building up an evidence base through challenge and comparison. The new agenda of country choice, driven significantly by the changing nature of development finance, presents an opportunity. Country choice may or may not be the right way to go – but it is the way that we are going, so we need to harness that new choice agenda to make a big difference. PSM development specialists can help make this inevitable transition a positive one in which the fittest approaches to supporting "big" improvements in government functioning will be the ones that survive, even though this might entail our arguing against the current donor architecture of which we are a part.

This rough guide contains a lot of citations. The reason for including them is to emphasise that in such uncertain and contested territory, there is much to be gained from drawing wisdom and insights from the struggles of others.

2. A comforting agreement to remain marginal

We need to support really big improvements in government functioning

In the previous chapter I developed Michael Woolcock's rough and ready distinction between "Big Development" and "Small Development" (Woolcock, 2012). Big Development is about significant improvements in state capability while Small Development is about *some* better policies for growth and fiscal/environmental sustainability, *some* improved accountability and reduced corruption, and improved services for *some*. As that chapter noted, donor-supported PSM reforms can claim little success in achieving Big Development or even in delivering the radical "transformational" change in public sector institutions which might be assumed to be a necessary first step.

This is a problem. A scan of the current development horizon quickly reveals that we need to find ways of supporting big improvements in government functioning in order to:

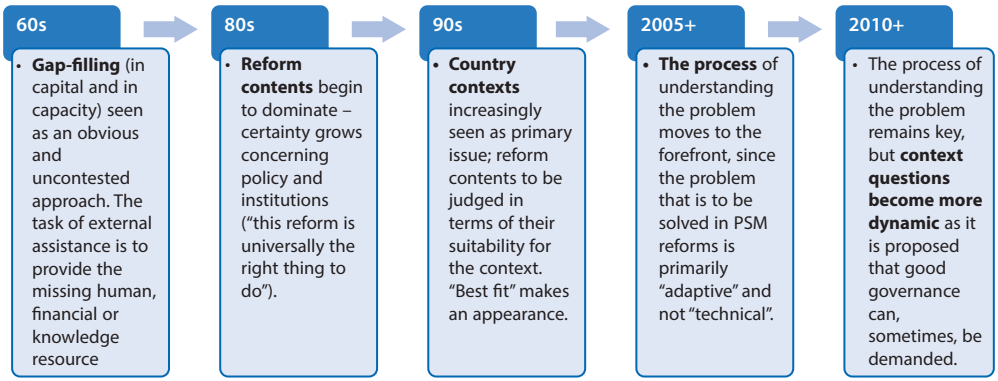
- manage mechanisms for large scale targeted cash transfers or voucher schemes (Jackelen et al., 2011)
- begin to build a stable social contract in post-conflict settings (Muggah et al., 2012)
- to assist in raising significantly more revenues from natural resources (Africa Progress Panel, 2013) and manage the subsequent historically unparalleled dependence on them (Brautigam, 2008)
- respond with any sort of adequacy to major demographic shifts, growing security threats and the unpredictable consequences of climate change (Kharas, 2015)
- address the challenges of providing services to the increasing concentration of the world's poor in fragile states (OECD, 2015)[2]
- make Afghanistan's transition to stability following the drawdown of US troops remotely feasible (Jalali, 2015).

The challenge is to find the practical points of entry (if they exist) by which donor-supported PSM reforms can contribute to transformational change. "Big Aid" – making large volumes of development finance available for specific countries or for specific challenges[3] – is not the solution to the problem of the practical irrelevance of PSM reform to "Big Development". "Big Aid" is a push to scale up inputs and its connection to improved outcomes is tenuous in theory[4] and does not seem to work in practice (Munk, 2013; Rajan and Subramanian, 2005).

Failing without disagreement – consensus keeps us cautious

We have come a long way in support for public sector management reforms. Figure 1 charts some major shifts in development thinking on how to support PSM reforms. The general theme is of a growing consensus that PSM reforms must address "adaptive" rather than "technical" problems. "'Technical' problems can be addressed by a technical/expert, whereas 'adaptive' problems require deeper transformation by more people in the community who have to change their values, behavior or attitudes" (Heifetz, 1994). In caricature, the movement first identified some 20 years ago[5] and pushed along the way by many thoughtful analysts,[6] sets out a radical critique of donor agencies' tendencies to know best, shifting the consensus from technical certainty about the reform product toward the reform process. The current "new realist" approaches to development in general and governance and public sector management in particular essentially argue for a reform approach which is agnostic about preferred processes or organisational forms and locally led and adapted as lessons emerge during implementation.[7]

Figure 1. **A half-century of changing consensus concerning external support for public sector management reforms**



Note: The 60s notion of "capacity" was a narrow concept focusing on the "the volume or scope of inputs such as human resources or IT systems" (Allen and Krause, 2013, p. 111), while more recent notions of capacity often refer to how these capacities are converted into better performance including political commitment and institutional design, with some authors preferring the term "capability" in order to make the distinction clearer (Allen and Krause, 2013).

Source: Blum, J.R., N. Manning and V. Srivastava (2012), "Public sector management reform: Toward a problem-solving approach", *Economic Premise,* No. 100, World Bank, Washington, DC.

While we have reached an interesting point in the evolution of the field, these adaptive approaches, in the way that they have been advocated to date, focus on the relatively small. If they raised the rate of project "success" in small areas of public sector management from, say, 50% to 75%, but reduced

the scope of the resulting improvements in the process, would this be a big step forward? We would have a larger scatterplot of mini-successes, but would this add up to anything that really mattered? Surely we don't want to do things right without making any progress in finding the right thing to do (see Box 1). In fact, wouldn't a reduction in project success rate be a reasonable trade-off if at least some of the successes were in some way transformative – the country-level public sector equivalents of the Marshall Plan, the "green revolution" or the near eradication of smallpox?

Box 1. **Small steps but no significant progress**

"I visited Afghanistan in 2006. In the overall strategy for governance in Afghanistan, the World Bank had been assigned the task of civil service reform. Discussing the World Bank's engagement in civil service reform at the time I had the distinct impression this was not like rearranging the deckchairs on the Titanic. This was more like rearranging the little umbrellas in the drinks in the cup holders on the deckchairs of the Titanic."

Source: Pritchett, L. (2013), "The World Bank and public sector management: What next?", *International Review of Administrative Science*, Vol. 79(3): pp. 413-418.

So while we might have come a long way, we have made this journey in a curious way. Looking at the history of donor support for public sector management in Figure 1 we can see that while the approaches have shifted from one set of recommendations to another, at any given time there has been considerable agreement within the development field – even as donors' contribution to transformative PSM reforms remains constant at around zero. We used to believe in capacity building, and did not know how to help transform the state. Now we believe in muddling through and adaptive approaches, and still do not know how to help transform the state in any fundamental way particularly in countries with weak governance environments.[8]

An analysis of the World Bank's record shows the depth of the conviction, at any given time, that there is only one way to proceed, even though what the professionals are convinced about changes (see Box 2). A similar phenomenon has occurred within the PSM development field in general. New ideas have emerged sequentially in a consensus-based trickle. Given the lack of progress in supporting radical PSM transformations, why are there not more arguments? Where are the conflicting radical ideas which credibly claim to move beyond the small and incremental which has bedevilled the last 50 years of development consensus?

Box 2. **Always convinced, but often about different things**

"It's hard to believe, but the verb *to disagree* never appears in the Reports; *disagreement*, twice in seventy years. It's the formula made famous by Margaret Thatcher: There Is No Alternative… World Bank policies change, as we have seen, but… each new policy is the only possible one."

Source: Moretti, F. and D. Pestri (2015), "Bankspeak: The language of World Bank reports", *New Left Review*, 92, pp, 75-99, a textual analysis of all World Bank public reports 1946-2012.

In the data-starved environment of PSM, where evidence of success or failure at the level of country outcomes only emerges over the long term, we need proxy measures of likely success which are available in the shorter term to make that contestation robust. There is much room for debate about measures that can be devised, but the key point is this: if the long-term failure of the PSM development specialists to achieve transformational reform is the problem then, while we do not know the solution, we do know that the only way to get there is trying things which are new and which are measureable. We need to break out of the existing constraining and failing mould, and we need to build up an evidence base for others to follow.

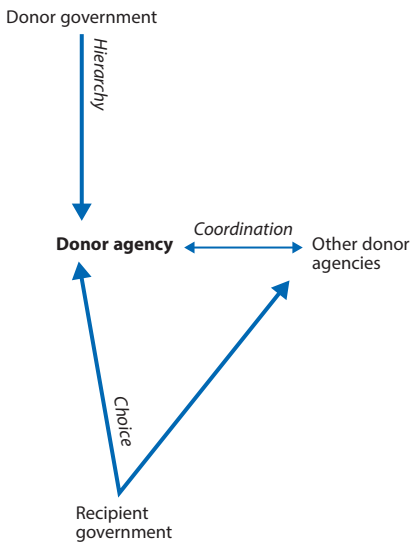
3. Why is new and measurable so difficult?

Measurement is obviously technically difficult. I have noted in the previous chapter that public sector management reforms are tough to measure, lending themselves less to rigorous evaluation since, unlike deworming pills, a medium-term expenditure framework cannot be randomised and, even if impact evaluations could be constructed, the contextual variables are too complex to track in the case of significant reforms (Basu, 2013). One way of approaching that measurement challenge is to look at whether reforms have strengthened those "country systems"[9] that have been shown to be associated, in general terms, with improved results – and whether the reform programme shows progress in operationalising a country-specific theory of change.[10] But *new* is also challenging. Much of the conversation about how to support PSM reforms which has driven the consensus-based movements shown in Figure 1 takes place between development professionals. In the absence of robust evidence, success is largely measured in terms of how much experts sound like each other.[11] New is particularly challenging for larger development agencies. Faced with a bewildering overload of oversight arrangements and blame-management frameworks, they seek to preserve their reputation and legitimacy by proceduralising their business – producing many internal steps and hurdles which are claimed to ensure quality but which serve as much to ensure consistency with a standard set of prescriptions (Power et al., 2009). At root, however, the problems of both measurement and innovation emerge from the incentives facing donor agencies.

Mechanisms for controlling donor agencies

The current aid model places the donor providers of PSM assistance at the intersection of three control mechanisms: hierarchy, co-ordination and choice (Figure 2).

Figure 2. **Current relationships between donor governments, donor agencies and recipient governments**



Box 3. The diminishing political significance of aid

"(There) is a sense that aid, while necessary for now, is an instrument of declining relative, sometimes absolute, value. This is because other instruments are growing, not least trade, remittances, other financial flows, and more general cultural links; but also because the number of low income countries that can be considered potential aid recipients has declined quite rapidly and will decline further. There are currently only 36 low income countries on the World Bank list, and that number will inevitably decline. If development were only about aid, then someone would be bound to ask whether we need a Cabinet-level minister to manage aid to twenty or thirty mostly small low-income countries."

Source: Maxwell, S. (2013), "What is the future of international development?" in A. Sumner and T. Kirk (eds.), *The Donors' Dilemma: Emergence, Convergence and the Future of Foreign Aid*, Wiley, Chichester, UK.

Developments in managing donor agencies through hierarchy

In the first mechanism, funding governments attempt to control their donor agencies through a hierarchical managerial and funding relationship. Donor agencies can be a standalone government department or a ministry, or something slightly more at arm's length, but they are far from autonomous think tanks. There is clear hierarchical control from government, partly in order to ensure that the donor agency is acting in a way that is consistent with broader national policy objectives (development activities interact strongly with trade policies, for example) and also because there are domestic and international political repercussions from development interventions and so these cannot simply be left to technocrats.

Hierarchy seems to be gaining ground as a control mechanism. The recent absorption of the Canadian International Development Agency (CIDA) and the Australian Agency for International Development (AusAID) within their respective ministries of foreign affairs and trade suggest that independence is being further reduced in at least those settings.[12] However, as I suggest below, this may have a positive disruptive effect. Maybe tighter control is becoming more feasible as aid becomes a "smaller" political topic (Box 3) particularly for bilateral aid (Box 4).

Box 4. Official development assistance (ODA) is becoming less important

In the future "(i)nstead of today's ODA there will be two other major sources of official outside funding for developing countries. First will be lending by multilateral (e.g. the World Bank, the regional development banks) and national (e.g. the US OPIC, the British Commonwealth Development Corporation) development finance institutions from their hard windows at below market prices – not concessional but cheaper, available in bad years and thus counter-cyclical, and with longer terms at lower rates than in the market. In the case of the multilaterals, lending will be underwritten by some capital of middle-income as well as high-income countries, including through their own institutions as with the Andean Development Corporation today and the proposed BRICS bank. Second will be transfers from high-income countries to developing countries in support of global public goods, e.g. to protect forests, to subsidise clean energy and compensate for fossil fuels not exploited, to underwrite pandemic surveillance, and for spending to undercut cross-border non-state terrorism, piracy, drug and sex trafficking, etc. Transfers in support of global public goods will not necessarily go more to poorer than to middle-income countries, as tends to be the case today; they will go where they can be most effectively deployed at the lowest cost."

Source: Birdsall, N. (2013), "The future of aid: 2030 ODA no more", in A. Sumner and T. Kirk (eds.), *The Donors' Dilemma: Emergence, Convergence and the Future of Foreign Aid*, Wiley, Chichester, UK.

Developments in managing donor agencies through technical co-ordination

Donors working on PSM are also subject to various attempts at technical co-ordination with others working in the field. Donor co-ordination in public sector management (and in other areas) has long been cited as a key goal in development policy (Lawson, 2013) and has typically been framed either in terms of co-ordination in relation to sources of financing to reduce costly overlap among donors (Barder et al., 2010), through initiatives such as development assistance databases which map who is paying for what, or in relation to a technical agenda defined by donors which track whether all donors are playing their part towards a larger set of technical objectives. The most striking example of the latter concerns public financial management (OECD, 2003).

The use of technical co-ordination as a control mechanism seems to be weakening in two ways. It is failing to impose a rational division of labour between donors to harness comparative advantages of skills or geographical knowledge. Nor is it ensuring that donors adhere to a way of working which is considered essential to strengthening country systems.

The attempt to rationalise the donor division of labour in supporting PSM reforms through technical co-ordination is self-evidently failing; there is no evidence of any increasing concentration of individual donors' aid on particular recipient countries or sectors, nor of any reduction in overlaps of aid from different donors within recipient countries and sectors.[13] The careful language of the most recent Busan monitoring report highlights that, nearly a decade after the Paris declaration, progress is distinctly limited (OECD and UNDP, 2014). Fragmentation is encouraged by the proliferation of large numbers of small (mainly project-based) interventions (Fengler and Kharas, 2010) and the growth of non-traditional sources of development assistance, including from non-Development Assistance Committee (DAC) donors, climate finance funds, social impact investors, philanthropists and global funds, as well as less concessional flows (Greenhill, Prizzon and Rogerson, 2013: p.viii). The increasing presence of non-traditional donors, China in particular, brings a corresponding increase in the volume of public management technical assistance embedded within projects, particularly infrastructure (Lum, 2009). China is increasingly significant as a donor in Africa with clear signs of competition with the United States (Hanauer and Morris, 2014).

In a typical developing country there are now several dozen bilateral donors, a similar number of multilateral institutions, and hundreds of non-governmental organisations (NGOs) working on various aspects of public sector management. There are also related interventions from dozens of international vertical programmes. The situation in Malawi is typical, where a huge number of donors are active in relation to PSM with no obvious consideration of comparative advantage (Box 5).

Box 5. **Donor-funded PSM projects in Malawi, July 2012**

There are a total of 160 donor-financed projects on Public Sector Management in Malawi with 15 different donors. The large majority of projects are national in scope (78%) and only about one-quarter of the projects are targeted to a specific region. There is intense project crowding, with a heavy concentration of programmes in the south of the country. In the less well supported centre and north of the country those programmes that are present are clustered, and represent only a small group of the overall donor community – such as the World Bank, JICA and UNDP. The resulting picture is of areas with little or no donor activity in contrast with a relatively small southern geographic concentration.

Data source: Open Aid Partnership Secretariat, World Bank Institute, cited in Nunberg, B. and N. Manning (2014), "Shopping for donor aid: A contestable model for governance and public sector management support in developing countries", Mimeo, New York.

Technical co-ordination is also failing in its other objective of ensuring common approaches to supporting country systems. The arguments for the use of country systems lie at the heart of the attempts to co-ordinate as emphasised in the Paris Declaration (OECD, 2008) which particularly urged the use of countries' own public financial management systems. The technical criteria are themselves under some challenge as, while there is some evidence that using country systems helps build capacity and reduces transaction costs (IDD and Associates, 2006; Knack, 2013; OECD, 2009), many note that this is confusing the ends of stronger country systems with particular project means. Certainly, the Busan discussions suggest a somewhat watered-down commitment: "The use and strengthening of country systems should be placed within the overall context of national capacity development for sustainable outcomes" (Busan Partnership for Effective Development Co-operation, 2011: p. 5). Whether because of doubts about the technical basis for the co-ordination or simply because of lack of interest, it is evident that the concept has little disciplinary power over donor behaviour in practice (CABRI, 2014; QuODA, 2011).

Arguably the OECD-DAC approach continues to push technical co-ordination (Barder et al., 2010; Fengler and Kharas, 2010), supported by watchdog initiatives and peer pressure (Deutscher and Fyson, 2008). Lobbyists for technical co-ordination argue for developments such as "an international body of national development aid agencies to deliberate, share best practices, and provide an informal mechanism for holding aid agencies accountable to their ultimate beneficiaries – the poor people of the world… Networks of aid co-ordinators and aid agencies would share information around the world, buoyed by common standards for data management" (Fengler and Kharas, 2011: p. 7). Technical co-ordination has had a recent boost from the growing array of vehicles and incentives for greater transparency in project funding and methodology.

But overall, co-ordination is increasingly impractical as the plethora of new players with narrow interests means that the traditional peer pressure for co-ordination is weakening (Harris, 2011). The OECD DAC is leading efforts to press for enhanced access to information about which agency is funding what project and where (see for example Rathmell et al., 2007 and IATI, 2013). Although the emphasis on donor transparency is often couched in terms of accountability, it is difficult to see how the public in either donor or recipient countries can use it for that purpose. The movement instead lends itself much more readily to fuelling concerns about donor overlaps.

Technical co-ordination also seems to be losing ground as a control mechanism because there is a trade-off with hierarchy; as a representative from a major donor reported at a recent meeting of the Effective Institutions Platform "my minister is not interested in hearing about country systems, she wants to know when we will see some prominent results".[14] National-level politics which determine the priorities for intervention have more to do with global positioning than with any professional arguments about co-ordination for long-term aid effectiveness.

Developments in managing donor agencies through competition

There is a third control mechanism at work. As donor staff know only too well, hierarchical control and technical co-ordination do not fully capture the reality they experience in their day-to-day dealings with government. They are clearly not simply attempting to carry out the wishes of their funding principals (or obscuring the fact that they are not doing so) while ensuring that they adhere to Paris/Accra/Busan principles. They are simultaneously engaged in a complicated negotiation with recipient governments about when and where they can undertake project activities. Donors are in competition with each other at the country level: they hope that governments will chose their projects over others. Donors, inevitably, are convinced that their approaches are distinctively better and thus are partly competing to provide what they consider to be the most promising development solution. But this is not the only driver of their behaviour – they are also significantly competing for prominence in the recipient country (not least because this translates into prominence within the donor agency for the project manager) and they are competing to ensure that their disbursements of skills and expertise can remain on track.

This choice is currently a weak mechanism of control, undermined by control through hierarchy and technical co-ordination which both prioritise donor assumptions over country knowledge. These latter mechanisms rest on the assumptions that the right way to do things is known and that the donors have access to this knowledge. The "cartel" of donor governments (Easterly, 2003) align themselves with each other to drive development through a

"planning paradigm" (Barder, 2009). The key enforcement mechanism for the "cartel" is pre-financed aid (Browne, 2012) in which the donor provides funding for recipient governments, a significant amount of which is payment for the donor's own services. The point here is not whether the donor uses its own staff or contracts out the technical assistance work – it is that it is primarily the donor determining the type of assistance that its money must be used for. The justification, ultimately, is that controlling the nature of the services that the country receives is done in order to ensure that those services embody the donor's knowledge.[15]

These mechanisms deter the new and the measurable

Like Tolstoy's unhappy families, these control mechanisms each have their own distinctive way of deterring radical approaches – where radicalism entails "new" (on the simple basis that the "old" ways have not done well) and "measurable" (along the axes of strengthened "country systems" and effective operationalisation of a robust, country-specific theory of change) reform approaches.

Hierarchy encourages innovation without measurement. Hierarchy encourages innovation – it is in the interests of both the donor agency and the funding government to promise a new range of products with grand claims about the fruits that they will bear in the future, but it is in the interests of neither to risk demonstrating failure by robust measurements. Donor agencies have little interest in letting their funding government know if they are doing a good job, and so meaningful measurability is not a priority for them (Barder, 2009); they would prefer to leave an empirical gap to be filled with a blizzard of information concerning disbursement plans and glamorous promises. Funding governments are driven more by national-level politics and global positioning than by measurable progress with its attendant risks of measured failure.

Technical co-ordination encourages the wrong sort of measurement without innovation. Even if technical co-ordination was, implausibly, feasible in the new world of many more fragmented funding agencies, the traditional donor agenda, often associated with the DAC and its members, too often remains concerned with the use of country systems, not with their strengthening. It promotes a one-size-fits-all approach with little concern for country-specificities. Thus the focus has been on unchanging assumptions concerning country public financial management systems (the polar opposite of "new") and measurement has focused on the degree of donor compliance in using them (a far cry from measuring strengthened "country systems" or the effective operationalisation of a robust, country-specific theory of change).

Choice has not really been tried. Approaches offering a choice of assistance for improving PSM are confounded by the ability of the donors to offer seductive but unproven "best practices" and by the ability and willingness of

donors to act as if they were the governments that they are seeking to help. Recipient governments are offered products laden with untestable claims and, to the extent that choice requires clearing complex bureaucratic hurdles, donors are only too willing to help out by making the choice for governments. The spirit of failed country choice is perhaps best captured in the Poverty Reduction Strategy Papers (PRSPs) launched by the World Bank and the International Monetary Fund (IMF) in 1999. These have been the primary instrument through which donors and client country officials convened to agree upon the broad outline of country-level development programmes and support. These attempts at country ownership and country selection of reform programmes have often disappointed. Broadly, the idea was that through an extended participatory process, governments would set the agenda for development policy along more consensus-based lines. The PRSPs were to address four main topics: 1) macro and structural policies for growth; 2) governance, very particularly including public sector financial management; 3) sectoral policies; and 4) costing of and funding for major programmes (Klugman, 2002). The technical expertise of the international financial institutions was to be balanced by the knowledge of key local actors. This was billed as a process in which the donors would be reduced to acting as "brokers of participation" rather than "overt dictators of policy options" (Participation and Civic Engagement Group, 2002). In reality, PRSPs looked uncannily alike, regardless of the context (World Bank, 2004).[16] Suspicions of the donor-funded consultants writing the papers for governments have long persisted.

Choice perhaps has the fewest supporters in development discourse – but that is hardly surprising given that it de-emphasises donor agencies and they are largely the group that is leading that discourse. Recent Effective Institutions Platform discussions have used the coded terms "ownership" and "country-led" to suggest that choice is an important consideration – but far from the dominant one (Effective Institutions Platform, 2015a, 2015b).

4. Choice might not be the right way to go – but it is the way that we are going

It can lead to radical change

Competition between donors with different approaches, and between different models supported by the same donor, would seem to be essential to allow the more successful approaches to rise to the top in a context where professional consensus has little empirical basis. Improving the success rate of surgical interventions can be facilitated by consensus within professional medical bodies, drawing on a strong base of research. Improving the success rate of turning lead into gold is unlikely to happen as the result of a professional grouping of alchemists. Thus, in looking for more transformative approaches to public sector management, breaking out of the consensus is key.

Country-level choice has played a major part in the history of transformative public sector management reforms. In major reforms with lasting impact in each of the last three centuries (Peter the Great's modernisation of Russia in the early 18th century, Japan's opening up to economic and institutional advice from outside in the mid-19th century and China's request for modernisation through capital investment and skill development from the League of Nations in the early 20th century) the countries "decided on their best course of action and purchased overseas the skills that they lacked… The client country paid and the jobs got done the way the client wanted." (Browne, 2012: pp. 23-4). It should be noted that sometimes what they wanted was "isomorphic mimicry", but free and informed choice meant that this was a reasonable hunch about the way to go, and not unhelpful ventriloquism (Krause, 2013a).

The potential for country choice to lead to more effective support for transformative PSM reforms arises because it could break out of the straitjacket of consensus, leading to experiments which just might work. It seems obvious that aid institutions must leverage networks to embrace good ideas that come from anywhere, echoing the metaphor of evolutionary economics and its claim that growth is complex and impossible to predict with traditional economic models focusing solely on labour and capital (Whittle and Kuraishi, 2008). As de Renzio and Rogerson note, "unless developing countries are offered genuine choice about which aid agencies they want to work with, the effectiveness of aid in reducing poverty will decline and the rhetoric about recipient country ownership will remain empty" (de Renzio and Rogerson, 2005: p. 1).

It is inevitable

The growth of diverse sources of financial assistance means that choice is likely to be an increasing force in development – the current donor "cartel" (Easterly, 2003) is facing multiple new entrants. There are now more countries which give official aid outside the DAC than within it[17] and money comes from other sources: philanthropic institutions, social impact investments, global funds, funds for climate finance and non-concessional financial flows from the development banks. Gross private capital flows to sub-Saharan Africa since 2002 have surpassed official development assistance, growing by 19.4% per year and stable, long-term foreign direct investment (FDI) now comprises 75% of total private capital flows (Sy, 2013). New multilateral development finance institutions such as the New Development Bank set up by Brazil, Russia, India, China and South Africa (the five BRICS nations)[18] and the Asian Infrastructure Investment Bank[19] are emerging.

The relative decline in traditional donors is noted by Kragelund (2014) who cites a high-ranking civil servant in the Zambian Ministry of Commerce as welcoming new donor partners (non-traditional state actors, NTSAs): "[The NTSAs] are pretty much who they always were and so is our relation to them.

They just scaled up… They provide loans to the treasury and the treasury then decides how to use the money. There are no Chinese expats here telling the treasury what to do. The Chinese have no project office co-ordinating the interventions. That is why we like that kind of support so much. It enables us to recognise our own priorities." (Kragelund, 2014: p. 156).

In addition to a more competitive market for aid, there are indications that countries themselves are increasingly capable and sufficiently resourced to "purchase" assistance themselves, at least for some services. Median income rose by 20% between 1995 and 2008 in sub-Saharan Africa, and at least a subset of successful, emergent countries now have the leadership skills and means to equip themselves with the discretionary skills needed to choose their donor partners more selectively (Radelet, 2010).

All in all, it is country choice which offers the greatest opportunity for impacting the current aid architecture and its ability to deliver new approaches to upstream PSM reform. There are an increasing number of actors, and so choice is all but inevitable. Voicing concerns that new donor entrants to the field "will elbow aside established aid institutions… (and) may postpone necessary adjustment because there is so little conditionality…" (Woods, 2008: p. 1207) and that donor competition is wasteful and should be managed (Klein and Harford, 2005: p. 3) is unlikely to hold back the tide.

But there are major challenges

The new "age of choice" for donor financing entails expanding three main dimensions of negotiation and bargaining for countries:

1. **How much?** Negotiations to determine their aggregate access to concessional financing.
2. **What sort of financing?** Determining the flexibility of financing (conditionalities and refinancing options) and the associated terms and conditions of the financing (speed of delivery, predictability, compliance with Paris/Accra etc.).
3. **For what?** The sectors that the financing is available for and the technical advice that inevitably accompanies it.

The emerging picture suggests that while countries are beginning to exploit the increasingly negotiable landscape to maximise their aggregate access to concessional financing and to influence the flexibility of financing and its associated terms and conditions, choice does not seem, as yet, to be having much effect on the technical quality of aid (see Box 6).[20] The discussion about choice seems to retain the assumption that more and better money translates to more and better results. It has not yet recognised that development financing is entangled with technical advice, through

pre-financing and more generally. While this connection might be less strong in the case of infrastructure it is likely to be much more so in the case of softer institutional reform issues. In consequence the real value of the financing has to be weighted by the quality of the advice that is associated with it. As a somewhat caricatured example, if a country can access a large

Box 6. How are countries exercising their new choices?

- **In the last ten years countries have had more funding options and more policy space.** Greater choice is welcome, with the benefits of more funding options seen as outweighing the complexity of managing these new resources. Seeking additional funds from a range of sources is a priority for governments, particularly where resource-intensive infrastructure development is a pillar of national development strategies.
- **Countries expressed similar views on the most desirable attributes of external development finance, especially official grants and loans.** They value flexibility and the use of country systems, speed of delivery, and alignment with their national strategies. For example, when considering the financial terms for debt resources, a minimum grant element of 35% of the nominal value of the loan (the IMF benchmark for low-income countries) would be the prevailing criterion for the Ministries of Finance in Ghana and Senegal when seeking project-type finance. However, both countries chose to pay significantly more for Eurobond issues and syndicated regional loans offering much larger volume and flexibility. Timor-Leste sets the return on its offshore reserves as a ceiling on borrowing rates.
- **Strategic management of these choices is still lacking: multiple government actors face different trade-offs.** While Timor-Leste is relatively assertive in choosing among the financing sources on offer, Ghana and Senegal are less selective, given their much tighter fiscal position. Furthermore, strengthening co-ordination mechanisms and/or involving non-DAC development partners in these mechanisms are not high priorities for any of these three governments, which generally prefer bilateral channels of dialogue and negotiations.
- **Little is known about philanthropic assistance, and international public climate change finance appears to be demand-constrained**. While it is not surprising that most of the assistance from philanthropic organisations does not pass through government systems, government actors do not see themselves as engaged with this assistance and what limited information they have about it is scarce and anecdotal. The volume of climate-related finance is considered modest and is mostly delivered through ODA channels. There is high demand for strengthening local capacity to prepare and implement funding proposals.

Source: ODI and OECD (2014), "The new development finance landscape: Developing countries' perspective", Working Draft Presented at the OECD Workshop on Development Finance, OECD, Paris, 25 June 2014 (p. 8).

volume of flexible development finance for education which is provided by donors who are pushing a failed teacher incentive model, then the value of that financing is diminished accordingly.

If choice is to lead to a helpful competitive market for effective transformative solutions then obviously it needs to be "informed", but it is not clear that this is yet the case. One constraint on making choice informed is that information about reform offerings is in short supply. If governments are to fully shape the debate about which governance and PSM aid product best fits their country's needs, and which provider can best deliver it, then a significant information problem must be solved (Nunberg and Manning, 2014). Ultimately, the effectiveness of assistance in this field can only be judged by the results that it brings; the track record in the field suggests that advance assurances that public sector reform projects will make a large and lasting difference are not particularly credible. Thus donor aid product proposals must be accompanied by information about the evidence base on which the proposal is made in addition to information about costs (financial and transactional) and likely returns. This information about the evidence base would require, in essence, that project proposals are accompanied by evidence about how this type of reform proposal has worked out both in general and in the particular situation in question (PRMPS, 2012a).

The other challenge to "informed" choice is that recipient governments might be choosing on a basis other than results. In their review of public sector reforms in the OECD, Pollitt and Bouckaert (2011) point out that political interests are far from clearly stacked towards measurable results. A good political outcome of reform can be "a continuing high level of production of talk" with a corresponding "flow of White Papers, charters and 'new initiatives'" (Pollitt and Bouckaert, 2011: p. 159) or as Krause (2013b) notes, it can be the development of a state machinery which is good at something (war, provision of benefits to the urban middle class, etc.) and not necessarily equitable growth. Politicians want to be seen to be active and in charge – they don't necessarily want to be seen to be undermining key constituencies.

5. How can PSM development specialists harness the new choice agenda to make a big difference?

Break with tradition – help make PSM reform choice "informed"

By tradition, and despite the considerable rhetoric about the importance of country-led reforms, development professionals have found the idea of informed country choice uncomfortable. Each group of professionals and each donor has tended to assume that their advice is the obvious technical first best way forward (even if that advice is that there is no first best

approach). Choice implies contestation, contestation implies winners and losers, and losing is an embarrassment in agencies which have traditionally sold themselves as knowing the technically correct way forward.

One small step will be to insist more openly that proposals for PSM reform are "good faith" experiments – that while we can justify the design and the approach, we cannot guarantee the results and certainly cannot promise that there was not a better way of doing it. As suggested in Section 4, a slightly bigger step would be to move beyond the current anodyne movement to "publish what you fund" towards a "reveal what you are proposing" movement in which donor-aided reform proposals would be accompanied by information about:

1. the evidence base on which the proposal is made
2. costs (financial and transactional) and likely returns
3. evidence from cross-country and multi-sector studies about how this type of reform proposal has worked out in general
4. evidence from impact evaluation or other research which can test for the salience of distinctive environmental conditions – answering the parallel question: "why is this likely to work here?" (PRMPS, 2012a)

This would require some tactful management of the claim that most donor agencies will make that they already evaluate project and programme designs carefully. As Box 2, above, reminds us, these claimed project appraisal methods, remarkably, always generate an answer that is consistent with the consensus of the time even when there is little evidence that the consensus has produced significant results.

Expand the boundaries of PSM expertise way beyond "what"

As noted above, the current technical consensus on PSM reform, particularly among the "new realists", is the argument that the process is as important as the technical product. So, technical development specialists should no longer see their task purely in terms of expertise on budgetary institutions or human resource management regimes – they should also see their role in terms of understanding the interests of country stakeholder and working iteratively to support local partners. This chapter suggests that to harness the choice agenda in the cause of productive contestation between different approaches, these specialists need to go even further. They need to argue within their agencies that how development finance is provided has a distinctive impact on whether country choice can be used to generate productive contestation. PSM development specialists have a reason for engaging with discussions about modes of financing development assistance.

Civil service reform specialists are unlikely to find themselves in a position where they can change, or even directly influence, their agency's policy on modes of financing. But they can at least point out that pre-financing is an obstacle to the informed choice which is necessary if we are to see progress in an area where there has been so little.

Most donors are not going to abandon their disparate policy preferences and simply pass money to recipient governments for them to select their preferred reform solution, although the history of lending to developing countries suggests that some may (Hepburn, 2005). "Funded self-conditionality" (Ranis, 2012) offers an example of a way forward.

Under funded self-conditionality, countries would set out what they wanted to achieve and how they would measure it.[21] Donors would determine if this was a result that they were interested in financing and country governments would then, using informed choice and a more open market for technical solutions and solution providers, select and pay for any technical partners that they wished to work with. In this way, the expertise and policy advice that by tradition has been the "tail that wags the development dog" (Browne, 2012: p. 163) would become something that countries chose and paid for.

One method for pursuing this is via Development Impact Bonds (Figure 3). These entail specifying

> "a desired social outcome and a metric for measuring success. Private investors bank-roll a programme to achieve the outcomes. The programme itself is carried out by specialised service providers, and investors are paid back by an outcome funder (usually a donor agency) if – and only if – independently verified evidence shows that the programme has been successful. The greater the measured success of the programme, the greater the return to investors, up to a cap. Typically, an intermediary organisation will co-ordinate between investors, the outcome funder, and service providers, representing the parties not in the room and negotiating an agreement that fits the needs of all." (Development Impact Bond Working Group, 2013: pp. 6-7)

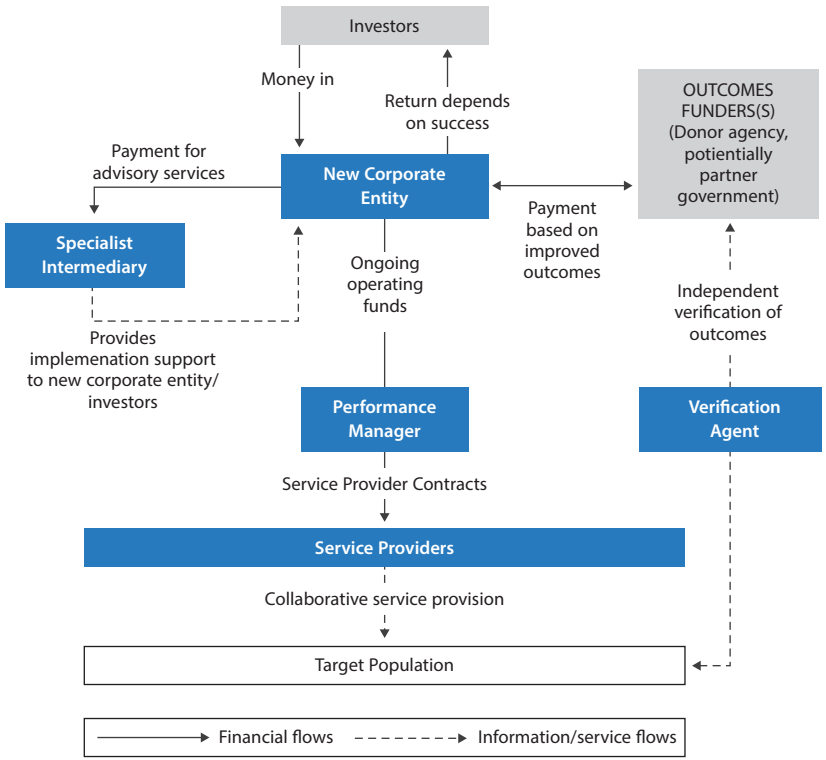
Development Impact Bonds could be a method for seeking funding for self-conditionality, transforming the challenge of improving upstream PSM into "investible" opportunities, creating incentives to put in place the necessary feedback loops, data collection and performance management systems required to achieve desired outcomes and attracting funding which could be used to purchase technical support which has some evidence behind it as to why it might work.

There is no reason to announce victory on developments such as these however. As yet they are highly speculative possibilities; recent discussion of Development Impact Bonds and their place in the financing of the post-2015

Sustainable Development Goals have made no reference to public sector improvements as an area for experimentation (GIIN, 2015; Kharas, Prizzon and Rogerson, 2014). But it marks out the sort of change that will be necessary if we are to develop an aid architecture which might be able to foster the contestation necessary if we are to improve donor performance in supporting big improvements in government functioning.

One perhaps positive and certainly disruptive element here, which might provide an opportunity for this level of radical experimentation, is that in addition to the growing competition that they face, there are changes afoot within many of the existing reform providers. The Australian merger of development with foreign affairs and trade (mirroring the earlier Canadian shift and likely foreshadowing others) might be a potentially useful disrupting influence. While the loss of independence is undoubtedly disturbing to development professionals, this brings in a new range of

Figure 3. **One mechanism for funding self-conditionality – Development Impact Bonds**



Source: Development Impact Bond Working Group (2013), *Development Impact Bond Working Group Report: Consultation Draft*, Center for Global Development, Washington, DC (p. 124).

players and, interestingly, mixes traditional development practitioners with staff more used to the dark arts of politics and diplomacy. Among the multilaterals, we see the increasing influence of the BRICS candidates in senior appointments. Neither of these developments will automatically lead to improvements in the aid architecture which will assist the development of radical new approaches for helping to fix the centre of government – but they are significant changes and development professionals hoping to help fix the centre of government should take any opportunity to seize any disruptions that these changes lead to in pushing in the right direction.

6. Concluding thoughts

Sen (2006) pushes back, correctly, against Easterly's melodramatic proposition that the existing donors are fundamentally unfit for their tasks, including that of supporting institution building (Easterly, 2006) when he notes that while there is considerable scope for improvement, much has been achieved by them. But Easterly is right to point out that we need "a Copernican Revolution in development" which would disrupt our hubristic perspective that we, "the aid and development experts… (are at the) centre of development and (so) we obsess with this sort of what should we do question and what the western efforts should be…" (Easterly and Muir, 2014). In keeping with Barder's observation that "(i)mprovements in the institutions of international aid are more likely to come from evolution than from *intelligent design*." (Barder, 2009: p. 2), we need to encourage more choices and contribute to conditions in which the fittest approaches to supporting "big" improvements in government functioning will survive.

It is important to remember that the place of bilateral and multilateral donors in the development architecture is not fixed. From within each institution it seems an obvious truth that they are making a distinct and valuable contribution to development, but this is less obvious when one considers the array of donors overall. As Martens (2005) notes, in fact each donor is simply one particular trade-off between the transaction costs of imposing prior controls on how money is to be spent with the costs after the fact of controls on what it is to achieve. Each donor (and each trade-off) is different as the funding constituencies have different preferences – preferences which are more in flux than is commonly understood (Béland and Orenstein, 2013). If there was only one way of making this trade-off, then there could just be one large global donor.

All this is to say, that donors and their certainties are somewhat transient phenomenon and, even if they employ us, we should not argue for their continuation as if they were fixed points in a stable universe, whatever our career ambitions within them.

Notes

1. This note has benefitted from many useful comments from colleagues. I am particularly grateful to Naaz Barma (Assistant Professor of National Security Affairs, Naval Postgraduate School), Jurgen Blum (World Bank), Bill Dorotinsky (World Bank), Philipp Krause (Public Finance Team Leader, Overseas Development Institute), Barbara Nunberg (Professor of Professional Practice in International and Public Affairs, Columbia University) and Geoffrey Shepherd (consultant) for their insights and wisdom. The description of the current aid architecture and its discontents, draws on Nunberg and Manning (2014).

2. OECD (2015) assesses what needs to be done to meet the "post-2015 ambitions" and emphasises the significance of improvements in state capability in fragile states and the potential for increased development assistance – but does not offer guidance on how the latter will lead to the former.

3. Moss and Subramanian (2005) usefully list some scenarios for what Big Aid might look like:
   a. ODA/GDP ratio is doubled for each country.
   b. ODA is tripled to the top two quintiles of the CPIA, with no change in ODA for bottom three quintiles.
   c. assumes increase in expenditure of 10 percentage points of GDP, of which 8 points are new ODA and 2 points domestically raised.
   d. additional USD 130 billion, divided evenly based on GDP-weighting.
   e. adds USD 70 per head in new ODA.
   f. assumes public expenditure rises to USD 143 per capita, with any increase funded by new ODA, but any past ODA-financed expenditure now financed locally.

4. "Money alone is unlikely to dislodge the (existing political) equilibrium. In fact, it may increase the rents (building roads enhances trucking profits without lowering prices). Even money conditioned on policy reforms may not do the trick. For if there is a political benefit to the distortion – be it a fertilizer subsidy or protective tariff – why would a politician agree to remove it, even for some financial assistance? As one politician said to me, 'If you have a choice between a $100 million loan and winning the next election, which would you choose?'" (Devarajan, 2013). This case is supported by Moss and Subramanian (2005).

5. Amongst others by Brinkerhoff and Crosby (2002), and Brinkerhoff and Ingle (1989).

6. For example Ellerman (2005) and Evans (2004).

7. See Andrews (2013) in particular.

8. Pritchett and de Weijer (2010) usefully expand on this point.

9. My previous paper in this volume discusses the issues involved in measures of country systems, noting that while indicators at the aggregate "strength of the public sector" level are unlikely to be useful, measures of specific management public management "systems" can offer some ways forward as long as the indicators can reasonably claim to be "action-worthy", i.e. that behavioural change in these systems really is in some way associated with improved development outcomes, and "actionable", i.e. pointing to a policy action or meaningful reform which would affect the indicator (PRMPS, 2012b). The debate initiated by Francis Fukuyama's recent article on "What is Governance?" (Fukuyama, 2013) has reinvigorated the debate on how to measure state capacity.

10. Again as noted previously, Wild et al. (2015) propose indicators which test whether one particular theory of change is being applied in practice through measures of "the extent to which issues have local salience or relevance, and whether processes give priority to local leadership and capacity", "the use of the best knowledge available about the local political economy and its dynamics", "learning in action… (and) the use of feedback loops" and "attempts to monitor and measure innovation processes and impacts" (Wild et al., 2015: p. 42).

11. It is the general case that "monopoly expertise tends to produce a poorer epistemic performance than competition" (Koppl, 2012: p. 172). The development field is particularly prone to inward-looking debates between its own experts and impervious to hard evidence (Coppola, 2011). The problem is similar to that of "expert failure" in the criminal justice sector when prosecutors, police and crime laboratories reassure each other, producing little challenge to conclusions and resulting in "low error correcting power" and hence erroneous prosecutions (Koppl and Cowan, 2010, cited in Koppl, 2012).

12. Despite some speculation, in Jóźwiak (2015) the UK Secretary of State for International Development indicates that the Department for International Development (DFID) will retain its status as a government department and will not be merged with the Foreign and Commonwealth Office.

13. This is well discussed in Aldasoro et al. (2009), Barder et al. (2010: Figures 3 and 4), Birdsall and Kharas (2014), Nunnenkamp et al. (2013) and Vollmer et al. (2014).

14. Comment from donor representative made at the Effective Institutions Platform meeting at the OECD in Paris on October 29, 2014.

15. Obviously budget support does not fit within that model, but there is little reason to believe that this will grow significantly beyond its current level of 3% of total ODA (Intergovernmental Committee of Experts on Sustainable Development Financing, 2013: p. 15). Budget support has also shown itself to be a rather weak instrument in relation to upstream PSM issues. It is argued that it has helped, in a negative sense, by not bypassing country public financial management systems, but its conditionalities are too weak and awkward to employ to give the instrument much power in influencing upstream PSM (Rønsholt, 2014).

16. Wilhelm and Krause (2008) found that the PRSPs were somewhat lightly owned by government and that the relationship between the strategy and the government budget was at times rather tenuous.

17. The oil-producing states also give large amounts of aid, mainly to Islamic states. One estimate suggests that in the period 1974-94, Arab countries' development assistance amounted to over 13% of the total (Villanger, 2007, cited in Woods, 2008, p. 1206). In 2010, BRICS (Brazil, Russia, India, China and South Africa) countries contributed 25 percent of sub-Saharan African FDI, and their share is growing (Sy, 2015). Estimates suggest that China is giving perhaps USD 5 billion a year, a little less than the Gates Foundation, and about as much again is given by the other non-DAC government donors (Barder et al., 2010). Kragelund (2008) points out that this is in fact more of a return to prominence for the non-DAC donors. China has been giving aid since 1949 with an aid programme to Africa since the 1950s.

18. The BRICS members will set up a USD 100 billion contingency reserve pool (called the contingent reserve arrangement, or CRA), to help members who face sudden foreign capital flights. China will contribute USD 41 billion, Russia, Brazil and India USD 18 billion each, and South Africa USD 5 billion (Gumede, 2014). Developing countries have long failed to get industrial nations to either give them a bigger say in decision-making at the World Bank and IMF or to push less strenuous adjustment programmes. These proposals are the first practical attempts by developing countries to create a monetary, development-finance and trade alternative to the IMF and the World Bank.

19. At the time of writing, more than 50 countries including Britain, France and Germany have joined China's initiative, a USD 50 billion multilateral infrastructure bank (Guardian, 2014).

20. See also Greenhill et al. (2013), Prizzon (2014), and Schmaljohann and Prizzon (2014).

21. It was suggested above that, since final outcome measures are too distant, some shorter-term proxy measures would be necessary. The illustrative examples that were given were measures of the "country system" strengthening and measures which show progress in operationalising a country-specific theory of change. There are of course many other possibilities.

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Accountability and service delivery in decentralising environments: Understanding context and strategically advancing reform

Paul Smoke

Much has been written about decentralisation and its potential for improving public accountability in service delivery. On the one hand, basic linkages and debates in the mainstream literature are clear – advocates/believers argue that decentralisation promotes greater accountability and better services, while opponents/doubters raise concerns about local government technical and governance capacity. The reality is mixed – both sides of this divide can find empirical evidence that supports what they believe, but there is no real consensus beyond some very broad generalisations about the factors that matter most.[1]

This paper is based on the premise that there is 1) a persistent tendency to use overly standardised and problematically fragmented approaches to improving local services; and 2) a need for more flexible and nuanced analysis to assess if/how empowered local governments can enhance service delivery. Such an approach would identify openings and obstacles embodied in current policy conditions in a particular country. Of course, the importance of context for development policy is well recognised, but experience shows it is often difficult to appreciate and deal practically with the broad reality in which local service delivery occurs. The challenge stems partly from the complexity and diversity of what is generically called decentralisation, but a disproportionate focus on normative design of decentralised service delivery, rather than on pragmatic and appropriately sequenced implementation, has also been an important factor.

This paper is intended to stimulate thinking about how to face the implementation challenges more effectively. Many elements need to be in place or developed for local governments to be able to deliver adequate services in an accountable way, and this paper cannot review them comprehensively. Instead, the focus is on how to think more deeply about reform strategy. Before doing that, however, a quick review of some basics is in order.

1. Conventional thinking about decentralised service delivery

Decentralisation is generally framed as the assignment of public functions to subnational governments along with structures, systems, and resources that support their execution.[2] It takes various forms – deconcentration (establishing local units of central governments), devolution (creating elected local governments with autonomous powers) and delegation (contracting a central function to a local entity) – and administrative, fiscal and political dimensions. These basic concepts are well known and will not be detailed here.

Decentralisation – especially under devolution, in which empowered and elected local governments are directly accountable to citizens – is posited to have potential to enhance the coverage, quality and efficiency of service provision through better governance and more efficient resource allocation. Theory suggests that local governments' proximity to citizens gives the latter more influence over local officials, promotes productive competition among local governments, and alleviates corruption through improved transparency and accountability relative to more centralised systems. At the same time, decentralisation can generate negative effects if local political dynamics undermine accountability or local governments have inadequate capacity or face weak incentives to act as the theory predicts. Moreover, devolution, which is often framed as the "ideal" form of decentralisation, is not always appropriate, or at least it may not be a realistic first step towards local empowerment even if it might ultimately be desirable.

One of the core mainstream decentralisation principles is the need for a clear assignment of service functions/revenues among government levels.[3] Without clarity about which level is responsible for a function, neither higher levels nor citizens will know which actor to hold accountable. Many basic services, except those more efficiently provided at a larger scale or that generate externalities, are recommended for provision at the local level. Decentralising countries tend to follow this basic logic, but there is frequently some vagueness in service assignment, weakening accountability for specific services.

Each level needs funds to carry out their functions.[4] Payments by local residents are considered critical for the social contract – willingness to pay indicates demand for/satisfaction with services and general trust in local government. The centre has inherent advantages in raising revenues and must maintain overall macro-fiscal integrity, so it requires some degree of control over public resources. Thus, shared taxes and grants are always important in decentralised systems, but how they are defined and implemented can affect the incentives of local governments to deliver services and raise revenues. As with services, basic principles are often used on the revenue side, but a common central reluctance to allow strong local revenue-raising powers means that transfers often play a greater role than necessary, and transfers often suffer from design and execution flaws.

2. What kinds of accountability matter and how?

The architecture of the intergovernmental system matters for local service delivery, but performance depends on holding local governments accountable for their behaviour. There are multiple channels of accountability – downward, upward and horizontal.[5] The focus in devolved systems is on **downward accountability**, especially through elections. Although local elections, even if competitive, are a blunt accountability instrument, other mechanisms may allow citizens to interact more regularly and meaningfully with local governments. Examples include participatory planning/budgeting, citizen report cards, and complaint and appeals boards. Transparency and access to information on local processes and decisions – through managerial mechanisms (budgeting, financial management, audit, etc.) and freedom of information laws – are considered essential for downward accountability.

Civic participation can help to promote good local governance, especially in countries where local governments must establish credibility. Such accountability mechanisms, however, can be mechanical. For example, participatory budgeting can be defined to meet normative principles, but if participation is token or non-inclusive, it is unlikely to bring about broad improvements in service coverage/quality and the associated impetus to pay local taxes. If these mechanisms are captured by political and economic elites – potentially including powerful but non-representative civil society organisations (CSOs) – their impact will be limited or different than intended. In some cases, participation is mandatory or requires involvement of under-represented groups (e.g. a certain percentage of women or disadvantaged groups), but such rules intended to broaden engagement do not automatically make participation meaningful.

Equally salient, the use of an accountability mechanism requires awareness, capacity and interest on the part of citizens. Local budgets or participatory forums may be available, but people may be unaware of them, may not know how to access them or may be unable to use them due to lack of knowledge, poor access to advice, real or perceived intimidation, etc.

Despite the focus on downward accountability, **upward accountability** also plays a key role. Mechanisms for upward reporting, including financial and physical reports (general/sectoral), performance assessments, and external audits, can promote consistency and transparency – they provide information to citizens, other local governments and the centre. Central agencies with general mandates (finance, planning, civil service) develop policies and regulate/monitor local government compliance. Sectoral ministries (health, education, etc.) develop and monitor service delivery standards and manage conditional fiscal transfers. Such regulatory and oversight functions are essential, but they can hinder performance if too stringent, not followed or inconsistently/arbitrarily applied.

Perhaps the most neglected element of accountability in decentralised systems is **horizontal accountability** – between elected councils and local staff who execute local budgets. A clear division of roles is needed, for example with elected councillors setting policies in their areas of responsibility and monitoring staff members who implement these functions. It is not uncommon in newly decentralising countries for staff transferred from the centre to maintain strong upward accountability, leaving local councils unable to deliver effectively on downward accountability commitments to their electorate.

In sum, accountability relationships are critical for effective local service delivery, but there is no single best approach. The core challenge is to set an appropriate balance between upward and downward accountability, which can evolve as local governments grow stronger and are better able to manage functions more independently. In addition, where subnational councils are elected, horizontal accountability needs to be developed.

3. Why is accountable local service delivery so challenging?

Although the basic arguments on how to develop accountable local service delivery seem logical and appealing, making this work on the ground has often been frustrating, even under reasonably conducive conditions.[6] A number of factors help to explain this.

1. **Intergovernmental systems are structurally diverse in ways that often reflect historical forces with durable influence.** Most countries involve multiple levels in service delivery. There may be a mix of devolution and deconcentration as well as different degrees of empowerment across levels, and nongovernmental actors may also have service roles. In some cases, other actors infringe on legally defined local government roles. Thus, local government roles, accountability and performance must be understood in terms of the institutional framework and formal and informal relationships among differentially empowered actors. Without such an understanding, it may be difficult to explain observed performance, to interpret properly the factors that shape it, or to determine how to improve it.

2. **The goals of decentralisation are diverse and this is reflected in how local governments are empowered**. If improved service delivery is a key goal, then policies may be designed to achieve it. If the driving forces behind decentralisation have less developmental goals – such as state preservation, political accommodation, responding to external pressure – then efforts to support accountable local service delivery may receive less attention. Under such circumstances, it may not be reasonable to judge local governments on service delivery.

3. **The elements of decentralisation that must work together for effective service delivery are often treated independently**, with various agencies and experts promoting selective administrative, fiscal and political reforms. But weak fiscal empowerment, for example, constrains elected local governments and capable staff from responding to constituents' needs. Similarly, robust fiscal powers are unlikely to be used well if not disciplined by administrative and political mechanisms. Citizens may ultimately disengage from local democratic processes if they feel local governments are not meeting their needs.

4. **National political and bureaucratic dynamics can support or undermine reform**.[7] Politics influences which functions are decentralised, how they fit with the larger system architecture, the degree of local autonomy, and the processes and support that enable local governments to perform. Some national agencies may be unable or unwilling to comply with decentralisation obligations and may work at cross purposes. Dichotomies between ministries of finance and local government, for example, can result in incomplete or inconsistent policies that compromise effective use of local powers. Service (sectoral) ministries averse to losing power may also undermine decentralisation mandates and take action that conflicts with policies of other ministries to empower local governments.

5. **The role of international development agencies/donors should be recognised**, particularly in aid-dependent countries.[8] They have changed their behaviour over time, but they long supported relatively formulaic approaches to reform, irrespective of political and institutional feasibility. There is also a residual tendency to draw on positive experiences ("best practices") from elsewhere and to recommend reforms that may be inappropriate or difficult for some countries to adopt. Equally important, donors may compete with each other and contribute to policy incoherence by reinforcing the above-noted inconsistencies in measures taken by competing/uncoordinated government agencies.

6. **Local service delivery is inherently embedded in local context**. How local governments use powers – depending on the locus of local political power – may, for example, lead to uneven provision of local services or to over- or under-taxing of certain local constituents, creating behavioural distortions and inequities. Under some scenarios, strong local autonomy may lead to elite capture or exploitation of certain groups, as noted in Section 1. Without the adequate development and enforcement of a coherent local government framework and cultivation of appropriate accountability relationships beyond elections, local populations may be unable to secure the services they want from local governments and they may

be unwilling to pay local revenues. Understanding the relevant *local* political economy conditions is critical for improving and sustaining local service delivery.

7. **Capacity issues are critical at both central and subnational levels.**[9] This is widely accepted and capacity building is typically provided for, but it tends to focus on technical/managerial staff and the mechanics of new systems and procedures, with more limited attention paid to improving the nature and quality of interactions among actors – at various levels of government and subnational actors (elected officials, government staff and citizens) – whose collaboration is required for accountable and effective service delivery. In addition, capacity building often involves conventional classroom training (rather than on-the-job/on-site support) that does not prepare recipients sufficiently for using new skills on the ground.

8. **Decentralisation and intergovernmental reforms are often demanding and complex at both the national and local levels**. When official reforms are driven by political crisis and hastily elaborated, their design is likely to be based on insufficient consultation and analysis. Even if well designed, however, implementation – how and over what time period structures and processes are rolled out on the ground – is increasingly seen as a critical determinant of outcomes and sustainability. To date, however, reform efforts often persist in focusing too heavily on design. There has been growing, although still limited, academic and practitioner attention on the implementation and sequencing of decentralisation.[10]

4. What can be done to improve local service accountability and effectiveness?

The complexity of decentralisation and the context in which it unfolds clearly create challenges for realising local governments' potential to deliver services more effectively and accountably. If performance lags expectations, the first step is to try to understand the nature of the problem. This may seem obvious and practitioners will say this is what they do, but there is reason for concern that some of the problems identified and targeted by policy makers are symptoms of underlying phenomena that also require attention.

A simple example is the common situation in which local service delivery is undermined by poor cost recovery, a signal of weak accountability and efficiency. The symptom is low user charges, but these may be a product of a host of other factors. These could include national service delivery and finance policies, local capacity, technical matters affecting service quality/reliability, governance structures that affect citizen expectations, satisfaction and willingness to pay – and various political economy dynamics underlying them.

How deeply it is practical to investigate a problem in order to take appropriate action is a matter of judgment, but there is often a need to dig deeper than policy makers tend to. In the present example, some Ministry of Finance staff member or fiscal decentralisation expert funded by a donor would likely propose raising user charges to improve cost recovery, which is unlikely to be successful if other contributing factors are not also recognised and addressed. Such simple proposals are emblematic of the sort of one-dimensional technocratic solutions to visible problems regularly offered by specialists in the often fragmented, self-contained worlds of local governance expertise. What is needed instead is a multifaceted assessment and a corrective approach strategically designed and implemented to fit with the local context.

Equally importantly, multiple types of actors may wish to improve local service delivery: central governments to alter policies and support mechanisms, local governments to modify operations and how they interact with other governments and civil society, citizens to step up efforts to hold local governments accountable, and donors to identify the country actor(s) they can productively engage and how to support them. Any one of these actors needs to move beyond their immediate perspective to diagnose the problem and factors that drive it, and then try to develop a feasible approach to moving the situation in the right direction.

Correctly diagnosing the problem and its drivers

The first step in understanding how to improve local service delivery accountability and effectiveness is obviously to document the specific nature of the problem. Are services generally lacking or are only certain groups not being served? Is the problem with quantity, quality, reliability, some mix of these or some other factor?

The next step is understanding why the problem exists. This will require detective work, which can be a very involved process but is necessary to craft appropriate actions. Some selective/illustrative questions to initiate an analysis might include the following:

- Is the source of the service delivery deficiency primarily technical, political or both?
- Which specific factors contribute to the problem?
    - Has the local government not been properly empowered to deliver the service through constitutional or legal provisions? Is this an oversight in design or the result of political forces?
    - Are national ministries failing to follow up with devolution tasks or are they obstructing legally mandated local government

functions or not providing support for which they are responsible? If so, is this a result of weak capacity, funding limitations, bureaucratic manipulation, etc.?

- Have local governments adopted basic systems and procedures? If not, is there understaffing, lack of resources, insufficient capacity to deliver, etc.?

- If the volume of available resources is a key concern, is there a flaw with intergovernmental transfers, have local governments failed to collect revenues at adequate levels, or are local citizens not paying taxes or user fees?
  - If transfers are the key, are they too low or do they mandate conditions that insufficiently target the service in question or distort the balance among line items (e.g. finance too many staff but inadequately provide for supplies)?
  - If taxes and charges are generating too few revenues, are local governments not setting rates high enough or are people are not paying?
    - If local governments are undercharging or under-taxing, does this reflect central regulations/interference, perverse incentives created by fiscal transfers, or local political incentives?
    - If people are not paying, is the issue anaemic local government revenue administration, affordability, dissatisfaction with the service, a sense of unfairness in how taxes and fees are determined and collected, lack of general trust in local government, etc.?

It is impossible to exhaustively outline the necessary analysis here – there could be many more questions, and a serious effort would have to dig deeper. The above questions do not even directly deal with, for example, local elections (competitiveness, fairness), non-electoral citizen engagement mechanisms (accessibility, degree of influence), and other factors that affect accountability and behaviour. But even getting a sense of the answers to some basic questions can begin to suggest the types of further inquiry required and to identify solutions to consider. At the same time, the relative severity and immediate relevance of the underlying problems, and the linkages among them, must be understood, at least to the extent that some operationally specific steps can be proposed. It is not necessary, for example, to wait for robust local elections before a local government can act to improve service delivery and increase citizen satisfaction! An informed analyst can learn to draw the boundaries of the assessment to focus on things that matter most for concrete, pragmatic action.

Different actions will obviously involve different lead actors. For example, only the central government can deal with weak local empowerment or interference of central agencies in local functions (although motivated local governments can often work within existing constraints). Local governments can augment their capacity and engage more deeply with constituents to improve those services that citizens are more willing to pay for. Citizens themselves can organise to pressure local governments for what they want. Any of these actors, of course, need to face incentives to take these steps, and what they do may catalyse other actors or provoke resistance. Thus, even seemingly obvious and straightforward solutions can only occur under appropriate conditions, so that those seeking change need to make an effort to understand the potential feasibility of and possible reactions to the steps they hope to pursue.

Developing and implementing a strategy for action

Once the parameters of the problem(s) have been identified and the factors underlying them assessed, a pragmatic strategy for reform can be developed. This is of course a potentially demanding exercise and there are many ways it could be done, again depending on context and which actor is taking the lead. If action were being taken by the central government to enhance the service delivery powers and capacity of local governments, for example, a strategy might have the following elements.

1. **Determining starting points for sequencing.** Taking into account the results of the type of diagnostics outlined above, initial steps could involve the more willing/motivated partners and target those issues more likely to succeed rapidly. This requires prioritising reforms, perhaps focusing on simpler tasks that don't excessively threaten prevailing power bases or overwhelm capacity. It is of course important to choose something that is meaningful enough to begin to move the system in a better direction, and to set up a process to sustain progress.

   One concern is that national reforms tend to treat local governments by default as if they were similar. Treating those with weak capacity as if they can assume major responsibility invites failure, while unduly controlling capable local governments is inefficient and undermines local accountability. Asymmetric starting points can be productive, and some reforms may be at least partly negotiated with local governments, placing a degree of responsibility on them to comply with steps they agreed to.

   A related issue is that individual elements of local governance must be sufficiently linked, even if initially in a basic way. As noted above, a fragmented approach dealing with only certain aspects of

the system can result in trophy reforms that seem to meet certain normative principles but in fact require other measures to be taken if they are to generate meaningful and sustainable results. Without adequate resources, for example, improved managerial systems and civic accountability mechanisms will not have their intended effect (perhaps an obvious point, but one that is often inadequately reflected in practice).

2. **Creating incentives.** Once the reforms and steps are agreed on, there need to be both positive and negative incentives (rewards and penalties) for central and local governments to behave in such a way as to achieve them. Where multiple actors are involved (e.g. ministries that must take actions to empower local governments and/or donors who provide support), some type of co-ordinating mechanism can oversee and enforce implementation, helping to ensure that all parties – central, local, external – meet obligations as per laws and agreements. Such mechanisms are challenging to design and face obstacles, but they can play a role, especially if essential government institutions are weak or politicised (for instance, local governments cannot easily take a delinquent ministry to court).

   A range of innovative approaches may facilitate local government implementation of reforms. These include 1) enforceable accountability mechanisms, such as central government contracts with local governments to take certain steps; 2) financial incentives for adoption of reforms and improvements in performance, such as compliance or performance based grants; and 3) tournament-based approaches that bring recognition, such as contests, to reward improved service delivery or other achievements.

3. **Building capacity.** Capacity building and technical assistance for both central and subnational actors are well recognised as important for implementing reform. These functions, however, are often treated by central governments and international agencies that support them in a standardised and mechanistic way. The above discussion noted some of the concerns – a bias toward traditional supply-driven classroom training and technical skills, with weaker emphasis on the capacity of civil society or relations between elected and appointed local officials (the overlooked issue of horizontal accountability). Civic capacity building (e.g. participatory mechanisms) is often limited, elementary and mechanical.

   There is of course a broad consensus regarding the need to simultaneously cultivate both technical capacity (of government actors) and governance capacity (of citizens, elected officials and subnational staff to work together). But this consensus is more on

paper than in practice, and where both types are pursued they may not be particularly complementary. Recent experience also suggests that conventional training courses are important, but on-the-job training (perhaps specifically demanded by subnational actors for particular tasks in the process of being implemented) can enhance development and retention of skills.

4. **Pulling the strategy together.** The trajectory of reform, which, as noted above, can be asymmetric in terms of starting points and pace, should ideally be directly linked to central government efforts to build capacity and improve performance progressively. Technical reforms can be implemented in a way that ties capacity development to specific functions that are going to be undertaken during a particular period. Reforms could proceed progressively based on well-defined criteria that make it clear what a local government must do before being empowered with additional responsibilities or resources. Such an approach can be challenging and become overly bureaucratic, but some efforts in this direction may reduce arbitrary or politicised decisions about moving on to next steps and limit the stalling of local empowerment so often seen in developing countries.

5. Concluding thoughts

This paper has briefly considered some obstacles to accountable local service delivery in developing countries and called for thinking in a somewhat broader way about making progress. The treatment is necessarily concise and incomplete, and it may be mistaken for another attempt to promote an onerous systematic analytical agenda. Instead, it should be seen as an initial attempt to pull together some related concerns that are often weakly considered or treated separately by different actors dealing with local governance – it is not intended to be a well-defined framework to map out a clear path to reform. The goal is to provide some food for thought to those working on this challenging topic.

There are three key messages. First, in assessing weaknesses in accountable local service delivery, it is important to dig deep enough to distinguish between symptoms and causes and to appreciate the linkages between related issues that ultimately require attention for reforms to be successful and sustainable. This can seem overwhelming, but the kind of analysis required need not be exhaustive in order to take positive steps – it must be adequately rigorous such that selection is based on an informed perspective enabled by sufficient initial mapping of the problem. The real concern is to encourage people who are used to thinking about certain reforms in specific ways to try to move outside of their comfort zone and work with others who have different perspectives and can challenge their thinking.

Second, difficult challenges (obviously) cannot be solved all at once. The style of assessment briefly outlined here is intended to look for better openings to begin the process of reform. Openings will depend on the problem and which actor is taking the lead initially – capacities, political and bureaucratic dynamics, and the opportunities they suggest can differ substantially at the national and local levels and across local governments. And while the argument is that gradualism is often necessary, there are situations where bolder, more sweeping steps can be taken. This should be embraced if conditions are right.

Third, if a modest start is in order, there can be considerable value in taking a more strategic approach to implementation than is usually practised. Various elements of strategic implementation have been proposed, such as taking care to involve the right actors in planning and executing reforms, as well as the potential use of asymmetry, negotiated reforms, performance incentives, targeted and demand driven capacity building, innovative subnational civic engagement, and so on. An appropriate strategy may incorporate some or all of these, but the key point is that it must be crafted in the context of a particular country, and within a country in the context of local conditions.

Much more work is needed to develop the type of approach outlined here and to illustrate it with concrete cases. But analysts can do more immediately to understand service delivery gaps more robustly, to determine and interpret relevant national and subnational political and bureaucratic dynamics, and to consider what these imply for pragmatic, strategic and sustainable local service delivery reforms.

Notes

1. The empirical literature is extensively reviewed in a DFID report prepared by Local Development International (2013).
2. Selected recent overviews include Boex and Yilmaz (2010); Connerley, Eaton and Smoke (2010); Martinez-Vazquez and Vaillancourt (2011); Bahl, Linn and Wetzel (2013); and Smoke (forthcoming).
3. McClure and Martinez-Vazquez (2004) provide a detailed review of conventional wisdom.
4. Bahl and Bird (2008) and Smoke (2014) critically review local revenue generation principles and the empirical literature.
5. Useful reviews of local governance/accountability from various perspectives are provided in Agrawal and Ribot (2012), Bardhan and Mookherjee (2006), Boex and Yilmaz (2010), Brinkerhoff and Azfar (2010), Cheema and Rondinelli (2007), Faguet (2014), Shah (2006), and Yilmaz et al. (2010). A review of local elections is provided in Bland (2010).
6. Much has been written on this topic, including many previous references. Other useful readings include Ahmad et al. (2005), Robinson (2007), Boex (2011), and Martinez-Vazquez and Vaillancourt (2011). A recent synthetic overview is provided in Local Development International (2013).

7. Some treatments of political economy are found in in Manor (1998), Connerley et al. (2010) and Eaton et al. (2011).
8. See, for example, OECD (2004) and DeLoG (2011).
9. There are many treatments of capacity, with some useful ones including Green (2005) and UNCDF (2006).
10. See, for example: Shah and Thompson (2004), Falleti (2005), Bahl and Martinez-Vazquez (2006), Smoke (2007), World Bank (2008), Smoke (2010), Eaton et al. (2011), and Falleti (2013).

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Practitioner's perspective: Engaging in public-sector reform

Chiara Bronchi and Marco Larizza

Dear Chiara and Marco,

I am travelling to my assigned country for a technical discussion with the government on the main public-sector challenges they are currently facing, and the best ways to address them. I have shared with counterparts and colleagues some preliminary thoughts, based on all the information I have received from colleagues and trying to make the most of the latest research in the field I have been exposed to over the past few years.

The planning discussions have been very intense, with a lot of exchanges and discussions, and so many challenging issues to deal with!! The various consultations across government ministries and agencies reveal that the public service system in the country has long been neglected, and its rules and procedures disregarded to a point where it has become dysfunctional. A number of problems are holding the public administration back: an outdated and fragmented legal framework; an inadequate HR management system for civil servants, with proliferating "ghost workers" and manipulations of the payroll; an over-aged, poorly motivated public service; and finally, an opaque and inequitable wage system that creates opportunities for patronage and rent-seeking. These problems add up to a pervasive set of constraints which don't just hamper the public sector's ability to deliver services but are holding back the economy and development of the country.

I have to confess that I feel ill-prepared for the mission, as I did not expect to receive so much pressure from the government, development partners and civil society groups to come up with quick responses to these problems. I now fully understand the sense of the warning messages raised by Frauke de Weijer and Volker Hauck! I was hoping to discuss the advantages of Problem-Driven Iterative Adaptation with my counterparts and the need for a long process of engagements and debate to develop "best fit" approaches and identify the most feasible solutions to the multiple deficiencies of the public sector. Instead, I am beginning to suspect that researchers and government officials speak very different languages!! The government people

do not seem to be particularly impressed by all the conceptual toolkits (PDIA and the like), and – knowing the practical problems they have to deal with on a daily basis – I can't really blame them. Instead, my local colleagues tell me that they will want to know what my institution has to offer to fix the problems we have identified, and how long will it take for them to produce results. They want results and they want them now!

Indeed, time is of the essence. As you might know, the country is still in the process of a complex political transition where the change of government has created new expectations for a major shift in policy direction, with improvements in the prospects for reform but also growing frustrations with the government's inability to improve the delivery of basic services fast enough. This remains a fragile, post-conflict setting with limited room for fiscal manoeuvre, due to a combination of poor economic diversification, hardly any financial autonomy and aid dependency. In this context, both the government and the donor community agree that the priority must be building the foundation for improved government effectiveness by strengthening public-sector management.

Based on this shared appreciation of the importance of state effectiveness, the government has formally requested our organisation to provide technical assistance. The ultimate goal is to strengthen public-sector performance and overall state capacity to deliver basic services for people across all levels of public administration. The Ministry of Finance is leading the dialogue on the government side, in collaboration with the Ministry of Public Service, the Ministry of Decentralisation and Local Development, and priority sectors including education, health and agriculture. Responding to the government request, the Country Director has assigned me the task of developing the Concept Note for the new operation, making it clear I need to seek collaboration and inputs from sector experts to ensure a coherent design and feasible intervention. The Concept Note review is scheduled in the next three months, and the project has to be finally delivered to the client within the next ten months!!

I feel very excited about the challenge, but I must confess I am also very anxious about my ability to deal with such a difficult task, given the tight deadline I am facing. Where do I start? How can I select priorities in a context where so many public-sector reforms seem to be urgently needed, and nothing seems to be working properly? How should I engage with the sector experts and which approach should be prioritised? In Nick Manning's terminology, do I need to focus on "upstream" reforms of central government agencies (to set up strong foundations for the state) or rather "downstream" reforms in sector line ministries (to achieve faster and better measurable results)? And, most importantly, how can I deliver a good quality product on time when there is so much data I still need to collect, research I have to undertake and so many consultations I have to organise with government, development partners and the like?

I presume you experienced the same level of anxiety at the early stages of your career, and I know you have successfully managed it, developing a track record of operational engagement in low-income and fragile settings. Drawing on these experiences, I would very much appreciate if you can share some useful lessons and practical guidance (no more books or reports, please!!) on how to navigate this complex agenda of public sector reform, meet client expectations and – hopefully – achieve the desired results.

Yours, Lucy

Dear Lucy,

First of all, congratulations for your new assignment, which recognises your professional talent as governance practitioner and – for sure – comes with greater responsibilities! It is great to see that you are now moving into the real business of international development co-operation, and doing so with the right combination of humility, excitement and realism. This is definitely a good start! While there is no need to panic, we do understand your sense of anxiety and despair for having to meet high expectations by your senior management *and* the client, in an area – PSM reform – which everybody understands as vital to development, and yet – in Nick's words – many continue to perceive as "more or less hopeless".

As development practitioners who are constantly facing the challenges you refer to in your letter, we think you might find it useful to get an alternative view – from a practitioner's standpoint – on what it means to work in public-sector governance and promote institutional reforms in developing countries, with a particular focus on low-capacity and fragile settings, as this category seem to be particularly relevant given the country context you are currently working in.

Below we have tried to identify a few practical and operationally oriented issues to be aware of when engaging in public sector reforms. Clearly, our intent is NOT to provide a definitive set of normative prescriptions, or to tell you what is the right package of technical solutions to achieve "good enough" and "best fit" results in public sector reforms (you will soon realise such a "magic package" does not exist!). Instead, we hope to offer you some preliminary guidance and concrete examples on the iterative and consultative process that could be used for defining the reform objectives together with the government, and arriving at the preferred and agreed "best fit" solution. Building on some examples from our most recent engagements, we will try to shed some light on the contextual factors you should be aware of when planning and implementing your intervention.

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1. When facing multiple requests from the client, resist the temptation to overload low-capacity environments with a complex reform agenda, and make sure to get the basics right first. In many countries where we operate, many reforms need to happen almost simultaneously to strengthen government capacity to deliver, make progress on service delivery and achieve – often ambitious – development goals. This is especially the case in fragile and post-conflict settings, where demands on the generally weak administrative capacity of the state are high due to governments' political imperatives of achieving legitimacy through delivering basic services and the "peace dividend" across different (often formerly fighting) groups within society. Thus, governments are often under pressure to show results and will likely pass these pressures on to you, asking help to address all their major problems altogether. You need to resist these pressures. As Lant Pritchett and colleagues have forcefully argued, asking fragile states to move forward too quickly risks creating pressures that collapse what little capability has been created, "asking too much, too soon, too often".[1]

This might mean, for example, ensuring taxpayers have unique identification numbers before installing a complex revenue collection system. With reference to your specific challenges, a civil service census and proper human resource management system must be in place before even considering the feasibility of more demanding reforms such as performance-based incentives for individuals and organisations. In the Democratic Republic of Congo we faced similar challenges when preparing a new lending operation in 2013, and resisted strong pressures (from the client as well as from within our own organisation!) to front-load the project with too many interventions that were simply not feasible in the short term. Instead, we selectively focused on building the basic institutional foundations for improved government effectiveness and raising the low efficiency of the management of the public sector with a particular emphasis on rejuvenating the civil service.

In addition, the DRC project[2] adopted a "pilot" approach by supporting reforms in selected ministries in order to build confidence in the reform process, and generate the momentum for scaling up to the entire public service in the future. Looking back, and considering the challenges we are now facing during implementation – even within the limited scope of our intervention – we are confident we did the right thing.

2. During project preparation, be realistic about what is politically and institutionally feasible now, and be strategic in preparing technical foundations for what might become feasible in the future. We understand that in your country the government is entering a pre-election period. In this situation, it is very unlikely that it will engage in difficult discussions regarding pay reform, clean-up of the payroll and other unpopular measures to address inefficiencies in the wage bill. This, however, does not imply you cannot prepare the technical ground for future dialogue and policy

engagement. In the DRC, for example, our team has supported preparatory diagnostic work on difficult areas of civil service reform when direct technical assistance was not possible. This work proved useful when a reform-minded government came to power, allowing the team to effectively engage with the newly elected government with a wealth of data and rigorous diagnostics.

Likewise, a careful reading of the country macroeconomic and institutional context will be instrumental in identifying the reform solutions that are more likely to generate buy-in from the government, and strategically selected public-sector reforms. In Burundi, for example, enduring fiscal fragility, declining aid and increasing exposure of the national economy to external shocks has motivated the government to seek financial management help from the donor community. Responding to this request, the World Bank – in collaboration with other key donors including the IMF, the EU and other bilateral agencies – has recently prepared a new project[3] that will support the government in strengthening revenue policy and administration, which will increase the effectiveness of tax and non-tax revenue mobilisation, thereby creating additional fiscal space to fight poverty through delivery of critical public services.

3. Embed innovative approaches in your intervention to better manage risk, keep up the reform momentum, and create the necessary support to achieve the desired objective. As Matta and Ashkenas[4] put it "when a promising project doesn't deliver, chances are the problem wasn't the idea but how it was carried out". This is especially the case for public-sector reforms, whose trajectories are inherently uncertain, to the point that their prospects of success will largely depend on improving our ability to manage risks and quickly adapt to changes.

One way to manage these risks would be to use rapid-results initiatives: small projects designed to quickly deliver mini versions of the big project's end results. In Sierra Leone, for example, the World Bank in collaboration with DFID and the EU supported a major institutional reform project to help rebuild the capacity of local councils and promote decentralisation reforms after the conflict. To increase the visibility of the reform process and link the reform initiative to local communities, local councils were given a block grant and asked to deliver a first round of small capital projects in the first 100 days of their mandate. This RRI strategy helped the councils to acquire visibility rapidly and engage with citizens, and emerged as one of the main drivers of success.[5]

4. Keep project implementation arrangements and organisational structures as simple as possible, while minimising the risks of distortions to the local labour market. The cross-cutting nature of public-sector interventions may involve complex levels of organisational management. If

there is a lack of clarity and co-ordination, this can lead to confusion over the lines of authority, affecting the overall performance of the project. To avoid this risk, you should make every effort to anchor your intervention in existing government structures, ideally within the ministry in charge of leading the reform agenda. Moreover, you should resist the temptation – very common in donor projects – to establish "parallel structures" and recruit good staff from government in order to work on improving the now depleted capacity within government.

Likewise, you need to avoid massive distortions of the local labour market through top ups and rates for local consultants. Try as much as possible to build the capacity of existing government structures, rather than bypassing them altogether unless there are clear emergency needs. Even in this case, however, a clear "exit strategy" needs to be designed from the outset to avoid sustainability problems down the road.

5. Remember that donor co-ordination is a means to an end, not an end in itself. Close donor co-ordination and alignment to government development objectives is extremely important for the success of complex public-sector management reforms, as cohesion among donors helps to maintain focus and resources on reform initiatives that traditionally take time to produce results. However, while donor co-ordination can avoid overlapping responsibilities and reduce transaction costs for the government, it is equally important to remind yourself that each development agency (including your own!) has a particular agenda to follow, which might not be necessarily aligned or instrumental to the specific project results you are trying to achieve. In addition, donor co-ordination is time-consuming and can contribute to creating parallel structures (you will soon realise there is often a proliferation of donor-led technical working groups in developing countries!) which can take you away from your primary goal, which is to engage with the client and propose solutions that directly address their most urgent needs and priorities.

6. **Sustained government commitment and multi-stakeholder engagement is essential for success.** This is especially the case for public-sector management reform given its cross-cutting nature. Experience shows having the government design the PSM reforms itself contributes to a high degree of ownership and helps to accelerate implementation of these reforms. Moreover, lessons from the World Bank's 2011 World Development Report[6] show that – especially in fragile and post-conflict settings – reforms have greater chance of succeeding when space for understanding and acceptance has been created. It is thus critical that you engage in broad consultations from the early stages of your project preparation, and continue them during implementation, ideally integrating them into the project activities.

For example, recent PSM projects in Sierra Leone and the DRC[7] provided technical assistance to build a strong communication strategy to address

different audiences including the general public, civil servants and trade unions, and other non-state actors to build understanding and broad consensus on the objectives of the reform and its beneficiaries. In 2012 when Guinea re-engaged with the donor community and our organisation, we ensured the government dialogue with all stakeholders on the public financial management and public-sector reform went as far as meeting with the Minister of Interior and the highest ranks of the army. The greater availability of information is expected to build wider understanding of the government's efforts and further empower citizens and key stakeholders in their effort to actively engage with the government and create additional pressures for reform.

7. Consider integrating "demand-side" solutions and tools with traditional "supply-side" PSM interventions, while being realistic and cautious about their actual contribution. Almost all development agencies promote some form of citizen engagement and accountability, often framed as "voice", "demand-side governance", "demand for good governance" or "social accountability". There has been a proliferation of useful operational guidance and approaches using tools that can guide specific interventions, ranging from citizen score cards to participatory budgeting, third-party monitoring and so on. In some cases, these approaches can indeed be innovative and transformational. In the South Kivu region of the DRC, for example, the establishment of participatory budgeting through technology – mainly mobile phones – was instrumental in significantly increasing local tax revenues up to 20 times in 2012 (Box 1).

Challenges remain, however, in finding the best ways to scale up these pilots and sustainably roll out participatory budget mechanisms across all provinces. These challenges suggest there has been a tendency to be overly optimistic about the potential of demand-side governance approaches to solve difficult and context-specific public-sector management issues.

Box 1. Participatory budgeting (PB) in South Kivu, DRC: Supporting decentralisation and empowering citizens to participate in the budgetary process through ICT

In the Democratic Republic of Congo, diagnostic studies identified a series of challenges that needed to be addressed to improve governance and service delivery at the local level, such as asymmetry of information between stakeholders, and low levels of understanding of budget procedures and engagement with civil society. These studies indicated that using participatory budgeting (PB) as a social accountability mechanism could be a promising entry point for a potentially broader governance reform in the country. The province of South Kivu was considered the most promising area, as there was an interest on the part of the communities in participating in a PB process.

Box 1. Participatory budgeting (PB) in South Kivu, DRC: Supporting decentralisation and empowering citizens to participate in the budgetary process through ICT *(continued)*

The findings in the studies also pointed to the possible leverage effect the use of ICT (mainly mobile phones) could have in enhancing the process through engagement, information distribution, monitoring and follow up. Specifically mobile phones were integrated in the PB process in the following ways: 1) citizens living in a given area were informed via text message (SMS) about the next meeting; 2) on a trial basis, citizens could vote by SMS on which public works they wanted addressed; 3) citizens were informed on the outcome of the vote via SMS; and 4) citizens could provide feedback on the quality of projects under implementation, or those already implemented projects by SMS.

One of the more encouraging results connected to the project is a fairly substantive revenue increase at the local level. More citizens seem to be willing to comply with their tax obligations, as they associate the improved service delivery with government spending. There is evidence that since the process started, local tax revenues have increased up to 20 times. Another important achievement of the project was that it built strong country ownership, leading to the institutionalisation of the PB process. Following an executive government decree, a law was passed by the provincial parliament in 2012 to institutionalise the practice in the province. In South Kivu the PB process is now locally sustained with local actors taking strong ownership and extending subsequent cycles to the entire province on their own.

Source: World Bank (2012), "Participatory budgeting in South Kivu, DRC: Support to decentralization and empowering citizens to participate in the budgetary process through ICT", mimeo, World Bank Institute, Washington, DC.

8. Finally, do your homework and never stop listening, be creative. When one starts working in a new country, one needs to ensure one understands the way the public administration functions – the true lines of accountability that are often not the official ones. Written work takes you only so far, one needs to go deeper and probe the ideas, and try to think how certain policies or reforms processes would be implemented. One lesson we have learned during the preparation of the project in DRC was the importance of consulting with colleagues, and meeting with members of the Ministry of Public Services and other ministries, to understanding the different points of view and designing a technical assistance with reduced risk of failure.

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We hope the general lessons and principles we have outlined above can help you to actively engage in effective policy dialogue with your senior management and your client government, as well as with other relevant

stakeholders (including development partners), and generate fruitful exchanges on the value of various instruments and approaches to support public sector reforms. Feel free to use them as selectively as you like, and remember: you are starting a fascinating journey where your informed judgment and intuition is what – ultimately – should guide your actions.

Yours,

Chiara and Marco

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Section Three

Institutions and Stakeholders

Notes to self – Empowered partners and voices

Lucy

I know that in theory everybody is a stakeholder in governance work, and that the collective noun for stakeholders is "a forum". I also know that stakeholders have incentives and disincentives, and that that they engage in collective action, or face collective action problems. I know that stakeholders also have "agency" and should have "voice". I remember from university that there are important strands of thinking on the role of stakeholders that emerged from community development work. Based on my own reading it looks as though the various stakeholders fall broadly into the following groups:

1. Partners – partners seem to be the institutions we work with (and are usually trying to assist). They are often government ministries or agencies, and our relationship with them should be based on their "ownership", itself an important part of the Paris Principles for Aid Effectiveness. Ownership contrasts with "conditionality" and relies on mutual agreements based around the priorities that our partners set. I know from my studies that there is also a powerful critique of 'ownership'. It is possible to argue that a strategy is written primarily to secure donor funds, and as a result is either a wish list or a guess at what others might pay for. I remember that the Guardian Newspaper ran a funny piece on "development jargon decoded: local ownership", suggesting that the debate happens at every level. There is also an argument that ownership or conditionality are not really the issues, but instead we should work to understand the blockages that exist within our partner bodies. The World Bank developed "problem chain analysis", to help and it is argued that we should think more "behaviourally" to understand the problems. The 2015 World Development Report by the World Bank even suggests that the ideas of behavioural economics and "nudge theory," have a role in our thinking on governance.

2. Users (or clients) – those who actually use government services, whatever they might be, and for development purposes are usually talked about as communities, or the poor. In the old days it was possible to talk about "demand side" issues and social pressure for reform, now the emphasis is on empowerment and accountability. I have read some of John Gaventa's work, including reviews of accountability programmes, and these suggest that action to promote the voice of users is complex

and requires multiple approaches and methods. I know that the World Bank has experimented with specific tools such as citizen report cards, and that Jeff Thindwa from the Bank has argued that the customer can be king if specific tools, such as open budgeting, are used to ensure sufficient two-way communication. There have been lots of experiments and trials of client feedback mechanisms, and there is something called the Transparency and Accountability Initiative based in London. I also remember hearing of a programme called "Making All Voices Count" that uses innovative approaches (such as mobile technology) to promote accountability. Mobile technology is seen as a major step forward in creating practical mechanisms for people to raise concerns – and find information.

3. Formal representatives – those representatives chosen by people to articulate their grievances and hold others to account. In most of the countries where I will work this is parliamentarians/legislators and local government representatives. Elected representatives have democratic legitimacy, but the literature I have read warns that many lack resources and information, and work in structures where the mechanisms of accountability might be weak. I know that some budget and account committees in parliaments have very little pull when it comes to their auditor counterparts. Formal representatives may also not be very representative of wider society, and it is also important to assess risks of corruption. Equally there are many expert groups that have engaged in parliamentary strengthening programmes and have published evaluations and lessons learned as a result (the World Bank, UNDP, USAID, DFID etc). My boss sent me a quote from an old USAID handbook: "legislative strengthening programming is an art, not a science. Carrying out assessments and understanding the proper roles of legislatures and their constituent parts (parties, members, staff), the factors that affect legislative performance, and the purposes of specific programming activities will not inexorably lead to certain results." Should I be reassured or worried?

4. Multiplier and accelerator groups – it seems as though the middle-people in the accountability/voice relationship are groups that can amplify the voice of users, and also ensure a good flow of information, particularly the media and civil society. I know that the dual nature of these roles are important – both groups often prefer to be seen as involved in two-way communication rather than dispensing educational messages. I also read Sina Odugbemi and Pippa Norris's report on the media and governance reform that suggested that the media can play an important scrutiny (naming and shaming) role. It is clear to me that the media and civil society can be controversial, they can be politicised, divisive and not immune to corruption and abuse. I saw that the OECD had published "12 lessons" on partnering with civil society that said "Donors should continuously test their assumptions about the work of CSOs in developing countries, especially when defining the purpose of the partnership with CSOs. This will help ensure that policies and priorities reflect reality." But shouldn't development workers be doing that more generally, and all the time?

5. Funders and taxpayers – taxpayers in donor countries are not usually so directly involved, although they may seek information and ask direct questions. But the role of taxpayers is always a consideration because we have to consider "reputational risk". There is an issue of "taxpayer morale": whether people believe that they are receiving value for money for their payments, and this has often been seen as a problem for aid. Surveys in many countries show that taxpayer support for aid can sometimes be vulnerable, I think that YouGov did a Eurotrack survey in 2013 that showed scepticism on levels of aid. The need to show value for money to tax payers is the reason why I must demonstrate results and think about indicators, and also why I have done a module on corruption.

Engaging with stakeholders on development is presumably a never-ending process, but I would also assume that I will meet far more partners than clients? If I am sitting in an office in the capital most of the time how will I really get to hear local voices, and how often will I meet representatives, do we meet parliamentarians at all? And how will I test my assumptions about CSOs and the media – I am not even sure what my assumptions are! And if our partners want us to take risks, but reputational risk is a constraint, how does promoting their ownership work? I really don't see how all this fits together at all.

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The deeper struggle over country ownership

Thomas Carothers

The world of international development assistance is brimming with broad concepts that sound widely appealing and essentially uncontroversial. Some of these concepts pertain to specific areas of aid programming, such as civil society, the rule of law, governance and decentralisation. Others are operational principles as well as programmatic areas, such as the striking focus throughout the aid community in recent years on accountability, transparency, inclusion and participation. These operational principles not only constitute common ground among the many different organisations making up the aid world, but also appeal as bridges across the divide between providers and recipients. After decades of sharp Cold War divisions and ideological arguments, the aid world gravitated strongly in the 1990s toward a strong preference for consensus and shared principles, at least at the public level – a preference which has continued since.

Yet when one looks hard at the specific meaning of any of these concepts and principles, one quickly finds very different – and sometimes conflicting – ideas at work underneath the surface of apparent consensus. For some aid providers for example, rule of law means an emphasis on order and certain key legal institutions, like the courts and police. Others, however, see rule of law as rooted in the empowerment of individuals and binding constraints on institutions. Similarly wide differences animate work on accountability. For some, it is a fundamentally political concept attached to democratic processes – above all, elections. For others, it is a procedural endeavour regulating narrowly defined, apolitical governance functions, like budget management.

Ownership is one more of these broad concepts that have become pervasive in the aid world during the past two decades – widely appealing, hard to disagree with, relevant to providers and recipients of aid alike, and constantly invoked. Yet, as with others in this category of broad concepts, the apparent consensus on ownership masks deep divisions. The debates in recent years at the Third and Fourth High-Level Forums on aid, at Accra and Busan, over whether ownership is best conceived of as "governmental ownership", "country ownership" or "democratic ownership" are a manifestation of this fact. But the divisions go much deeper than such

linguistic skirmishes might indicate. The concept of ownership is in fact at the heart of a deep-reaching struggle between two conflicting imperatives shaping the contemporary domain of international assistance: the push to make ownership the basic feature of international aid, and movement toward viewing developing country *societies* rather than just developing country *governments* as the true partners of international assistance.

1. The ownership imperative

The first of these two imperatives is the drive within the aid community to make ownership a cardinal principle of aid effectiveness. It is useful to briefly review the emergence of this imperative. The growing emphasis over the last 20 years in aid circles on ownership reflects the merging of two distinct developments. To start with, the 1990s saw rising concern amongst donor countries regarding the effectiveness of aid. After the Cold War, the security rationale for aid had withered. Western aid providers suddenly found themselves having to convince sceptical politicians and publics that aid is useful in development. Accordingly, research on aid effectiveness quickly multiplied. A major finding of such research, notably from work by David Dollar, was that aid is effective when recipient governments are committed to reforms (Burnside and Dollar, 2000). This finding led directly to an understanding of ownership as a critical element of aid effectiveness – providing aid for reforms to a government genuinely committed to "good policies" meant in effect, providing aid to a government that was committed to "owning" the aid.

During the same period, recipient country governments became more vocal in their frustration with the supply-driven nature of Western aid and its resulting deficiencies – agendas determined by donors, aid poorly designed for local contexts, competing donor agendas in a single country and so forth. This assertiveness contributed to the emergence in the early 2000s of a new international dialogue on aid, taking form first in the discussions surrounding the establishment of the Millennium Development Goals and then elaborated in 2003 at the First High-Level Forum on Harmonisation in Rome and in 2005, at the Second High-Level Forum that produced the Paris Declaration on Aid Effectiveness. Insistence by recipient governments on ownership as a central principle of good aid practice was an essential feature of this new international recipient-provider dialogue on aid.

In short, the push for ownership came both from providers and recipients of aid, rooted in a shared concern for making aid more effective. The object of concern, however, was different for both sides: providers of aid wanted to be sure that *recipient governments* assumed responsibility for using aid well; recipients of aid wanted to be sure that *provider governments* assumed responsibility for giving aid well. The new emphasis on ownership was a way to bridge these two perspectives.

2. The imperative of diversified partnership

In the same years that the ownership imperative was emerging, a different line of evolution was also at work in the aid world, producing a second imperative that has ended up bumping up against, and sometimes openly conflicting with, the ownership drive. It consists of a shift among aid practitioners away from the assumption that recipient governments are exclusive partners in the development enterprise. This imperative entails recognition that in many cases, aid providers must find other local partners if aid is to be successful.

The first step in this line of evolution was the rise of the governance agenda in the aid community in the 1990s. Aid providers embraced the idea that poorly functioning government in aid-receiving countries is often a root cause of underdevelopment (as opposed to a lack of capital, underlying structural conditions or a lack of technical know-how) and that aid should focus on the workings of recipient governments. This first step spawned a wave of aid programming aimed at strengthening governing institutions in developing countries, usually through the provision of technical assistance and institutional funding.

The second – and very crucial – next step in this line of evolution followed naturally. When aid providers tried to strengthen governance in developing countries, they frequently achieved only very limited results. Their programmes assumed goodwill on the part of governing institutions, but ran up against the unpleasant fact that resistance to reform was often deeply rooted within the governing institutions themselves, rendering technical assistance useless in many cases. As a result, aid providers began looking for ways to nurture and support impetus for reform within societies more broadly, via organisations and citizens outside of governing institutions who would exert pressure against power holders for positive change. Aid providers began directing growing shares of their assistance to civil society organisations that they believed would exert pressure for governance reforms. This "demand-side" aid usually meant support for independent non-governmental organisations (NGOs) advocating particular socio-economic reforms or better governance values, like transparency and anti corruption.

For some aid providers, like the World Bank, the shift away from the traditional provision of aid almost exclusively to governments has been a cautious and partial one though still significant. For others, including some of the northern European donors, it became a major shift, with as much as 25% of their assistance now going to non-governmental organisations rather than governments. The government of Sweden, for example, began moving its aid in some countries, such as Ethiopia and Zimbabwe, away from the government altogether.

This shift towards directly assisting civil society through socio-economic aid aligned with the somewhat separate domain of aid efforts aimed at supporting democratisation. Since its origins in the 1980s, the democracy side of the aid community has viewed civil society as a natural partner for its assistance. Though democracy aid does go to governing institutions, such as aid for parliamentary strengthening, judicial reform and decentralisation, democracy promoters have always questioned the traditional paradigm of aid going exclusively or predominantly to recipient governments. Watching socio-economic aid specialists gradually beginning to direct aid to many organisations outside of governments during the past decade, many democracy aid specialists felt that the mainstream aid community was belatedly catching up to a basic insight they had long embraced – that aid should be viewed as belonging to society as a whole, rather than to the ruling government alone.

3. The clash of imperatives

These two imperatives emerged simultaneously but somewhat separately in the aid world. On one hand, the aid community made a steady march toward the principle of ownership, in part through the progressive series of agreements emanating from the various high-level forums in Rome, Paris, and Accra. Yet at the same time, at least some major aid actors – especially northern European donors, but also the World Bank and other multilaterals – were evolving toward the view that smart aid meant directing at least some aid not to governments, but instead to people and organisations outside of the governmental sphere who can be partners of development processes and challenge governmental institutions to do better in implementing the reforms. Most aid organisations, however, tried to avoid public acknowledgment of or even open discussion of the deep tension between these two important imperatives, following the general tendency of the international aid community to try to maintain a broad ethos of consensus.

Tension resulting from the contradictions between these two imperatives has surfaced in the growing debates and disputes over the definition of ownership in international aid forums, in particular the efforts in the run-up to the Fourth High-Level Forum at Busan in 2011 to define ownership as “democratic” (Faust, 2010). The idea here, of course, was that the term “democratic” would be understood to mean that governments need to take account of the wishes of their people in determining development priorities – and in a deeper sense, that recipient societies as a whole “own” aid rather than just governments themselves.

But the tensions between the two imperatives are breaking out now in much more serious ways. A rapidly growing number of governments in every region that aid reaches are taking measures to restrict external aid

to domestic civil society organisations. These measures range from legal restrictions and public denunciations of such aid to different forms of active harassment of persons and organisations engaged in such assistance. The International Center for Not-for-Profit Law documents legal restrictions relating to foreign civil society assistance and has documented dozens of cases of such restrictive measures in recent years.[1] Attention to this phenomenon has risen to such a degree that President Barack Obama and more than 20 other national leaders issued a call to action at the UN General Assembly in September 2013, aimed at pushing back against the growing trend of constraints on enabling environments for civil society (White House, 2013).

Governments creating restrictions on external assistance for civil society usually justify such measures by accusing Western aid providers of political interference. For example, they claim that aid to human rights organisations is political activity in the cloak of putatively apolitical civil society assistance. Yet while concerns over political meddling by external actors may indeed be a principal motivation, these recipient governments are also often spurred by anger against aid providers, who they feel have changed the basic deal that they thought was an unshakable principle of international assistance: aid providers are looking to actors other than governments as an integral part of developmental change and embracing them as productive partners, often doing so without asking for permission of national governments. In short, the growing pushback from recipient governments arises from their perception that the ownership imperative is being violated.

This has been the case in Egypt, for example, where starting in 2012, the government moved against a number of aid organisations operating in the country, accusing a number of political interference in Egyptian domestic politics and pursuing criminal prosecutions against their in-country representatives.[2] What stirred the Egyptian government to take these unprecedented actions was not just the substance of what these organisations were doing, but the fact that Western aid providers had decided to work directly with many parts of Egyptian society other than the government, taking away "their" (i.e. the Egyptian government's) aid and giving it to other Egyptians. Egyptian power holders, in other words, discovered to their dismay that Egypt's political revolution not only meant potentially tremendous changes in the organisation and distribution of power in Egyptian political life – but also a significant change in how Egypt's traditional aid partners intended to go about providing assistance.

4. Reacting to the clash

Faced with this sweeping trend of pushback against external aid for civil society, the aid community is only starting to formulate a response. The instinct of some practitioners is to pull back – to retreat to the safer ground of old approaches when aid went only to governments or organisations chosen by the national government to be aid recipients. Though this may be a preferable course for some risk-averse aid providers, if adopted generally it would be a serious setback for international aid. It would mean retreating from crucial principles of human rights that independent civil society often embodies and defends. It would also mean giving up on the basic insight that has driven the evolution of aid away from the old pattern of treating governments as exclusive aid partners: the understanding that positive social, political and economic change in any society just as often originates from outside the national government as from within it and that if aid is to be an effective facilitator of such change, it must proceed through a diverse range of partnerships with nongovernmental and governmental actors alike.

Thus for practitioners faced with day-to-day-level issues concerning the scope of ownership and the question of aiding nongovernmental organisations that operate outside the direct control of governments, it is crucial for them to:

- Be aware of the structural tension between the principle of ownership and the important trend of direct aid support to non-governmental organisations.
- Be knowledgeable about the trend toward closing space for civil society and civil society assistance so that connections can be drawn between specific actions that a government takes to limit or block direct support for NGOs and the broader global tendency of pushback against civil society assistance.
- Be willing to directly address such tensions and issues with aid receiving governments – avoid engaging in "self-censorship" of aid approaches, that is to say, holding back from supporting civic groups directly for fear of offending recipient governments.
- Learn about the range of adaptive and ameliorative measures that aid providers are taking to limit the effects of pushback against civil society assistance, from support for activities to improve national enabling environments for civil society development, to special funds that have become available to support civil society organisations that are coming under pressure or attack in countries around the world.

Notes

1. See the International Center for Not-for-Profit Law's website, www.icnl.org (ICNL, undated).
2. See www.theguardian.com/world/2013/jun/04/egypt-convicts-us-ngo-workers-sam-lahood.

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A force for emancipation: Squaring the circle of ownership and progress in the promotion of better governance

Jörn Grävingholt[1]

Development partners active in the field of governance support have long struggled with the dilemma of respecting country ownership in cases where their official domestic government counterparts show little or no interest in prioritising better governance. Should they push ahead regardless? Should they sidestep towards politically less sensitive areas? Or should they simply accept the situation as it is? This paper argues that there is no right answer to these questions in itself. Instead, donors need to put ownership into perspective, refocus on its emancipatory origin and pay more attention to their processes of strategy building and programming. By rendering strategic decision making on governance support programmes more transparent, inclusive and open to diverse stakeholders from the South, they can move to ensure a more robust analysis, enhance their own relevance and legitimacy, avoid doing harm, and ultimately respect ownership by the people, not just the elites.

1. The dilemma

The democratic euphoria that came with the fall of the Iron Curtain in Europe in 1989, and the breakdown of autocratic rule in the early 1990s in many countries worldwide, seemed to open the way for better, citizen-oriented governance. That in turn, it was hoped, would help eradicate poverty as a mass phenomenon. Those were the days when "governance" entered the lexicon of development studies and the World Bank introduced the concept as a key variable of aid effectiveness (World Bank, 1992). Since then, much of that euphoria has given way to soberness. "Transition to democracy" yielded the field as the dominant explanatory framework and other, less teleological paradigms took over, such as "hybrid regimes" and "multiple pathways". Obviously, governance is more than just a contingent condition that can be reformed and improved if only the technical skills needed are available.

Instead, governance is about power relations. Its quality cannot be assessed without reference to the interest that it is to promote. Forms of governance that are utterly dysfunctional from one point of view (say, for instance, for the reduction of poverty in a society) may make perfect sense from another one (such as for those who hold power positions and intend to do so for as long as possible). The "logic of political survival" (Bueno de Mesquita et al., 2003) is a driving force in every political system. Even "reformist" governments are usually not inclined to enact policies just for the sake of transparency and accountability if at the same time they threaten their incumbency.

Today only a few governments worldwide would openly declare that their rule does not follow principles of democratic governance. Far more governments, however, qualify their understanding of democracy with reference to local customs and values, for example, and thus justify restrictions, such as on press freedom, political equality or human rights, that bias the political playing field starkly in their own favour. Many of the violent conflicts and civil wars that have ravaged parts of the Middle East and Africa in recent years, such as in Syria, Libya, and South Sudan, have grown out of such regimes. In the terminology introduced by Douglass North and his co-authors, they qualify as "limited access orders", where political elites divide up control of the economy and limit access and competition in order to secure the size of their rents (North, Wallis and Weingast, 2009). Limited access orders are the reality in the majority of countries, not just historically but even in the contemporary world (North, Wallis and Weingast, 2009: p. 2), whereas "open access orders" are the exception. Yet, as a broad strand of research has shown in recent years, limited access drastically restricts a society's chances of reaching economic growth and sustainable welfare enhancement (Acemoglu et al., 2002; Knack, 2003; Faust, 2007).

External actors who want to help countries move out of poverty, avoid large-scale conflict and increase state resilience have no choice but to address the issue of governance. More specifically, the institutions that govern the allocation and distribution of power are key. Under exceptional circumstances, rulers that successfully shield themselves from popular accountability can manage to put a country onto a path of sustainable growth. In the vast majority of cases, however, societies are less lucky with their leadership and unaccountable rule ends in unrestrained abuse of power, unsustainable economies and high risks of violence. Democracies, with their systems of checks and balances, are most likely to generate the conditions for open access orders, whereas non-democratic regimes tend to come with limited access. But democratic rule is not a panacea either. Democratisation is usually an uneven process, a "bumpy" road, where the vehicle, the state, needs both careful steering by the driver *and* close attention from all passengers. Yet at the same time, governance in democracies differs from

other forms of rule precisely in that it is designed to keep public attention relatively high and to feed back quickly on the leaders' steering capacities, especially when they change for the worse. Governance aid can help improve the steering capacities of the "drivers" and support the oversight that is exerted by the "passengers".

But what if this kind of external support (and especially the citizen-centred part of it) is unwanted and resisted by those who claim to speak on behalf of their nation? Often times, promoting open and better governance that would allow power-wielders to be held accountable meets with the natural resistance from ruling elites that are *not* committed to fair and inclusive rules of the game – because those rules would allow the possibility of them losing political power and, thus, access to politically guaranteed rents.

Governance support under these conditions typically runs the risk of being stuck in one out of three unsatisfactory scenarios (or equally unsatisfactory combinations thereof):

1. Limiting support to technical, merely formal and rather superficial areas of governance; in this scenario, such support risks contributing to the functioning of autocratic rule.
2. Concentrating support on the reform of one or two highly visible formal institutions (such as a constitution or an important reform law) that governments officially agreed to but hardly intend to truly implement; this scenario often ends with the building of democratic façades behind which the old system continues to work as usual but with a new lease of life as visible external support is a currency that can be exchanged for increased internal legitimacy.
3. Limiting support to low-level, grass-roots activities close to the people but without the leverage to really make a lasting difference to their lives as the institutional and political environment remains fundamentally unchanged.

To be sure, there is nothing wrong *per se* about any of these instruments of support – except maybe for the idea that they can never be wrong. For unless they are embedded in a suitable strategy, they *can* actually be harmful. It is also true that none of the above scenarios is completely under the control of resistant elites. Spillover effects cannot be excluded, and are sometimes cited to justify this type of support. Many examples, however, be they in Africa, the Middle East or Central Asia, demonstrate that systemic consequences are the exception. In prominent cases, such as the "Arab Spring" events, most observers agree that change occurred not due to the dominant modes of support that were afforded to the old regimes but rather in spite of them – and with markedly negative consequences for the reputation of Western governments among dissident forces.

Against this background, some impatient politicians in development partner countries tend to demand easy solutions. Despite overwhelming evidence to the contrary, and although the notion of forcible regime change has deservedly lost much popularity among policy makers since the US disaster in Iraq and in view of the still unpredictable situation in Afghanistan, the idea still resonates that better governance can be "brought" to countries with poor governance structures via institutional transplantation from outside.

Where does this analysis leave the notion of "country ownership" in the development process? Caught between the risk of making support useless when it is applied, and the danger of inflicting serious harm when it is ignored, this paper argues that ownership in the promotion of better governance needs to be reoriented and specified.

To begin with, a few fundamental facts need to be restated. First, reforms for better governance are doomed to fail unless they are based on strong domestic demand. Second, support from outside can be crucial, but it has to be handled with care as most societies are reluctant to accept support that can be perceived as patronising or, even worse, serving foreign interests. Third, interested parties will always feel tempted to discredit external engagement as foreign interference in domestic affairs. In sum, the politics and governance of external governance support is just as messy as the politics and governance of national affairs in any country of the world. There is no neat blueprint for international support for governance reforms, just as there is no blueprint for how to run a country.

2. The "realist" temptation

Self-proclaimed "realists" know an easy solution to the challenge that arises between the call for ownership and the difficulties of making it work for better governance. Instead of trying to push the rock uphill, they proclaim donors should concentrate their efforts on helping to secure basic political stability – something that will almost always meet with support from domestic elites and thus seem both feasible and desirable. Once stability is secured, this reasoning continues, demands for better governance and even democracy will automatically arise.

This thinking leads us astray. In divided societies with contested polities – and an increasing number of poor countries suffers from deep divisions over political institutions – stability cannot be achieved without addressing fundamental issues of exclusion and marginalisation on the one hand, and abuse of power on the other. Yes, stability under autocratic auspices can be "borrowed" for a while, and if a society experienced large-scale violence (like in Tajikistan), this while might last for many years. But in most cases, payback time will come and demand its due. Democratic

politics and human rights are not a luxury commodity reserved for stable, affluent societies. On the contrary: historically, democracy developed as an institutional response to societal conflict and has proven to be a powerful instrument to tame violence and instil long-term stability – despite the political unrest that often comes with political contestation in nascent democracies, and however imperfect today's democracies may be in many regards. A short-term focus on stability, by contrast, will as a rule produce exactly that: short-term stability. The true trouble is often postponed until most resources of corruption and repression are exhausted. In such contexts, the turmoil of democratisation that frequently sets in is not a consequence of democratisation in itself but of the undemocratic conditions that gave way to democratic "experiments" in the first place (and such violence is not exclusive to democratising societies as the sad case of Syria demonstrates). True realism would have to acknowledge that in today's world the genie of citizen participation and government accountability has long been out of the bottle – and that attempts at forcing it back for the sake of stability increase the risk of producing greater instability in the long run.

3. Ownership in perspective

If the above analysis is true, it is crucial to put ownership into perspective. Initially meant to promote emancipation in the interest of the peoples of the global South, ownership has all too often been interpreted as synonymous with bureaucratic intergovernmentalism and political risk avoidance, thus actually impeding popular emancipation from the South's own predatory rulers. Governance support alone will never be able to turn a corrupt regime into a model democratic government. Nor will it end all inefficiencies of poor governance (nor will any external intervention alone ever be able to do the trick). But positive examples demonstrate that governance support *can* help crucial initiatives succeed and *can* act as a catalyst for long-term systemic improvements if better use is made of its potential and ownership is understood to serve the people, not the incumbent elites. Four areas where new perspectives on ownership could make a difference spring to mind:

1. Donors in the field of governance support need to think far beyond the realm of partner governments when considering ownership, and instead include a large variety of local stakeholders in the picture (*pluralist perspective*). Inevitably, this requires thorough knowledge of the local context and the ability to walk a thin tightrope between legitimate advocacy for broader representation and the risk of patronising one's partners. How can aid organisations be trained to succeed in this demanding challenge? One way to make a bureaucracy "learn" this ability is to engage voices from the global South far more actively in discussions about strategy

and programming. This could mean, for example, to systematically establish international programme boards that include a wide variety of these voices, both from affected countries and from elsewhere. These boards should not only advise donor governments on individual aid programmes but on overall country strategies, thus reflecting the interdependence of different sectoral approaches. In a nutshell, donors active in support of better governance could make pluralism the trademark of 1) their analytical work; 2) their decision making on country strategy and programming; and 3) their monitoring and evaluation. Why should the very same principle that contributes to making *governance* better not be applied to *governance support?* (Obviously, implementing this idea would require more flexibility in the use of instruments, funding modalities and budgeting requirements than most donor systems exhibit to date.)

2. Respecting ownership in governance support should also mean that development partners do not focus so much on specific policy outcomes – where ownership is crucial and should generally have its way. Instead their efforts should concentrate on the transparency and inclusivity of the decision-making process in partner countries (see Faust, 2010). Such a *procedural perspective* on ownership would make donor interventions less vulnerable to allegations of serving donor interests or political preferences. At the same time, it would require all non-aid policies, such as trade and security, to send the same message (Booth, 2012).

3. Respecting ownership should not lead donors to think that countries are locked in by their history and that improvements in governance are not possible. While donors thinking about governance reform in any partner country will necessarily have to start from what exists at present, they should do so with a wider view both across time (*historical perspective*) and space (*sub-national perspective*) and without seeing history as the sole predictor of the future (*non-deterministic perspective*). Although the example of the Arab Spring gives a stark warning against democratisation euphoria, it has clearly demonstrated that populations can demand rights that they never enjoyed in the past and that their leaders never intended to afford to them. At the same time, cases of unexpected political openings remind us that the success of governance support cannot fully be measured against the yardstick of quick impact. While a culture of rigorous monitoring and evaluation is needed in the area of governance support as much as in development co-operation generally, the achievements and time frames expected need to reflect the complexity of the task.

4. Finally, it is useful to think of governance reform as a process that involves components of (popular) demand and (institutional) supply. The recommended balance between the two components will differ according to their relative strength in a given state-society relationship. What is crucial here, however, is to strike the right balance between the two (*balanced supply-and-demand perspective*). Reforms of formal state institutions that are not backed up by sufficient public interest in holding office holders accountable, for instance, will typically end in window dressing. Strong popular demand for more inclusion and participation, on the other hand, can turn from a force for constructive change into a force for anarchy unless it is translated into institutions of participation and thus channelled and filtered for the needs of the political process. External supporters must be aware that both sides of the equation require attention and that country ownership in a reform process must not lead to ignoring one or the other.

While none of the above may seem revolutionary, too little has been achieved in this direction. Donor governments may struggle with the idea of yielding some control over programming. Governance specialists may value technical expertise higher than the political process of getting at a result. Long-seasoned aid agency staff may turn fatalistic in the face of hard-nosed developing country leaders. Grassroots activists may scorn believers in the virtue of formal institutions, and vice versa. Donor governments may be happy to limit their engagement to what partner governments demand. Yet unless our concept of ownership is turned from a justification for "government as gatekeeper" into a force for emancipation, progress in the promotion of better governance will hardly ever mean more than picking the low-hanging fruits.

Note

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Media and communication in governance: It's time for a rethink

James Deane

Thanks are due to Sarah Lister and Delia Lloyd for their advice in writing this article.

1. Introduction

Governance strategies have been generally poor at integrating media and communication issues into their analysis, research and strategic plans. This article considers the reasons for this, some of which are rational. It argues that the impact of changing media and communication landscapes on governance outcomes is increasing, that the way in which the media is conceptualised in relationship to governance needs a rethink and that governance policy needs to find better ways of prioritising it.

The article makes four main points:

- Any debate about the role of media in governance is likely to be contested and divided into arguments around effectiveness (does supporting the media lead to improved governance outcomes?) and values (is supporting the media inherently associated with a normative, democratic, "Western" framework?). This contestation makes it especially difficult for media issues to be properly integrated into governance strategies. This difficulty should be confronted rather than ignored.
- The current consensus-based development system is dependent on reaching broad agreement among highly diverse political cultures. Such a system does not provide an effective platform from which to devise meaningful strategic action on an issue as politically charged, and apparently divisive, as integrating support for free media into development strategies. The very limited capacities of those parts of the development system supporting the media are a symptom of this problem.

- Governance actors focus on supporting effective institutions. Where governance strategies do include the media, they are often designed to support more effective and sustainable media institutions. This focus is important and necessary but limited. Some of the greatest media and communication changes shaping governance outcomes are being played out at the societal rather than institutional level. Media support strategies need to adjust to this reality.
- The transformation in people's access to media, information and communication continues to accelerate with both positive and negative consequences for governance. It is not clear that these changes are leading to more informed societies which, for most governance actors, is why a free and plural media is most valued. Supply driven strategies (such as improving access to governmental and institutional information and data) are not necessarily being complemented by increased citizen demand for such information.

The article concludes by suggesting some ways forward.

2. The role of media in governance

The role of the media and freedom of expression in relation to governance is difficult to summarise, with debates reaching back millennia. As Francis Fukuyama documents, Emperor Qin – the founder of the first unified Chinese state in the third century B.C. – saw control of ideas as fundamental to his state building project.

"If such conditions are not prohibited, the Imperial power will decline above and partisanships will form below", wrote Li Si, Qin's Chancellor in 213 B.C. "It is expedient that these be prohibited. Your servant requests that all persons possessing works of a literature, the Shith (Book of Odes), the Shu (the Book of History) and the discussions of the various philosophers should destroy them" (Fukuyama, 2011: p. 130). Four hundred Confucian scholars who resisted were reportedly buried alive.

Two millennia later, the extreme opposite approach to statebuilding was articulated by Thomas Jefferson in his famous quote, "If I had to choose between government without newspapers, and newspapers without government, I wouldn't hesitate to choose the latter".

Any development discussion on the role of media in governance is inextricably enmeshed in a set of debates about effectiveness, and a set of debates about values. The debates about effectiveness tend to revolve around the tension between the efficiency and stability of government (with open liberalised media systems often being accused of undermining both), or alternatively around the accountability, sustainability and responsiveness of any governance system (with a free media often being upheld as a guarantor

of all three). The debates about values are about how much any governance system should enshrine a respect for human rights and dignity, political freedom, and democracy. This brief article does not try to reconcile these tensions but does argue that any attempt to deal with the role of media in development does need to ensure that such tensions, often submerged, are surfaced, examined and interrogated.

Currently, the role of the media in governance strategies is inchoate in the development system. Relatively small sums are spent on media support,[1] there are very few donors who have departments or specialists working on the issue, the role of media and communication is rarely prioritised in development research or among development think tanks, and there is substantial divergence among development actors about what the media, in governance terms, is actually expected to deliver in terms of results.

There are, in simplistic terms, four reasons why development actors currently invest in media support or believe support for media is important.

1. To build an independent media sector as an intrinsic good in and of itself, essential to the functioning of a democratic society and a key platform for freedom of expression (democratic and human rights objectives).
2. To enhance the accountability of governments to citizens, often in order to improve service delivery and state responsiveness, improve state-citizen relations, support more informed democratic/electoral decision-making, or shift social norms to decrease public tolerance of corruption or poor governance (accountability objectives).
3. To improve debate, dialogue and tolerance especially in fragile or conflicted societies, increase the availability of balanced, reliable and trustworthy information, reduce the likelihood of hate speech or inflammatory media likely to exacerbate conflict, enhance social cohesion or build the legitimacy of weak governments in fragile contexts (conflict and stability objectives).
4. To create demand for services (such as health or agricultural services) and use the media as an instrument to achieve development objectives including working to shift behaviours (e.g. improving uptake of immunisation) or changing the social norms that prevent such uptake, such as distrust of vaccinations. (communication for development objectives).

These areas are not mutually exclusive, but they do tend to reflect the sometimes siloed thinking that prevents joined-up strategic programming across governance spheres. Strategies to support the media within the context of democracy and human rights bring together donors, media and development actors who share normative assumptions about its importance.

Those working in the conflict and stability field tend to be more sceptical and questioning about the value of investing in the media, more rarely making it a priority (except to invest in strategic communications to attract loyalty). Those focused on accountability are interested first and foremost in results (is an investment in the media better than an investment in, say, an independent judiciary?), rather than democratic concerns.

3. Media and governance: an institutional or societal lens?

This problem is exacerbated by conceptual difficulties of defining what we mean by media. To take just two examples, do we use an institutional lens, looking only at those broadcast, print or online entities which have a clear organisational foundation and which clearly act, as a set of institutions in relation to the state or other loci of power? Or do we use a societal lens, looking at all the ways in which people actually access information and communicate in the 21st century? If the first, a governance support strategy would put in place a set of measures designed first and foremost to support the institutional independence, professionalism and sustainability of media in the country. If the second, a strategy would understand first and foremost how people were accessing information and using communication and, depending on what people (especially, perhaps, poor people) said they wanted (for example, more trusted and relevant news or platforms for debate), put in place a programme to support that.

Whichever lens we look through reveals a picture of extraordinary change. The number, diversity and character of media institutions is exploding, especially in the developing world, sometimes releasing phenomenal and positive democratic energy, and sometimes resulting in highly polarised, factional and occasionally hate-filled public spheres. In Afghanistan, for example, the number of TV and radio stations has expanded by around 20% per year, and there are more than 75 terrestrial TV stations and 175 FM radio stations. Growth in other countries, such as neighbouring Pakistan, has been faster still.

From a societal perspective, viewed through the lens of how people access information and the choices available to them, we have reached a situation which has never existed before. One characteristic is access to satellite as well as domestic media, but the more powerful one is that for the first time in history, humanity is soon to become almost ubiquitously connected, with almost everyone on the planet having some kind of access to a mobile phone. The extraordinary decentralisation of communication is fundamentally shifting political and economic relationships, disrupting power relationships between institutions and networks, elites and masses, old and young, and states and societies. As this article argues, both lenses remain relevant, profound changes are taking place, they have important implications for governance policy, but they are complex, contrary and, of course, highly context specific.

An institutional lens

Much current governance thinking would suggest we should continue to view the role of media through a traditional institutional lens.

"Political institutions that distribute power broadly in society and subject it to constraints are pluralistic. Instead of being vested in a single individual or a narrow group, political power rests with a broad coalition or a plurality of groups", argue James A. Robertson and Daron Acemoglu at the start of their book, *Why Nations Fail*. In its conclusion, they ask "What can be done to kick-start or perhaps just facilitate the process of empowerment and the development of inclusive political institutions… one actor, or set of actors can play a transformative role in the process of empowerment: the media. Empowerment of society at large is difficult to coordinate and maintain without widespread information about whether there are economic and political abuses by those in power." (Acemoglu and Robinson, 2012)

It is tempting, given such analysis and the focus of so much governance efforts to invest in the creation of "effective institutions", to suggest that the media should become a far greater priority than it currently is.

A good deal of evidence suggests that independent media systems provide the most effective check on governmental power and are inherently powerful disruptors of exclusive institutional arrangements. A famous paper by John McMillan and Pablo Zoido drawing on the experience of an apparently democratic 1990s Peru found that:

> "In the 1990s, the secret-police chief Montesinos systematically undermined [all the democratic checks and balances in the country – the opposition, the judiciary, a free press] with bribes. We quantify the checks using the bribe prices. Montesinos paid a television-channel owner about 100 times what he paid a judge or a politician. One single television channel's bribe was five times larger than the total of the opposition politicians' bribes. By revealed preference, the strongest check on the government's power was the news media." (McMillan and Zoido, 2004)

A DFID 2015 review of the evidence around corruption argued that, while there was only a "small body of evidence relying primarily on observational studies making use of statistical analyses", that evidence "consistently indicates freedom of the press can reduce corruption and that the media plays a role in the effectiveness of other social accountability mechanisms." (DFID 2015)

So far so impressive, but arguably history can only tell us so much about the role of the media and communication in a very different 21st century. Acemoglu and Robertson, like other giants of political science, including North et al. (2009) and Fukuyama (2011), root much of their analysis in the lessons to be learned from human history. There have been acknowledged

and well-studied governance dsjunctures attributed to historical changes in communication technology (the printing press, the innovations of radio and television, and now the Internet) but it is not clear how much the lessons of human history prepare us for understanding the governance implications of a ubiquitously connected world.

A societal lens

The limitations of such an institutional lens are highlighted by the most recent and often cited example of how shifting media and communication landscapes helped spark transformative change – the 2011 Arab Revolutions. These were, of course, rooted in economic and political marginalisation of an increasingly young, more educated and deeply frustrated people living in governance systems that were insufficiently concerned about or capable of working in their interests. But they were substantially sparked by fresh access to independent satellite media which disrupted their government's monopoly on information, and enabled by access to new technologies allowing people to connect and organise outside of government-controlled spaces.

These changes in the media and communication environment were not, however, principally institutional or organisational in character. In none of the Arab Revolution countries did the institutional character of the media substantially change in the run up to the revolutions. State broadcasters did not become substantially more independent, restrictions on non-state media were not noticeably less severe (often the opposite), newspapers did not (with some exceptions of growth in online news media), enjoy a fresh lease of life. What changed was access to communication technologies, especially mobile telephony, and access to independent broadcasters like the BBC and Al Jazeera through the rapid spread of satellite television. The media did not become more important as a shaper of governance outcomes because media institutions within the countries performed differently. They changed because societies were able to access information from outside their societies that revealed a different reality to the one covered by their own media, and because society had a new means through which it could communicate with itself unmediated by government or other controls.

Those revolutions have led to mixed political outcomes, ranging from the chaos of Libya to what is seen as the renewed authoritarianism in Egypt[2] to the fragile but emergent democracy of Tunisia, but all of the new regimes (or in the case of Libya, factions competing for communicative as well as political power) have been characterised by a strong approach to controlling or liberalising or co-opting media and communication systems. The argument here is not that these changes in the media and communication landscapes lead to some set of uniformly positive outcomes. Rather that such shifts are profound, they have important repercussions for governance and they cannot easily be viewed through a traditional institutional lens.

While peering through a narrow institutional lens gives too limited a field of view, so too does discarding it. In Afghanistan in 2001 there were no media. Today, substantially due to investments by the international community, it has one of the most vibrant and plural media in the region. The broadcast spectrum has become saturated because of the number of broadcasters vying for their position on the airwaves. These are playing an important role in shaping a new democratic culture and fostering an improved climate for accountability.

In the case of Afghanistan, the performance and political economy of media institutions in the country matters very much. They will do much to determine the prospects for the sustainability of the political settlement and for political stability in the country and shape the kinds of accountability the media will exercise on government and on behalf of different sections or interests in society. To take just one issue, the second-largest donor to media in Afghanistan, after the United States, is (at least by many accounts) Iran (Page and Siddiqi, 2012). Factional, warlord-controlled media are on the rise. The mainstream media is increasingly politicised and the state media remains in the service of the government rather than the public (President Ghani has signalled that this may change).

In Afghanistan, as elsewhere, much of the governance analysis of the media has focused on its capacity to improve state-society relationships, making the state more accountable and more responsive. However, one of the greatest challenges facing the country lies as much with society as it does with government. It is how the citizens of a deeply divided nation that has suffered decades of conflict can rebuild a sense of shared identity and common purpose. To do that, there will need to be the kind of dialogue that enables the fractured communities of the country to encounter, debate and better understand each other. The platform for the kind of national debate and dialogue necessary for that to happen is only likely to be provided by reform of arguably the most important media institution in the country, the state broadcaster Radio Television Afghanistan (RTA). Such reform is likely to be challenging but, in common with concerns over the rest of the media, has not featured significantly in donor or development plans or debates over the transition in the country. Any discussion on the development of effective institutions in a country like Afghanistan would seem to be incomplete unless it incorporates some analysis of what the role of the different media institutions are in its future, and how they can best be supported.

In most societies, the media has a significant effect on governance outcomes but that effect is diverse, complex and open to different interpretations. The divisions and conflict in Iraq have been fuelled – but also sometimes ameliorated – by the deeply polarised ethno-sectarian character of much of the media in the country. The rapid liberalisation of the media in Kenya in the first decade of this century led to a huge increase in

the number of media institutions in the country, including the emergence of local language radio stations. For some this liberalisation led to hate radio and the fuelling of violence around the 2007/8 elections – but for others laid the groundwork for the astonishing creative digital and media economy and vibrant democracy that has emerged in recent years. The extraordinarily vibrant and muscular media in Pakistan is, particularly at provincial level, one of the most powerful guarantors of accountability of state to citizen.

So the shifting way in which societies access media and communication through new technologies is increasingly important, but the role of traditional media institutions in society still matters and in many countries matters more than they ever have in shaping governance outcomes both for good and ill.

What may matter most, however, is whether societies are in fact become more – or less – informed as a result of these changes. It is the contention of this paper that in the 21st century, good governance outcomes will depend strongly on the existence of informed societies. Without an informed society, democratic politics will be stranded as citizens find themselves bereft of the kinds of information they need to exercise a vote or exert political influence of the kind likely to advance their concerns and interests. Without an informed society, neither economic nor political systems work well. An informed society is inherently threatening to and undermining of exclusive institutions and an inherently powerful creator of conditions necessary for inclusive institutions to emerge. Without an informed society, people cannot be central to future development efforts. As the UN High Level Panel on the post 2015 framework argued, "People must be central to a new global partnership. To do this they need the freedom to voice their views and participation in the decisions that affect their lives without fear. They need access to information and to independent media."(United Nations, 2013)

The transformation in media systems and in information and communication technologies are leading to increased societal access to information but there is little evidence to suggest that this is always translating into more informed societies. An informed society depends on citizens having access to a media that is independent of undue control, that they can trust and is reasonably accurate. Attempts to control, co-opt, manipulate and intimidate media and other communication systems are increasing and arguably succeeding. Governments have always sought to control and often monopolise the media and continue in many countries to do so. Increasingly, government attempts to control the media are being complemented by those of factional, ethnic, religious, financial and other actors who are investing substantial resources and efforts in either creating or co-opting media and online spaces to advance their own interests at the expense of the public interest (Deane, 2013). Evidence is mounting that people in many societies, especially in fragile states, do not have access to a media they trust or which they feel is making them more informed (Dowson-Zeidan et al., 2014).

The international development community does not obviously attach a clear priority to supporting the conditions for more informed societies to emerge. The strategies needed to support more informed societies are shrouded in contention and a lack of consensus. The danger remains that governance actors will simply ignore the issue as too difficult, too politically complex and too sensitive to confront. If they do so, they risk ignoring a central means through which governance outcomes will be shaped in the 21st century.

4. What is to be done?

This article started by arguing that support for the media, or broader strategies capable of bringing about more informed societies, are not well prioritised in governance action or thinking.[3] Before making suggestions what might be done to change this, it is important to acknowledge there are sometimes good reasons why this does not happen already.

Most development action is governed by consensus, whether defined in the Millennium Development Goals and what will replace them later this year, or through the many other development agreements reached through the UN, the OECD or other international actors.

There are four reasons why it is difficult to galvanise a consensus round the role of the media in governance and why, consequently, it tends to be a relatively low priority in governance strategies and policy.

The first is political. Some developing country governments see support for media as an excuse to impose conditions on development assistance. Specifically, some associate media assistance with an assertive democracy promotion agenda that was especially prevalent in the United States and elsewhere in the 1990s and 2000s. Attempts by western donors to integrate the media into donor strategies aimed at fostering accountability are met with resistance by some emerging development partners. UN actors often find it very difficult to prioritise media support in country support strategies if governments oppose such support.

The second, and closely linked, reason is architectural. A central principle of the development effectiveness agenda, and the development architecture that supports it, is country ownership of development support strategies. Aid is determined principally by what developing country governments say they need in order to advance the interests and well-being of their people. For the reasons outlined above, country governments very rarely request support for the development of a free and plural media. Indeed, given the kind of evidence from Peru cited by McMillan and Zoido (2004), the more a government does not want to be held to account the more resistant they will be to any attempt to support the media. The international development system has relatively few ways of capturing and crystallising demand from people or others outside the government (such as from national media outlets).

The third problem is evidential. While there is a great deal of evidence on the role of media in democracy and governance, the evidence base for the impact of media support programmes is less compelling (and certainly less well organised). Donors and development actors looking for clear research telling them what they can expect to achieve from investing in any particular support strategy to media can be frustrated, especially when so few have their own mechanisms for evaluating the investments they do make in this area. This evidence base is improving rapidly (my organisation, BBC Media Action, now invests 10% of its budget in research), but there remains work to be done here.

Fourth, the media is particularly unamenable to the kind of organisation necessary to deliver quantifiable results most donors need to justify the funds they invest. Unlike other national institutions designed to provide a check on power, like the judiciary or the parliament, the media is neither unitary nor formal in status, but, rather, an intensely, complex, competitive, adaptive and rapidly changing institutional ecosystem. While it is true that evidence exists that a television station is many times more effective at holding government to account than (for example) a judiciary, it might be simpler and easier to track results of a programme designed to support judicial reform than media reform (and probably easier to secure government backing for such a reform process). The complexity of results-based management of media support can be more complex still if some of the most independent actors are informal bloggers and citizen journalists rather than formal news outlets. Nor have media actors typically organised themselves easily into the kinds of umbrella associations often established by other areas of civil society. Also, unlike support for elections, which can at least in theory be targeted on a semi-regular schedule, support for the media is a continuous rather than event-focused process.

These are some of the operational difficulties inherent in getting more concerted and effective support to media. There are other reasons, however, why the consensus required to underpin real development engagement in this area is becoming more, rather than less, difficult to secure.

5. The difficulties of reaching consensus on media support

It is arguable that the last quarter of a century, at least since the fall of the Berlin Wall, has witnessed an historically unusual level of agreement over the importance of democracy and fundamental democratic principles to effective governance. Support for the media has not only been an important plank of democratic assistance strategies, especially in the US, the EU and some European donor countries, but the central thrust of development efforts has been firmly situated within a framework of democratic advancement.

While no Millennium Development Goal focused on issues of political freedom, the UN Millennium Declaration argued that freedom was the first of a set of fundamental values on which human progress rested, arguing that "Men and women have the right to live their lives and raise their children in dignity, free from hunger and from the fear of violence, oppression or injustice. Democratic and participatory governance based on the will of the people best assures these rights" (United Nations, 2000). In its section on Human Rights, Democracy and Good Governance, it committed UN member states to "spare no effort to promote democracy and strengthen the rule of law, as well as respect for all internationally recognised human rights and fundamental freedoms, including the right to development", and to ensure the "freedom of the media to perform their essential role and the right of the public to have access to information" (United Nations, 2000).

In 2015, however, the assumptions underpinning the role of media in the context of development are increasingly under attack. Western influence is waning and there is increased resistance by many developing countries to donor support to this area. The democratic energy unleashed by the Arab Revolutions, themselves significantly enabled by people's fresh access to independent media and communication technologies, for a while seemed to provide fresh impetus and arguments around democratic renewal and the centrality of media and communication to positive political and economic change. Such energy has been sapped as authoritarianism or chaos has – with a few notable exceptions such as Tunisia – ensued. While there has been a strong focus on increasing access to information and other accountability and transparency initiatives, highlighting the role of media within governance and development frameworks has been a struggle, including within the Busan Partnership Agreement for Effective Development Cooperation.

Alternative models of development, often supported by Western donors, are gaining traction. In the 21st century, there are developmentally efficient governments where it is firmly the state that is driving the development process. Ethiopia and Rwanda are the most often cited examples of these, with China being credited as the development model these countries have chosen to follow. These are governments that are typically determined to control how citizens access information and communication and go to some effort to muzzle the media, deter freedom of expression and retain state control of communication infrastructures. While these states are, like China, also embarked on a strategy that envisages increasingly ubiquitous access to digital communication, it is not clear what, over time, the political and governance implications of such rapid increase in access to communication will be.

There are other reasons too why more political forms of governance support, such as media assistance, may find it difficult to command attention in the future. Increasing attention is being paid to "working with the grain" of existing country-based cultures, systems and norms. In his new book *Working*

with the Grain: Integrating Governance and Growth in Development Strategies, Brian Levy (2014) argues that the "appropriate point of departure for engagement [with developing countries] is with the way things actually are on the ground not some normative vision of how they should be and a focus on working to solve very specific development problems – moving away from a pre-occupation with longer term reforms of broader systems and processes, where a results are long in coming and hard to discern." (Levy, 2014) The book goes out of its way to stress the importance of democratic values but, given that much media support has been implicitly or explicitly underpinned by a normative vision of the importance of a free and plural media to an effective and functioning democratic system of government, it might be expected that such issues will fail to find favour in the current climate of governance support priorities.

The post 2015 development framework does provide some prospect of these issues at least being flagged as an issue of concern. Goal 16 focused on improved governance, including a target to increase "public access to information and protect fundamental freedoms in accordance with national legislation and international agreements". There are welcome proposals to include a measurement indicator of the number of journalists attacked or killed as a barometer of success in this area.

In summary, the prospects for improving the prioritisation of media support and other governance-related strategies that can enable more informed societies look mixed. This paper suggests that they should not be and that issues of media and communication should feature much more substantially in future governance debates.

The next section outlines why, in a 21st century which is already being defined by the transformation in people's access to information and communication, and shaped by the character of the media people have access to, governance debates need to engage, embrace and respond to these changes or risk becoming increasingly detached from how governance outcomes are increasingly being shaped, particularly at societal level. A fresh, less normative but more strategic approach to understanding and, where appropriate, supporting the role of media and communication in enabling more informed societies should be a major priority for the future.

6. Some suggestions for the future

How people communicate and how they access information is likely to shape political and governance outcomes as never before, and the influence on governance outcomes (both positive and negative) of information-empowered societies seems likely to escalate further. This is as true, if not more so, in fragile states. The ways in which information is controlled or liberated are likely to play out very differently in different countries. Impacts can be democratically, socially and economically liberating or can have the

effect of enhanced political polarisation, extremism and violence. While this chapter hasn't the space to document all the ways in which shifts in access to and control of information and communication are likely to impact on governance, few believe that these impacts will be unimportant.

What is difficult to discern is a clear, focused, evidence-led response from the governance community to these issues. And, because any discussion of the role of media and communication is inherently political, value laden and difficult to pin consensus around, it is unlikely that such issues will easily and clearly be prioritised in, for example, the post-2015 development framework. We need to find fresh ways of thinking, discussing and generating action around these governance issues, some of which will be characterised by consensus and some of which will inevitably mean different development actors pursuing different strategies.

Some suggestions for the future are briefly outlined here.

Navigating difference: a post-2015 development consensus will be reached, but it will be implemented by development actors with fundamentally different value systems, political and development beliefs and heritages and approaches to governance. As this paper has argued, the role of the media in society has a tendency to expose differences particularly starkly. The solution to this is not simply to expect agreement from different actors, or for actors to abandon or dilute their fundamental beliefs (such as the importance of political freedom) when they design their development strategies. These issues and differences need to be surfaced, debated and tested rather than masked by the natural tendency of development actors to achieve consensus. This should not prevent consensus and agreement being reached between different actors but issues that escape the consensus – such as the future of the media, communication and an informed society – should be explicitly flagged and approaches devised that reflect their importance.

Acknowledging the problems of a normative approach: this author strongly believes in the importance of a free and plural media, freedom of expression, and open communication systems to human dignity and to sustainably successful systems of democratic governance. Such beliefs have informed much media support to date. However, such normative assertions are not necessarily the most useful departure point for an effective governance strategy in this area, particularly given criticism that overly normative approaches have had led to negative governance outcomes such as the emergence of hate media (Deane, 2013). An approach rooted in evidence and experience is needed, and one that acknowledges the harm that the media and communication can wreak, as well as the promise they hold. Acknowledging that an overly normative approach can be ineffective is likely to lead to a more thought-through strategy. This has its limits. For many of us – including myriad actors and partners in developing countries – issues of political freedom, freedom of expression and a free media are not amenable

to consensus or even negotiation. If the development system cannot agree on integrating these issues into the international development consensus, then it needs to find a way of acting on them outside of that consensus.

Working "with the grain" has its limits: this article agrees that it does make sense sometimes to "work with the grain" of developing country political systems. Media support initiatives are particularly vulnerable to the charge that they start with a set of assumptions of how they think things ought to work rather than how power, politics and government is in fact organised and how change can be best achieved. Such concerns have their limits. Geoffrey Nyarota, Zimbabwean editor and one of the most respected African journalists of his generation in the 1980s and 1990s, wrote his memoirs being "often the lone voice of dissent against a government that had betrayed its people" (Nyarota, 2006). Those memoirs recounted bombings of his offices, death threats and imprisonment as well as famous exposés of government corruption. He entitled them *Against the Grain: Memoirs of a Zimbabwean Newsman*. Ultimately, issues of freedom of the media, freedom of expression and widespread access to information are issues of principle. Increased accountability needs mechanisms and people who can work against the grain of power and those people can survive only when principle is upheld. It is not the preserve of governments to deny such freedoms. Young, often politically and economically marginalised, people across the developing world are taking advantage of access to independent media and new communication technologies to assert their rights and voice their demands. The demand for freedom of expression is increasingly coming from people within developing countries, not simply from a set of democratic actors in the West, and those development actors who want to support those demands will continue to do so. Some of this debate falls within the realms of development effectiveness and a debate over what works and what does not. For many, including this author, that conversation has its limits. There are universal values and principles, enshrined in the Universal Declaration of Human Rights, that captures a pre-existing consensus that deserves to be vigorously defended.

History has its limits: much of the most respected and insightful political science literature has rooted its analysis and conclusions on the lessons from human history of how political order and successful political and economic systems have emerged. It is not the place of a short article like this to question such analysis, but governance strategies should give some consideration to the possibility that a fresh set of conditions exist that have not existed before in history. Such ubiquitous access to information and communication has never existed before and we are, quite probably, entering uncharted territory when it comes to the impacts on governance outcomes. That makes an investment in research and evidence even more important.

The need for evidence and analysis: while media support organisations are producing increasing amounts of evidence and analysis in this area, there

is much more limited research and evidence emerging from governance researchers and policy institutions. The evidence-based guidance available to governance cadres in development agencies remains limited and insufficiently useful to guide day-to-day decision making.

Bringing together media and new technologies: this paper has made little distinction between traditional media, digital communication technologies or indeed other forms of communication (such as traditional informal communication networks). What matters most is not the technology through which information and communication travels, but how people are informed and the effects of information flows and sources on state-citizen and other relationships in society. A fragmented analysis that looks at the role of media and new technologies in isolation from each other is not necessarily a useful lens through which to approach these issues.

Thinking politically, doing development differently: much current governance attention is focused on understanding the political economy of the countries in which development support takes place, and in finding new approaches to development that recognise political complexity. The issues highlighted in this paper could usefully be more prominently featured in and contribute to those debates.

A clarity of focus and a governance forum: if the arguments advanced in this paper are accepted – that the issue of an informed society is an important but relatively neglected component of governance thinking and that the difficulty of achieving consensus in this area suggests that the issue will not be automatically prioritised through conventional development mechanisms – something specific needs to happen to take forward the issue. A new mechanism or forum will be required to establish a clear governance framework, research agenda and clear guidance to development actors in this field.

The media needs support: journalists are being killed in record numbers, freedom of expression is under attack as never before. The recent horrific assassinations of Charlie Hebdo staff in Paris provide the most visible and one of the most shocking illustrations of what happens to journalists who upset those who have guns and those who have power. A governance community which prides itself on thinking more politically cannot pretend that these issues are of no concern to development thinking or action. Moreover, while perhaps a decade ago the market was increasingly providing the conditions for independent media and journalism to survive and thrive, increasingly there is a market failure when it comes to the kind of journalism that can hold power to account and best support an informed society. Market failures which result in negative development outcomes are what the aid system exists to solve. For all the political complexity, messiness and difficulty in reaching consensus-based action, this is an issue that the development system can no longer ignore in the way that it has.

Notes

1. See for example Myers (2009).
2. See for example: http://carnegieendowment.org/2014/10/09/egypt-s-resurgent-authoritarianism-it-s-way-of-life.
3. It is important to acknowledge the substantial emphasis on increasing access to information, especially by increasing the supply of information (for example through open data or budget transparency initiatives), and the investment in the digital economy, especially infrastructure initiatives designed to increase access to mobile telephony and the internet. However, meeting the demand for information from people, and ensuring the existence of independent media and communication systems likely to the lead to more informed societies are not well prioritised in governance strategies.

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Improving service provision: Drawing on collective action theory to fix incentives

Fletcher Tembo

1. Introduction

Providing access to good quality public goods and services such as health and education continues to present a challenge to developing countries, even after decades of aid investment. Identifying the underlying "collective action" problems preventing such provision can go a long way towards designing effective interventions. This paper presents a four-layered analytical approach to systematically identify and illuminate these problems in different contexts. It proposes a strategic approach to building core relationships between different actors across sectors and clarifies ways of starting to transform the "rules of the game" that may be blocking effective action. In the process it reinterprets how social accountability – accountability emerging from these relationships rather than imposed from outside – can be used to find sustainable solutions to collective action problems.

The provision of enough good quality, accessible public goods and services is critical for poverty reduction and achieving sustainable development goals. According to the 2004 World Development Report (WDR) (World Bank, 2003) and the associated publications that followed, problems with the provision of public services have been the result of broken lines of accountability at various points along the public policy making, implementation and monitoring chain of delivery. Such lines of accountability are defined in the WDR in terms of the "long route" and "short route" to accountability.[1] The assumption has been that democracy will provide citizens with the mechanisms and opportunities to hold governments to account and thereby enhance "faster, higher quality or better responses to the demands of citizens" (Acosta et al., 2013: p. 5).

In reality, despite the increasing numbers of countries that qualify as electoral democracies, the results in terms of access to quality public services have been mixed. Current research-based projections show that unless a different approach is taken, improvements in economic growth and additional spending by themselves will fail to improve service provision (Wild et al., 2015).[2]

Meanwhile, recent research shows that the governance challenges impeding service provision are not simply about working with citizens or civil society so that they can make their governments deliver better services (Booth, 2012; Centre for the Future State, 2010). Fundamentally, the challenge is a state-society relationship one. It is about bringing together actors involved or otherwise interested in better public services of a particular type (citizens, government, private sector etc.) so that they can find ways to act collectively and improve service provision in their own best interests. This position also significantly challenges the way we think about citizen empowerment and state accountability in relation to improvements in service provision.

This paper argues that, as an intervention, the "bringing together" of different actors so that they can find solutions to their collective action problems depends on the ability to identify and transform the incentives underlying the various actors' interests in the provision of the specific good or service. "Incentives" here refer to the motivations that inform the various actors' subjective positions that emerge and characterise relationships when the actual delivery of the particular common good or service is called for. By definition, incentives depend on the internal motivations of the individual or group (e.g. material gain, social advancement, reducing risk, spiritual gain) and the opportunities and constraints arising from the economic and political relationships in which the individual or group is involved (DFID, 2009: p. 26). It is the ability to transform these embedded incentives (either internal or external) that translates into "fixing incentives".[3] This in turn bolsters actors' responsibilities and mutual accountabilities, towards improving the delivery of public goods and services.

This paper explains how collective action[4] theory can guide the practice of finding useful entry points for fixing incentives, and thereby improving accountability for the provision of public goods and services. The author uses his action research experience with implementing the Mwananchi governance programme[5] and analysis of similar empowerment and accountability projects to explain some of the insights.

This paper starts with the concept of collective action theory and its relevance to improving the provision of public services. It then considers the practical elements of this theory in terms of how it helps redefine the service-provision problem and lead to the design of strategic interventions. The paper ends with some reflections on the place for social accountability as an agenda for transformative change, considering it from a collective action theory perspective rather than as a demand-side accountability framework. In this paper, the term "public goods and services" includes broadly basic services (e.g. health outcomes) and general services (e.g. transport, provision of justice).

2. Relevance of collective action theory

Problematic collective actions situations lie at the heart of challenges over the provision of public services for development. This is because the desired outcomes have to come about as a result of the effective participation of many actors, both outside and within the local communities concerned. Unlike private goods, public goods[6] and services are by their very nature consumed by many people together simultaneously, and even in cases where payment is made, those that do not pay cannot be easily excluded (Rondinelli et al., 1989).[7] Improving the quantity and quality of services, and access to them, is therefore hindered because the actors concerned are not naturally motivated to contribute their maximum. They are instead often motivated to contribute less than they could otherwise do, or to access the benefits without themselves contributing because they are in a situation where they can afford to "free ride" (Gibson et al., 2005).

This occurs because, as Olson (1965) observes, just because members of a group (community, region, country or any other grouping) have a common interest or concern, it does not mean they will act in order to maximise gains for the whole group. Olson's argument is that "unless the number of individuals is quite small, or unless there is coercion or some other special device to make individuals act in their common interest, *rational, self-interested individuals will not act to achieve their common or group interests*." In other words, having a common interest (e.g. agreeing that there is need for better education or health in a particular locality) is not the same thing as acting based on that common interest.

I would add to this that it is now often widely agreed (and also frequently stated in constitutions, policy documents and legal instruments) that public office holders will account to citizens. However, it does not naturally happen that they will account or that citizens will successfully hold them to account on the delivery of a public service or performance in a public office. Collective action, and the forms of accountability that come with it, requires the transformation of incentives.[8]

In essence, when the actors concerned have to contribute from their different positions of strength to solve a public goods and services problem, the situation creates a myriad of social dilemmas[9] for them. In situations where they know that other actors will also benefit, they themselves will think and work politically in the way they position themselves and negotiate the situation (Tembo, 2003). As a result, they end up largely choosing strategies that produce less than the desired outcomes. The challenge therefore is how to generate incentives for co-operation among these actors so that they adopt strategies that can achieve better outcomes, defined in terms of "access, quantity and quality" of any given good or service.[10]

These incentives are such that merely increasing resources (e.g. through aid) without due regard to the nature of these incentives could do more harm than good (Bano, 2012). For instance, communities can withdraw their contribution of labour, leaving it to the government or non-governmental organisations (NGOs) to provide everything. The goods and services would still be provided, but the provision by NGOs or government creates opportunities for patronage relationships where communities become increasingly disempowered. The withdrawal of contributions in these situations does not occur because the actors are no longer interested, nor because they don't see the need. The withdrawal happens because the actors' efforts or contributions are not directly linked to the outcomes, and hence they see that they can get away with either less or no contribution (free riding). Therefore, throwing money at situations where public goods or services are lacking (e.g. poor access to health services) without addressing the underlying collective action problems is clearly addressing the symptom while the cause is still entrenched.

Genuine co-operation[11] thrives on incentives that are non-material in nature, or what are called "psychosocial needs" (Bano 2012). These non-material motivations include such needs as "a good reputation", "trust" and "reciprocity". They lead individuals and groups or organisations into different types and levels of co-operation – or non-co-operation where they are lacking – and multiple configurations of accountabilities. These needs define the core relationships among the actors and they are cultivated (both inputs and outcomes of) within these relationships, as Ostrom points out:

> "When some individuals initiate co-operation in a repeated situation, others learn to trust them and are more willing to adopt reciprocity themselves leading to higher levels of co-operation. And, when more individuals use reciprocity, gaining a reputation for being trustworthy is a good investment as well as an intrinsic value. Thus, reputations for being trustworthy, levels of trust, and reciprocity are positively re-enforcing. This also means that a decrease in any one of these can generate a downward cascade leading to little or no co-operation" (2007: p. 23).

The level of co-operation in turn determines the gains from co-operation, which in this case emerge in the form of improved contributions to solving collective public goods and service provision problems, and ultimately the quality and quantity of goods and services. It is during this co-operation that multiple power relations and accountabilities are also construed and developed, in the form of the rules of co-operation, both formal and informal. Therefore, it is crucially important to pay attention to the levels and nature of trust, reciprocity and reputation around a given public good or service, if we are to understand whether the various actors concerned would co-operate and how responsibilities and accountabilities are constructed.

It is the presence or absence of these non-material attributes that shows if those concerned could co-operate in a proposed project to improve service provision or not. It also suggests the kinds of accountabilities (who is to hold who to account) that might be possible and how that might change with interventions that seek to transform accountabilities in certain direction (e.g. wanting to see poor people hold duty bearers to account). This is a different approach from seeking collaboration or co-operation just because the actors concerned appear on the same list of needs or that they are the public officers associated with the sector in question.

The following two sections focus on how collective action theory might help with problem identification and definition, and then how it can help with finding solutions to the public goods and services provision challenges at different levels and in different contexts. They deliberately emphasise problem identification/definition because unless we know the problems and their characteristics, any attempt at finding solutions will be like shooting in the dark. In essence, the right solutions are intricately dependent on knowing the right collective action problem in question.

3. Identifying collective action problems in the provision of public goods and services

As discussed earlier, the process of providing public services easily lends itself to the emergence of collective action problems because, by their very nature, people cannot be excluded from using or accessing these goods and services. As Olson (1965) puts it, "they must be available to everyone if they are available to anyone", because it is not feasible to exclude others. This ultimately results in under-provision of the good or service in question as actors (even those that take some action) are locked in social dilemmas where they are likely to make less than optimal contributions to the solutions.

From a collective action theory standpoint, therefore, the aim is to identify the underlying pervasive motivations that sustain the poor provision of public goods and services at various levels. Ostrom (2007) explains that the core individual-level motivations for building trust are reciprocity and reputation within relationships. Hence, whether people co-operate and maximise their contribution to finding solutions to common problems, is linked to structural variables that support or undermine the trust, reciprocity and reputation at the individual and group level.

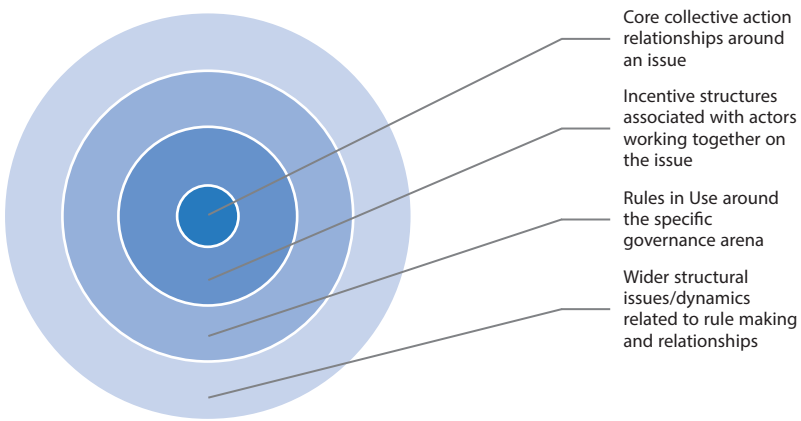
Ostrom discusses structural variables in terms of different characteristics of groups and relationships within them, and how they affect trust, reciprocity and reputation, mostly geared towards common property resources. However, a slightly different approach is required for the kinds of collective action problems associated with projects aimed at improving public goods and services of the type that we are concerned with (e.g. health and education). Instead of

characterising communities or groups in generic terms, away from the service of good in question, we have to specify the good or service in question that is either underprovided or provided with poor quality, or not accessible, in a given context. It is then around this specific good or service that we seek to understand the nature and levels of core relationship characteristics (trust, reputation, reciprocity etc.) among the actors involved (individual citizens, communities, civil society organisations, private sector, government, etc.).

Interestingly, most social accountability projects and collaborative governance practices already bring forward a lot of these motivation and relationship problems. However, the traditional project design and monitoring approaches do not lend themselves to going beyond needs or problem analysis, stakeholder and power-mapping exercises as the main basis for deciding on appropriate interventions. During monitoring and evaluation phases, any relational outcomes that emerge are at best considered as "middle-of the range" (ICAI, 2013) or "mid-point" processes or impacts (Wild et al., 2015). The real motivation, however, is often about trying to quickly get to results in terms of reduced corruption, increased attendance in schools, citizen feedback etc. – and even better if there were also policy reforms and some externally defined evidence of good governance,[12] being reported. This is a mirror image of the way problems are conceived in the first place.

While implementing the Mwananchi programme, I developed a tool that might, with some discipline, help systematically identify and analyse core collective action relationship problems involved in the provision of specific public goods or services, from micro to macro levels, and vice versa, as shown

Figure 1. **Unpacking the structural factors relating to core actor relationships in service provision**



Source: Tembo, F. (2013), *Rethinking Social Accountability in Africa: Lessons from the Mwananchi Programme*, Mwananchi Programme, ODI, London, p. 40.

in Figure 1. These core relationships are then analysed for the incentive structures that inform them, the rules of the game in which they are located and the wider historical and political dynamics in which they are situated. The discussion that follows Figure 1 explains these layers of analysis.

Characterising core relationships

The first layer, according to the framework in Figure 1, is to understand the characteristics of the core collective relationships (levels of trust, reciprocity etc.) around a specific service provision problem such as lack of water or good schools. This is the start point for defining the problem. The core relationships involved should be understood as between actors with different interests (state, private sector, civil society and community) sharing the common problem of the service in question. Box 1 provides some examples of how these problems appear in practice.

Box 1. Two Mwananchi project examples demonstrating how trust affects service provision

Example 1: farmers' co-operatives in Ethiopia

The project in this case aimed to enhance citizens' ability to hold the Federal Government of Ethiopia accountable for its provision of audit and extension services to poor farmers through their primary co-operatives and the Farmers' Cooperative Unions (FCUs). The problem was described as "low farmer productivity and sales of produce on the market resulting in poor livelihoods because they are not receiving adequate and good quality extension services from the government". However, analysis of the problem showed that the immediate problem was the quality of self-governance within primary co-operatives and between primary co-operatives and the FCUs; and then between FCUs and the Zonal and Woreda governments (the decentralised structures of governance in Ethiopia).

Official documents regulating co-operatives in Ethiopia stipulated the required core values of co-operative societies as including self-help, self-responsibility, democracy, equality, equitable economic and power distribution, and solidarity. The ethical values expected included honesty, transparency, social responsibility and caring for others. However, the research conducted by the FCUs themselves in co-operation with their primary co-operatives showed that these values were sometimes in short supply, which in turn weakened their ability to demand the auditing and extension services that they wanted from the government. Furthermore individual members had started voting with their feet by avoiding selling their produce through co-operatives.

Box 1. Two Mwananchi project examples demonstrating how trust affects service provision *(continued)*

Example 2: provision and regulation of transport services in Sierra Leone cities

As a post-conflict country, Sierra Leone still faces huge infrastructure challenges, including the quantity and quality of the roads. This includes roads within cities where most of the citizens live (the war contributed to the dramatic increase in rural urban migration because cities were where most people run to for protection). The project in this case was to improve the motorbike transport services. This involved youths who rode the motorbikes, known as bike riders (BRs) or locally as "Okadas". The focus was on improving regulatory mechanisms. However, it was observed that, although everyone agreed that motor bike transport was important but needed improving, it could not be improved before the relationships between the bike riders, the police, the Sierra Leone Roads Authority and the people using the transport service were resolved.

BRs have a strong sense of group identity generated over the years. They gather daily at their taxi parks, mainly around road junctions, to deliberate on their affairs and socialise. Their regular interaction and bonding creates an opportunity to deliberate on group challenges and solutions with participation by their peer group and group members. A key element strengthening the cohesion of their group identity is negative stereotyping of them by the public and their sense of victimisation by the traffic officials. The community's negative perception stems partially from the notion that most of the BRs are ex-combatants from the war. In their group formation, they use the language of war. The elected leader is called the Commander and his team is called a Task Force, reminiscent of the militia operations during the war. They call driving through back roads and paths "operation driving". They were all at a similar stage of life, they share a lifestyle of working ten hours per day and, amongst other social issues, share the same physical health hazards and risks of the road that belong to the work.

On the other hand, the state actors also shared their own sense of identity that brought them together as either police or local government officers. They tended to look at the BR youths from a certain perspective, which then informed their actions, including punishments imposed on them. The result was protracted and entrenched lack of trust among the various actors, mainly between the youths and traffic police, affecting the provision of the service.

The two examples in Box 1 demonstrate how the erosion of trust, reciprocity, credibility and similar relational attributes impeded the provision of services even when everyone identified with the common problem. They also resulted in the erosion of accountabilities. There were a lot of these situations where underlying relationships between actors with different

networks and identities could not create crossover linkages/relationships with the other actors required to solve the common challenge. This created collective action problems when action of a certain type was required so that service provision could improve.

In the Mwananchi programme, there was an attempt to facilitate a process of getting to understanding prevailing relational characteristics through the Outcome Mapping (OM)[13] process. OM is traditionally used as a tool for intentionally designing projects with a focus on actor behaviour as outcomes, especially of "boundary partners".[14] It was noted that the OM process was generating a lot of relational characteristics that included issues of trust and reciprocity among the various actors.[15]

Social network analysis is another way to get to prevalent relationships in terms of the nature and levels of trust and reciprocity, and the associated configurations of accountability that seem to be potentially useful.[16] Social networks are linked to levels of trust and reciprocity that exist among individuals and collective groups, which are in turn linked to configurations of how people identify themselves with respect to others and things around them (Long, 2001). The various configurations of these networks around the provision of different goods or services can reveal the various collective action problems as well as opportunities. It is possible, for example, to see the higher density of networks across government, civil society and private sector actors around health projects, but not the same thing in education.

In terms of identifying the core relationship problems associated with specific goods or services therefore, the existing networks need to be examined for their nodes, content and structure across different services. This is a way to redefine the problems associated with the provision of specific goods and services in a given context in terms of prevalent social relationships in a given sector and context.

Identifying actor incentives

Understanding the second layer shown in Figure 1 requires asking the question, "what underlying motivations exist in the relationships that we are seeing?" This layer locates the prevailing problems within the incentive structures with which they are associated. This pertains to the actors involved in the process of providing the public service or good in question, i.e. our understanding of the motivations behind the specific strategies (the observable behaviour) that these actors involved are showing.

In exploring this layer, we find that the motivations are often linked to the prevailing identities and values which bring people together. These might be a common culture or because they face the same external threat to their livelihoods (e.g. being affected in the same way by a government policy). These are the same identities that create corresponding discontinuities and

cleavages ("us and them") among individuals and communities. In other words, trust, reciprocity, reputation and other social network attributes are drawn from how people construct their identities which could based on culture, ethnicity,[17] religion, political party etc., and which might come into play when the provision of a particular good or service is in view.

This means that, whereas having similar identities can bolster collective action, at the same time they exclude other actors that do not share that identity and hence access to public goods and services. For example, because of the strength of the ruling party political identity defining resource distribution in Malawi, some of the Mwananchi projects failed to improve the management of Constituency Development Funds for improving education and health. The implementing organisations in this case did not share the identity of powerful stakeholders, and hence the organisation and citizens had a voice but could not get the response they needed from the government. This had nothing to do with the case that they were making but everything to do with how they were perceived by the government through the ruling party's eyes.

As a methodology for identifying these incentives, the Outcome Mapping process for trying to understand actor behaviour is also able to generate a lot of pointers to actor incentives. Specifically, the process of coming up with progress markers[18] generates a lot of insights into the prevailing incentive structures among the different actors involved in the provision of the specific good or service. Furthermore, some of the interactive social accountability tools, such as community scorecards, also reveal a lot of underlying actor incentives within communities and among state actors, especially during interface meetings. The issue is to systematically identify the indicators of the various actor incentives as they emerge in different ways within the project design, implementation and monitoring processes

Rules in use

The third layer in Figure 1 places these various incentives in terms of the prevalent rules in use,[19] which structure or attempt to constrain the behaviour of actors in a particular context. The idea is that the actors concerned, each with their various incentives, situate themselves in relation to these rules in order to devise successful strategies in their best interest. Their strategies do not just reflect motivation (as explored in the second layer) otherwise every actor would simply do what they feel motivated to do. This means that, while rules create opportunities for some people (and that's why they are sustained), they create barriers to access for those that cannot follow them, whether they agree with the rules or not. In other words, the rules in use frame the incentives for contributing to or having access to goods and services (see Box 2 for an example).

Box 2. An example of informal rules in use impeding girls' education in Northern Ghana

Belim-Wusa Development Agency (Bewda-Ghana) emerged as an umbrella organisation of women's groups aimed at strengthening capacities of women and increasing their access to development resources. The Mwananchi project was designed to improve girls' education, especially to reduce dropout rates due to early marriages, among other aims. However, instead of launching a campaign on girl's education directly, they worked out the kind of informal rules that informed the way different actors (youth groups, queen mothers, parents in general, traditional leaders and others) were interacting. They noted that it was the bride-price culture that led to many girls' education being cut short as parents pushed their daughters into marriages in order to receive the dowry. In this case, the issue was not that people didn't agree that girls' education was important but when it came to it, the underlying informal rules in which the various actors' incentives were anchored often prevailed over the general statistics and formalised government analyses and policies on education.

Therefore, unearthing the rules of the game that are associated with the provision of specific goods and services is critical to finding ways to transform them. The rules of the game influence how actor relationships are managed, and how certain behaviours are responded to. For example, in some communities using government resources for personal gain while in a position of authority might be expected and tolerated to some extent, while in other communities it can be a big crime.

Rules in use include those have been formally written (e.g. decentralisation policy, a piece of legislation passed in parliament or in the constitution) and are known to the actors, as well as those informal rules that have been developed and internalised over time. The informal rules in use become norms defining what is acceptable to do (which is often drawn from culture but not always), and how the breach of these rules is normally sanctioned, even if this sanctioning just means withdrawing reciprocity (returning favours) from the breaker of the rules or having them lose face or reputation.

In the field of political economy analysis (PEA), there are well-developed methodologies for unearthing these rules of the game (For example the World Governance Assessment, see Hyden et al., 2008; and the Framework for Strategic Governance and Corruption Analysis, see Unsworth and CRU, 2007). The rules of the game also emerge strongly in the results of problem-driven political economy analysis (Fritz et al., 2014).

Wider structural patterns and dynamics

The fourth and last layer in Figure 1 focuses on how the rules in use are themselves linked to the wider structural dynamics, and hence draw their influence on local incentive structures and vice versa. These include historical patterns or foundational factors (Fritz et al., 2014; Unsworth and UCR, 2007), and the wider context beyond the immediate realm of the public service provision project or programme (e.g. donor policies or relationships with the regime in power). For example, in a study on the political economy of scorecards in Malawi, it was noted that the patterns of "big-man" rule and patronage, tendencies to diverge from formal and informal rules in the society, patterns of traditional governance, uneven and limited decentralisation, and weak structures of local service delivery all had a significant impact on the results of the scorecards (Wild and Harris, 2011). The wider governance systems also had a significant influence on the Mwananchi projects in Ethiopia, as demonstrated in Box 3.

Box 3. **The political settlement and development orientation of Ethiopia**

Ethiopia has a strong drive for democratic developmental states as reflected in the national Growth and Transformation Plan (GTP). A key ambition of the GTP is to generate increased levels of domestic resources and rely on those, reducing dependence on donor funding. In terms of democratic practice, however, among other things, the Ethiopian federal government has introduced the Charities and Societies Law regulating the work of civil society organisations. Under this regulatory framework, only "Ethiopian charities" or "Ethiopian societies" that do not receive more than 10% of income from foreign sources are allowed to work on governance and advocacy projects.

In this case, the only feasible way to work on governance was to work through one of the Ethiopian associations, the Gurage Development Association. In other words, the broader governance structure within Ethiopia constrained some actors (especially non-governmental organisations) as well as providing opportunities to certain actors (associations) in the way state-citizen engagement could happen.

These wider contextual realities need to be understood as also generating incentives in two ways. The first is how the local actors (here referring mainly to the actors interacting directly with a given service either in the form of demand or supply) position themselves so that they can benefit from the wider policy positions. The second is in the way the wider contextual dynamics, such as adoption of a global or regional policy on gender, influence local practice (in some ways succeeding while in some ways failing). These influences work on the rules in use, the prevailing incentive structures, and

ultimately shape the core relationships of trust, reciprocity and reputation. Methodologically, there are already established PEA methodologies that include elaborated steps for unpacking wider structures, as well as the associated historical patterns (e.g. Unsworth and CRU, 2007).

So far, this paper has discussed how to identify and define or redefine service provision problems as collective action problems, in order to then devise appropriate intervention strategies for improvement. It has shown how a four-layer analytical approach can illuminate these problems in different contexts. It has suggested linking outcome mapping to political economy analysis as a practical method of analysis, along with other methods such as taking advantage of the interactive social accountability tools (e.g. community scorecards), and social network analysis to identify collective action problems. The next section explains how interventions could be designed based on this problem analysis. This section will be brief because solutions follow directly from the kind of collective action problem at hand, they are not to be devised separately.

4. Interventions for improving service provision

The challenge for interventions to improve service provision is one of "bringing together" different actors faced with common problems so that they each contribute their maximum to finding solutions. This pertains particularly when facing collective action problems. The analytical framework for identifying collective action problems in Section 3 suggests that the focus should be on changing relationships into those based on trust, reciprocity and social reputation. These relationships should then be supported with appropriate incentives, and become institutionalised through appropriate rules both for local action as well as in their interface with the wider political economy, such as national policies.

Collective action relationships also provide opportunities for changes to existing rules or the introduction of new ones, which then imply reforms (Wolleb, 2007). The opportunity to transform institutions (rules of the game), introduces an element of intentional design to collective action theory. This means that it is possible to come up with new or modified rules that can discourage free riding, enhance the creation of social capital, raise levels of knowledge and enhance economic efficiency at different levels (Wolleb, 2007).

However, the new insight from the discussion above is that in order to secure actors' commitment, the rules should be anchored in the changing relationships, and not the other way round. This is because focusing on rules without relationships only works well in situations where there are strong top-down disciplines enforcing and monitoring local accountability mechanisms, such as in the case of service provision in Rwanda (see Booth, 2012). However, whereas these country contexts are desirable, there are still very few countries of this type in the world.

In the majority of countries where discipline is weaker, the "second best solution" might be to draw on localised social accountability projects to build strong trust-based relationships. It is these relationships that then need institutionalising into patterns that are "fit-for-context", incrementally, and from the inside out. The fact that social accountability projects produce trust and similar "middle-of-the-range" or "mid-point" outcomes, rather than the bigger institutional impacts (ICAI, 2013; Wild et al., 2015) is thus a good thing. Therefore, there is no need to force these projects to achieve more than these outcomes within the often short-term lifespans during which they are funded. What these "middle-of-the-range" outcomes mean for wider scale institutional changes and political settlement patterns is a different question. It has to be answered based on the testing of the assumptions in the theory of change for the programme or project as made by the designing team. It should not be confused with direct assessment of the efficiency and effectiveness of the social accountability projects within the shorter time frame.

When thinking about how to intentionally grow "trust and reciprocity" in projects, the assumption is that the existing social network nodes and structures will suggest areas or configurations where there is already some degree of trust and reciprocity. This further suggests that the interventions for improving service provision should seek to use existing organisations and ways in which they are institutionalised because they are already attuned to finding collective action solutions within their arrangements. However, whereas this is true, it is important to note that these configurations might also be part of the problem. For example, they might be excluding direct participation by women and youths. Therefore, interventions would have to use these configurations as entry points but at the same time seek to transform rules towards inclusion.

The lesson that can be drawn from this is that, when it comes to designing interventions the focus should be on enhancing appropriate collective action relationships for improving the provision of specific goods and services, and then incrementally growing incentives and rules that best support these relationships. It is these processes that in my view should be scaled up in terms of linking the local to the national and global. The main idea would be to develop interventions that use the prevalent, locally-driven collective action practices as entry points for change and then seek to transform incentives incrementally.

5. Identifying and supporting the right interlocutors

A very important consideration for this approach is which actors could be instrumental in leading these kinds of interventions. Not all organisations, whether government, private sector agencies, individuals or NGOs, can promote the growth of these collective action characteristics effectively

(Tembo, 2013; Tembo and Chapman, 2014). Interventions for improving public services are also about finding and supporting organisations that can best orchestrate the growth of these psychosocial incentives (trust, reputation and reciprocity) as the main drivers of co-operation among actors of diverse interests who are interested in a given public service.

This means the organisations themselves have to primarily exhibit trust, reciprocity and reputation within themselves, ahead of all the nice project proposals, log-frames and having a lot of money to spend. Additionally, they have to have the political entrepreneurship skills to motivate local actors to commit to finding local solutions, as well as to strategically draw in external actors who are able to add value to change processes. All these intervening organisational characteristics are a key part of intervention packages contributing to improving service provision. Some call organisations with these collective action characteristics "interlocutors"[20] (Tembo, 2013; Tembo and Chapman, 2014), while others call them "development entrepreneurs" (Wild et al., 2015).

The focus on these organisational characteristics means that we cannot arrive at which organisations can best intervene in a given situation without the prior analysis of what is going on in a particular context. It is well recognised that sometimes even civil society organisations can inhibit collective action, promote narrower sectarian interests and nourish clientelist political competition (Deverajan et al., 2011). The actors that are needed for governance reforms to improve service delivery are those that are genuine interlocutors of change in a given context, regardless of the formal categories to which they might belong (Tembo and Chapman, 2014).

6. Embedded accountability to improve service provision

The strategy of enhancing core relationships at the local level to enhance co-operation around a specific public service, will, over time, build trust among the actors involved. This will eventually lead to higher levels of co-operation in the group (Ostrom, 2007). As more individuals act on trust, the value of having a reputation for being trustworthy, and what it delivers, will grow and become a good investment. In this way, trustworthy behaviour, levels of trust and reciprocity will be reinforced, as was the case with farmer's co-operatives in Ethiopia. In this case, as trust within co-operatives and with government increased, there were corresponding significant improvements in both government services to co-operatives and farmer's sales through co-operatives.

This process also builds positive incentives because, as the value placed on being trustworthy and having a good reputation grows, so too do levels of transparency and accountability among the actors. This happens because individuals and groups start to vigorously pursue and protect their newly established values and expected behaviour, thereby raising the stakes for

performing better. They will also start to invest in long-term gains. This equally applies to government actors who find their reputation of doing good in the communities where they work reinforces their careers. This is because community members support them even when they sometimes have not met the government's set performance standards (Hall, 2012)

Increases in transparency can in turn reduce free riding, and encourage the emergence of sanctions that are more appropriate and effective because they are drawn from value-based performance standards or expectations. For example, sanctions come about because keeping the values is seen as important by those involved in the situation, as was the case with FCUs in Ethiopia. In this case, sanctions arise out of the relationships of trust and reciprocity, and not just because of a demand from an external actor who is not part of the relationship.

In other words, if public office holders perceive it to be important to be trusted, they will make themselves accountable in order to cultivate more trustworthiness. This is because it meets their psychosocial needs even if their actual salaries and other material benefits are low. The cost of not meeting expectations increases because expectations have become a social norm: people are in effect policing each other, feeding into rules of the game, albeit in an informal way. All these are part of the informal incentive structure and rules in use around specific public services.

However, these localised and informal forms of accountability might not always work for the poor, because they are often also embedded in complex webs of external/or wider relationships and hence incentives and interests. The process of building accountability relationships might have to be combined with more procedural and legally based institutional accountability. These pertain to the formal disciplines and legal instruments that might be relevant and the building of incentives to enforce them,[21] as a way of working at the fourth "wider dynamic" layer of collective action problems. This is where social accountability needs to have a higher objective of contributing to state building.

Given the incentive-structure challenges associated with formal institutions (see numerous examples in Kayizzi-Mugerwa, 2003), the evolution of these linkages between informal and formal rules as a form of social accountability brings significant improvements to policy reforms. It is this incremental making and institutionalisation of informal rules which, when reinforced with more formalised procedural accountability, can build accountability relationships that work.

7. Conclusion

Bringing together local actors so that they can find solutions to their collective action problems over the provision of public goods and services lies at the core of sustainable service delivery. Collaboration between actors, including the private sector, civil society, government and communities is seen as the way to deliver development. However, those designing interventions often fail to think through how the various actors' interests and incentives, as acted out within different political contexts, are to be managed. This paper has shown a way to draw on collective action theory to inform the identification of service delivery problems. This goes a long way towards unearthing what is happening behind the statistics derived from "big data" thinking and the preoccupation of project designers.

Service provision is often seen in terms of "lack of schools in community X" or "lack of hospitals in communities Y and Z". This narrow definition of the problem leads to social accountability projects that are too "symptom-focused", without an understanding of significant underlying issues. The four-layer analysis discussed here provides a way of understanding existing actor relationships around a specific good or service. It starts with the prevailing relationships among actors, situating these within the incentive structures, rules of the game, and ultimately the wider economic and political dynamics and historical factors. This analysis represents the micro-to-macro, "within micro" and macro-to micro systemic inter-linkages of service provision. Such a layered analysis provides opportunities to understand where the problems really are.

In terms of the external interventions themselves, enhancing the growth of core relationships must be a key focus of change, because with the strengthening of relationships comes local creativity to solve local problems. Any attempt to introduce new rules of the game has to be cognisant of the fact that the rules that work best are those anchored within the prevailing relationships so that they are part of the internal motivations for change and not externally imposed disciplines. Imposed rules increase transaction costs through monitoring and sanctioning, for example having to pay an NGO to conduct social audits or facilitate community scorecards. This applies mainly in countries where top-down disciplines are weak.

Social accountability projects, such as community scorecards, do have a great potential for institutionalising rules within local communities themselves and scaling them up to higher subnational and national levels, based on what works in terms of delivering services. This can happen if they focus more on the nuances of the kinds of relationships and rules that are evolving, rather than just upstream results such as reduction in corruption.

The role of external agencies (NGOs, donors, and others) has to be carefully thought through in order to provide the right incentives for local

problem solving. There is a need to identify and support the actors who are best placed to facilitate relationships of this type, drawing on their own trusted characteristics.

Finally, the understanding of accountability from a collective action perspective becomes one of mutual accountability among the actors that are working to find solutions to their common problem. This kind of accountability can be reinforced through legal and other formalised mechanisms, but only in support of the local forms of accountability appropriate to the context.

Notes

1. The long route to accountability is where citizens are able to hold politicians accountable for allocating resources and monitoring results; and politicians in turn are able to hold service providers – teachers, doctors and nurses – accountable for quality delivery of services. The short route is where citizens are able to directly hold the frontline providers to account for the delivery of services.
2. This research, for instance, argues that only 10 of the 33 sub-Saharan African countries for which data was available, would have all children completing their primary school education by 2020.
3. This term is borrowed from Bano (2012).
4. "A **collective action problem** exists where a group or category of actors fail to co-operate to achieve an objective they agree on because the first-movers would incur costs or risks and they have no assurance that the other beneficiaries will compensate them, rather than 'free riding'. The problem is more likely to arise when the group in question is large and the potential benefits are widely shared ('non-excludable'). Solutions to collective action problems involve enforceable rules ('institutions') to restrict free-riding and thereby motivate actors to act in their collective interest" (Booth, 2012: p. 11).
5. Mwananchi (which is a Kiswahili word for "ordinary citizen") was a five-year, DFID-funded Governance and Transparency Fund programme, which was implemented in six African countries (Ethiopia, Uganda, Ghana, Sierra Leone, Malawi and Zambia) from 2008-2013. The programme aimed to strengthen citizen abilities to hold their governments to account through working with civil society organisations, media, traditional leaders and elected representatives.
6. Public goods (including services) are those that are consumed jointly by members of a community, where one person's consumption does not subtract from the availability of the good to others. More specifically, they refer to benefits from whose enjoyment it is impossible or difficult to exclude community members who have not contributed to their production, and which tend to be underprovided by the market as a result (Booth, 2012).
7. These authors further argue that payment, whenever it is made, tends not to be closely related to demand or consumption. Decisions on allocation are made primarily through political processes, individual choices regarding whether to consume or not are marginal to the provision, and the quality and quantity of these goods or services are difficult to measure.
8. It is of course recognised that constitutions, policies and legal instruments also generate incentives or other sources of coercion on actors. However, the emphasis here is on making these incentives practically generate the actions that they are meant to make happen, which is not always the case.

9. Ostrom defines a social dilemma as "a setting in which individuals choose actions in an interdependent situation. If each individual in such situations selects strategies based on a calculus that maximises short-term benefits to self, individuals are predicted to take actions that generate lower joint outcomes than could have been achieved" (2007: p. 1).

10. It is important to emphasise that this co-operation first occurs at the level of incentives and strategies before it emerges as co-operation in the form of collaborative or independent efforts but working for the better common good.

11. I introduce this term here in view of the distinction that Bano (2012) makes between "material rewards" and "psychosocial rewards". Genuine co-operation emerges when individuals or groups are driven primarily by psychosocial motivations that are in their best interest to achieve. Material rewards can work for a time but they eventually erode actor commitment and result in deterioration of actor performance and inability to mobilise other actors to join in the action. Actors tend to depend on the continued flow of material goods (such as aid money) that they receive and not on their creativity and commitment to actions because of "belonging" and other attributes that collective action brings.

12. Wild et al. (2015) categorise this level of higher-level impact as "institutional".

13. Outcome Mapping focuses on one specific type of result: outcomes as behavioural change. Outcomes are defined as changes in the behaviour, relationships, activities or actions of the people, groups, and organisations with whom a programme works directly.

14. These are individuals, groups, and organisations with whom the programme interacts directly and with whom the programme anticipates opportunities for influence (Earl et al., 2001).

15. While facilitating an OM workshop for grant partners in Malawi, I invited a specialist on Community Scorecards from the Kalondolondo programme implemented by Plan Malawi and other partners to train grant partners in the scorecard methodology. It was very evident that the scorecard methodology and process also had a lot of issues of trust, reciprocity and other relational issues but which were not illuminated as they should. Wild and Harris (2011) also identify this challenge of having a theory of change for scorecards that does not include these relationships characteristics and yet they are the main achievements of the methodology.

16. Social Network Analysis (SNA) can be defined as "a body of methods developed for analyzing social networks. … A social network is a number of actors connected by some kind of relationship. Actors can be individuals, groups, or organisations. Relationships can be of any kind, from formal to informal, financial, sexual, friendship, professional, etc. … The most important point of difference between SNA and other forms of analysis of social phenomena is that attention is paid to the structure of relationships between actors. This is in contrast to the analysis of the attributes of actors (and different categories of actors). Focusing on attributes, we could describe a group of intravenous drug users in terms of their average age, education status, ethnicity, employment status, etc." (Davies, 2009: p. 3).

17. Daniel Posner (2006) makes an interesting distinction between "identity construction" and "identity choice" here, with the former referring to the long-term ethnic sense of belonging, and the latter referring to the deliberate political choice that an individual makes to emphasise one ethnic identity over the other out of the multiple identities (e.g. regional or tribal) that he or she carries, dependent on which one he or she thinks can best help them have access to public resources. In this layer, I am referring to the ethnic identity construction that makes people identify with one group and not the other. I come back to identity choice under "rules in use" below.

18. Progress markers reflect the intervention's understanding of the changes required for boundary partners to understand and fulfill their roles and responsibilities as implied in the vision statement (Earl et al., 2001).

19. "Rules in use" refers to rules as they are understood and followed by participants (the way participants are expected to behave in a given context), and enforced (Gibson et al., 2005).

20. "Interlocutors" are organisations or individuals with those "game-changing" characteristics that are necessary for addressing, or contributing to addressing, a specific collective-action problem (Tembo, 2013: p. 7).

21. Recent ODI research shows that the enforcement of policy disciplines is different from context to context and makes a significant difference to the provision of public goods and services (see Booth, 2012).

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Politically oriented practice in development co-operation: "Pluri"-actor learning

Séverine Bellina and Ousmane Sy

> "The race for growth which at one and the same time blinds and escapes leaders, makes them miss one of the main challenges in governance today: that of creating confidence and pacifying conflicts by establishing a link between the actors and allowing co-production and ownership of the political stakes by all."
>
> J.-P. Delevoye
> President of the Economic, Social and Environmental Council

1. Introduction

The imperative for a political approach to development aid

The issues involved in development have become more complex over the years. The North-South dichotomy has lost some of its relevance and environmental issues are forcing development models to include the concept of sustainability. The economic and financial crisis is drastically reducing the capacity of government actors, and the state is no longer the only actor in public action. This fact is well documented[2] and proposals are made. For over a decade, especially in view of the mixed results obtained by neo-liberal aid policies (structural adjustment programmes, "good governance" policies), many donors and experts have advocated going beyond a prescriptive and purely economic approach to governance. Instead, a "development partnership" should be established, focusing on the political sphere, dialogue, pragmatism, respect for context, an integrated approach, greater responsibility forlocal capacities and local political dynamics. Similarly, the need to integrate the political dimension of governance has been emphasised.[3] These approaches contend that the rationale of development aid needs to change from one of supply to one of demand. However, none of this has been translated into an actual change in development aid policies paradigm. One justification for this is the nebulous and non-operational nature of this perspective.

In contrast, increasingly advanced economic approaches are continually being developed. Admittedly they include the political sphere, but only in a marginal way. They have tended to increase political dependence on economics while appearing to be less neo-liberal. Currently the tendency is to favour the social impact of economic development by reconciling fair and sustainable growth with development. From this point of view, the new buzzwords for development aid are an "inclusive economy", "social business" and "inclusive business" and a social and solidarity-based economy. The common denominator in these approaches is providing innovative and sustainable solutions for social problems which public policies cannot deal with adequately (Vincent, 2015). They rely on the creative capacity of actors to find appropriate solutions to the problems with which they are confronted. According to these models, sustainability is also considered to be synonymous with financial empowerment, in particular through private financing and state guarantees (Faber and Naidoo, 2014, p. 14). Many private firms are working actively on the social business model, which opens up new prospects for the economy by adapting production and targeting marketing on the middle classes of the countries involved.

Furthermore, political economy theory is finding support in the sphere of public action and development aid, with the objective being to gain a better understanding of the way in which a country is actually governed. Political economy lies at the intersection of the economy, politics and the law, and analyses how economic factors influence political ideology and the governance of a country. It therefore paves the way for an understanding of the power dynamics and relations at work in a country in order to gain access to resources and influence. The aim is to help overcome barriers so that reforms supported by donors can be implemented, and hence improve aid efficiency. However, the political approach is yet not central, and merely remains an adjustment variable for the economic sphere.

Paradoxically, this trend has been accompanied by numerous demonstrations of the intrinsically political nature of public governance, and of development aid in this sphere. The fact is that public governance is in itself a method of analysing and understanding the terms of the exercise of political power (Faber and Naidoo, 2014). It is one thing to assert that governance is pre-eminently political in nature, however, and quite another to learn its practical lesson: that aid should be based on the political paradigm. Nevertheless, this is an essential bridge to cross in order to put together more effective aid for the countries and population involved.

In particular, 'pluri-actor' social innovation needs to be used to jointly develop solutions to concrete problems, tailored to the complexity of the situation. 'Pluri' actor processes are not simply multi-actor but involve a meaningful plurality of stakeholder groups. By systematically including the inter-scale dimension, this would strengthen state refoundation, and

new state regulations would become the main framework for action. We believe that at least three conditions are needed for a political approach to development aid: 1) the context (a demand-led rationale and an approach based on need); 2) the actors (jointly acting in a pluri-actor context); and 3) acting in concert with the state (meaning legitimate and effective states are needed). This chapter examines some lessons learned regarding the change that this would bring about in project management.

If there is any consensus today in the development world, it is that the point of departure for any policy or project should be a sound understanding of the context and its challenges. If actors are to take effective ownership of a project, then the project must be responding to their needs. Yet in reality, the process of identifying these needs is all too often disconnected from the actual expectations of the inhabitants and institutions involved. Donors are often driven by constraints on their side, in particular the need to disburse funding, which wins out over adapting to the context. For their own reasons, local actors may be tempted to make demands that are more or less out of touch with the reality of their actual needs. Furthermore, it should be remembered that the governance of a country is not synonymous with the forms of the institutions of Western democracy. We should put an end to the charade of consultants arriving in a country with nothing but the turnkey solution of a liberal [New Public Management type] state, following a set of instructions to the letter. If we do not want to remain the agents of a sort of development which does not develop anything, then we need to use the actual situation – and not a prefabricated image – as the point of departure.

The state is not the only actor in public action; other stakeholders such as civil society organisations, local elected officials, the private sector and citizens should be taken into account. The best way to understand and define collective needs is by bringing together all of the actors involved. Bringing all the actors together will favour the integration of projects into the actual governance of the country or sector concerned. Support (capacity building) to promote interaction between them (inter-actors) and the various levels – local, national and international – is therefore appropriate. Such dialogue not only helps strengthen the bonds between state and societies, but also reduces the lack of ownership of actions conducted by the state and thus their feeble impact on reality, that is, on the lives of the actors.

We argue that Actors should not try to delegitimise the state as weak or politically closed it is. Experience in the field confirms the validity of this statement every day, in particular in a context of crises: development and public governance cannot build on without public institutions and the state. The fundamental role of effective public institutions has been at the center of many international engagment such as the international partnership, *the Effective Institutions Plateform*.[4] It is exactly for this reason that "strengthening the state" was selected as a priority objective, from 2007 by the OECD, with

direct mention to state strengthening in the "New Deal"[5] with a special link to legitimate and inclusive policies and a special focus on "establishing relations between the state and society" affirmed since 2010 (OECD, 2010). It is indeed the interactions between a state and "its" societies that give rise to the historical and collective processes from which real governance of countries are derived (Bellina et al., 2010). In this regard one could talk about "creating a roadmap" – *fabrique d'un parcours* – (Chataigner, 2008): any governance process, including those within the framework of development projects, derives from a highly uncertain, long and necessarily self-taught collective apprenticeship (Meisel and Ould Aoudia, 2008). The complexity of the intervention needed to support any such process can be an excuse used by development aid actors in order to, once again, avoid learning the lesson of the practical consequences of development policies.

Establishing project-processes around a pluri-actor management

The needs, constraints, interests and experiences of each actor should serve as the point of departure for the coalition of energy required for this collective learning process which is public governance. This problem centered approach, is based on the recognition that actors are more likely to feel involved in a specific issue which has an impact on them, rather than by more general aspects of participatory governance (Van Zyl, 2015). Co-production and co-creation are the result of actors working together, generating "the social, technical and structural innovation" (Faber and Naidoo, 2014) needed to create "a co-operative dynamic for social change" (IRG, 2013: p. 13). It's about the ability of thinking complex logic of action based on a collective elaboration of diagnosis and solution, very close to the diversity of social demands. The idea is to put into practice governance projects which are of a political nature, in the generic meaning of the term, i.e. the management of the collective. Pluri-actor processes should be systematically included into projects, to turn them into "project-processes". This type of approach is a project, in that it aims to acheive a specific result within a defined time frame. But it is also a process, in that it requires management of complexity over time. This "process" approach forms part of the legitimisation of public decisions, through the inclusivity of diverse actors in a dynamic of reflection and shared experiences,.

More generally, this concept of "process" refers to what it is now customarily called, in project management terms, an iterative, inclusive (or incremental) and adaptive approach. So-called "agile" methods prioritise satisfying the client, in accordance with the terms of a development contract based on values and principles. It is the collective (individuals and their interactions) that matters rather than the tools used, concrete outcomes rather than project documents, co-operation rather than a rigid procedure, and the flexibility to adapt to changing demands. Similarly, a needs-based

approach starts from the context and expectations rather than from a pre-established plan. It is based on the systematic adaptation of the project as the needs and the demands of clients and users evolve.[6] Acceptance of change, adaptation and co-operation become the key principles for carrying out a project. These principles underly development aid approaches such as Problem-Driven Iterative Adaptation (PDIA; Andrews, Pritchett and Woolcock, 2012).

The process and multi-actor rationale aims at sustainable change. It is particularly important to release aid beneficiaries from their long-enforced passivity and to promote partnerships as complementary interactions, while donors become the catalyst of the process and the facilitator of dialogue. The way to become real partners is to participate in adaptations, complex though they may be, perceptions and practices. All the actors therefore have an active role to play in such a partnership.

A pluri-actor process generates collective knowledge on co-production and monitoring public action. The reflexes thus established contribute to more effective and transparent public action because the various actors are able to position themselves as the driving force behind proposals over which citizens have an effective means of control. They no longer find themselves only in an attitude of confrontation.

The project-process dynamic starts at the project identification stage. In traditional approaches, target actors are questioned about their problems and their causes. In contrast, the "process" approach starts by identifying values (what is important for target actors) and commitments (what commitments they would be willing to undertake and over what time period). Their aspirations are collected and systematised, based on the recounting of their own experiences. The following gathering of actors constitutes an (inclusive) process facilitating the emergence of a vocabulary that includes: collective challenges, consensus points and, above all, relevant catalysts to act on different levels and over the long-run. This stage alone could already be considered a concrete result, considering to what extent legitimacy is derived from a feeling of being part of what is happening and of having been heard. However, it is important not to fall into the "showcase" trap – making a show of dialogue to legitimise an action contrary to the terms of the debate – or of "dialogue for dialogue's sake" which does not lead to any action.

The multi-actor process should make it possible to manage the inherent complexity of public action today. It should also lead to the co-production of the knowledge needed to formulate a specific response to a given issue (Faber and Naidoo, 2014). For this, one needs a meticulous methodology, specific to each context, as well as a number of prerequisites. The sections that follow present elements which seem to us to be fundamental. We cannot claim that they are comprehensive, however, or can be systematically transposed into

practice: at the risk of repeating ourselves, each multi-actor process needs to be nurtured in accordance with its own objectives and context, keeping the process dynamic, the political "lifeblood" of each project.

There is one final point to note. A pluri-actor project-process entails that one has to work with all actors, even if one of them is problematic, we argue for example that this would mean government institutions even in an authoritarian state. Pluri-actor social innovation cannot be done "alongside" the state, relying on coalitions of actors from civil society and the private sector, as certain proponents of the inclusive economy propose, this dynamic can not happen outside from the public space.[7]

In our opinion, the multi-actor process is the political lifeblood of any development project. If actor coalitions do not form part of the public arena – by refusing to involve government actors for example – then they are reinforcing risks of disconnect between the state and other actors. By doing so, they are fostering the competition of parallel economic or religious regulations and political crises as well as the weakness of States.

We should therefore have the courage to think in terms of project-processes, based on actors and their collective and co-operative capacity. Let us bet on driving change in a way that is synonymous with collective learning about democratic governance. We would like to share four pathways that we have organised in the form of "principles". The purpose is not so much to sell a new tool, rather they amount to a plea to learn the practical lessons of working with the political sphere and a proposal as to how to do so.

2. Principle 1: Taking the stakes and the context as the starting point

Some political environments are less favourable than others for establishing a pluri-actor dialogue. Depending on the context, the actor and the level involved, such a dialogue may emerge naturally and voluntarily. The strategies for instituting dialogues and pluri-actor processes therefore have to be adapted to each context in order to build trust through participation.

Using leverage to adapt to the context: An integrated approach to governance projects

The multi-actor process should always be devised with the obstacles involved in mind. This is particularly important where the state is fragile, or where there may be political, economic or social crises, or in a context of economic and institutional instability. In contrast, political openness promotes the development of this kind of dialogue (IRG, 2013: p. 9).

In all cases, it is always possible to use certain levers to promote dialogue. This applies to the legal and regulatory framework of a country's

organisations. Most co-operation agencies already have support for structuring, organising and bringing together actors in civil society at the heart of their policies. These policies should be used to strengthen the public arena, however, and not promote the privatisation of aid. From this point of view, it is equally important to support policies to decentralise government management whenever a country initiates them. Such policies pave the way for local dynamics to play a role in the participation of local authorities as well as other local actors. In so doing they make it possible to take into account diverse situations: pluri-actor combined with multi-level are a means to connect and act with the closest possible contact with people needs. For this reason, development partners should anticipate how their own terms of involvement could evolve, whether with respect to duration (short, medium or long term) or levels (local, national or global). By promoting changes at the institutional or political level, the project-process can help strengthen their impact in terms of governance and public action.

In the most complicated contexts, the initiative may be one-sided. Often it will emanate from civil society, a procedure that is not always easy in places where government authorities are sometimes considered to be "inaccessible decision takers". Despite this, sometimes decisive change can happen. In Madagascar, for example, a pluri-actor dialogue has been established within the framework of public policy on the protection of the status of artisans and this has led civil-society organisation representatives "to consider government authorities as providers of solutions, allies". In other cases, where there is a lack of will on the part of government authorities, civil-society organisations have had to coerce dialogue in order to participate in public action and establish bonds of trust. Development partners can play an important role here, not by supporting civil society against the state, but by helping to structure civil society organisations and supporting any pluri-actor processes which help them interact with the relevant government institution. If civil society organisations are able to provide realistic and coherent proposals for policies, the government authorities will be encouraged to recognise them. Partners could suggest different ways civil society organisations could communicate with government authorities to establish trust or acceptance. The commitment, effectiveness, credibility and mobilisation capacity of these organisations help them achieve recognition by government authorities and open up possible arenas for dialogue.

Fostering the commitment of each actor: The collective interest

Any pluri-actor process is in itself an arena of power. It reproduces and modifies existing power balances, and pushes aside established positions and advantages. It is for this reason that some states or actors are reluctant to participate. By definition, a pluri-actor dynamic therefore has to deal with resistance, reluctance (fear of losing identity or of one's interests not being

guaranteed), centrifugal rationales and power relations. It is essential to take these into account, to anticipate them as much as possible and to manage the inevitable and necessary confrontations as well as the risks of manipulation.

Furthermore, everyone has "private" interests which are difficult to express in an arena devoted to public governance. Whatever their nature (financial, political, ideological, etc.) it is important not to ignore this reality but to deal with it. This is another case where the context and actors are the point of departure. In the economic sector, where this aspect is well understood, actors are expected to express any benefits that they hope to achieve with complete transparency from the start, because one cannot overcome certain contradictions unless they have been clearly identified. This is what specialists in change management would call a win-win rationale. Why would development be any different?

It is therefore important that the actors should collectively acknowledge their own individual interests. The foundation stage of the pluri-actor dialogue is to co-create a convergence around shared interests which would benefit the individual interests of all concerned. The collective interest needs to be something that is able to mobilise actors enough to win out over individual interests, or for these not to compete with it. This is much easier when the problem is concrete and specific. This is the fundamental step for a pluri-actors dialogue dynamic.

One also has to accept that some actors will refuse to participate or will turn out to be incompatible with the dialogue process (for instance if their private interests diverge too much, or their degree of commitment and transparency are too different). This is a lesson that it is sometimes difficult to acknowledge publicly and internalise properly in the sphere of development aid. However, to deny the fact that certain prospective actors are incompatible is to build the whole process on quicksand. Removing certain actors who at first seemed essential for the process may be the only way for the process to succeed. The dynamic thus defined around specific objectives and commitments will already have allowed governance to make progress. This is a result in itself, which some actors, one could think of donors, will consider mixed and not very satisfactory… but this is another step on the path toward legitimate political governance of the country and in the process of social change.

In contrast, other actors may have a leveraging effect on creating collective capacity, in particular the donors. By committing themselves to the identification and reciprocal recognition stages of the various actors involved in the project-process, they help build an inclusive dynamic for the project. Development partners always have a role or even the decision-making power regarding the choice of organisations to be part of a project or not. Here, this role is formalised in the framework of the governance of the project-process, in its capacity as a participant. They can also organise joint visits to actors

in the field (IRG, 2013) and support the process of gathering information on the challenges faced by actors and their aspirations. Bringing together diverse actors around an emerging collective challenge fosters consensus and provides useful levers of action. It is essential to have meetings and exchanges between actors, and allow them the free expression their interests and their expectations of the collective future process. They participate *in* and *at* the establishment of trust. From there it is possible to determine whether the route to achieving a shared objective is feasible.

3. Principle 2: Building collective capacity

Complementary interactions develop as the dialogue progresses, based on stakeholders finding a shared interest and the collective learning necessary to define the foundations of the governance project.

Actual needs as point of departure: A shared diagnosis

Developing mutual understanding, establishing trust and interpersonal relationships, and overcoming differences (cultural, professional, etc.), is a discontinuous, long and fundamental process. Donors, civil society and the private sector agree on this point but only the profit-making private sector seems to have learnt the practical lessons by defining this stage as being fundamental to the project. "This period of dialogue, when both partners start to get to know each other, is essential for the success of the partnership and must not be dependent on time constraints" (Danone Ecosysteme, n.d.: p. 14). Several months or even years may pass between identifying a need or an issue, expressing a request, and the beginning of discussions and the start of the project. Such a long time-scale may often seem very inappropriate given the realities of donors and sometimes even the realities on the ground. However, taking this fact into account remains a basic prerequisite for the success – and therefore the "productivity" – of an action.

An initial identification will often have preceded the introduction of the pluri-actor process. However, it is vital to carry out a shared diagnosis of the context and the problems to confirm the relevance of the action. This guarantees that the real needs are identified – a process which has now been widely documented and the basis for some well-respected approaches such as PDIA and issue-based approaches. Thus it is accepted that "a good issue is one that is locally driven and defined, when local actors define it, discuss it and express the issue within a framework by consensus" (Faber and Naidoo, 2014). What is important is the concept of iteration, a process of numerous consultations back and forth to get to a shared diagnosis and the formulation of the need. The requirement is to find a response to a specific need or issue, around which the collective interest can be developed. It is therefore the project that defines the context.

Establishing complementarity and trust between actors

Collective learning is vital to allow this pluri-actor process to take place at different levels. First, it makes it possible to use the complementary nature of actors from diverse backgrounds, with diverse skills, social and institutional links, legitimacies, and networks. Each actor taken individually is intrinsically "incomplete". On the one hand, donors, institutions and economic actors are too removed from the field and the concerns and objectives of the population. On the other hand, citizens, civil society organisations and private-sector companies are poorly informed of the complexity of government interventions. Donors are actors in public governance in the countries in which they are involved and including them in the pluri-actor process undeniably increases its legitimacy, credibility, transparency and representativeness. Thus, within the Multi-Actor Forum (*Forum multi-acteurs*, FMA) on governance in Mali,[8] the fact that co-operation agencies are represented in the same way as other stakeholders comes down to their assuming co-responsibility in the public governance of the country.

Second, the pluri-actor process creates complementarity at the various levels of action, representation and therefore influence, from the local level to national level right up to international level. Experience has shown that actors gain skills during such a process. Their knowledge and expertise (technical, professional and political) are strengthened by mutual understanding and acknowledgement of each others' capacities and constraints. Non-state actors come out of the exercise with greater understanding of the complexities and mechanisms of public action. For their part, government actors gain greater expertise and knowledge of conditions in the field. "It promotes synergy and complementarity of skills to the benefit of greater collective capacity" (IRG, 2013: p. 11). From this point of view, when the governance of the project is formalised, it is important to clearly specify the contributions to be made by each one and to preserve the independence of all; donors have an essential role to play here.

Third, participation in a pluri-actor dialogue produces mutual acknowledgement and trust which empowers actors and positions them in a constructive approach. This mechanism may actually contribute to resolving social conflict in some areas. It promotes the practice of democratic and peaceful public governance. It falls within the home-grown development process and fosters a culture of working together. This is the fruit of developing individual and collective skills (knowledge, expertise, an understanding of the complexity of public action), the emergence of new actors – in particular the "voiceless" (migrants, youth, artisans, the unemployed) – and of greater listening skills. Thus, in Madagascar, as part of the *Sehatra sy Rafitra ho an'ny Asatanana* (SERA)[9] project, artisans were diverted from a head-to-head confrontation with the authorities from the Ministry of Livestock. Together with the authorities, they were gradually able to develop a policy protecting

the status of artisans and the labelling of their products such as honey and wickerwork, acquiring new knowledge of production methods in the process. Their local administrative counterparts also acquired a better understanding of the daily existence and needs of these artisans. They were thus able to find a more relevant definition for the government policies affecting their lives, and responses to emergencies (such as the fight against the *varroa* parasite which causes the bee colony collapse syndrome). Collective learning starts as soon as dialogue is introduced. It also allows participative democracy modalities to be involved in the refoundation of governance in the societies. In this process, collective learning has a part to play in the legitimisation of public action.

4. Principle 3: Co-defining the governance of the pluri-actor process

The internal organisation of the pluri-actor arena is fundamental to its cohesion and effectiveness. Once a shared diagnosis has been made, the project will be defined by common agreement. This agreement has to be based on the actors' specifics and cross-cutting perspectives, the identification of common challenges, the collective formulation of the issue to be resolved and the relevant thrusts of the intervention.

We have seen that the pluri-actor process is not synonymous with a mere accumulation of expertise and skills but of actual "co-production". The challenge therefore resides in achieving a collective capacity to generate a "dialogue-based" dynamic, or, in other words, one which allows everyone to open up to the rationale and imagination of others. The evolution of reciprocal perceptions is one of the best ways of creating mutual recognition, reflecting all participants' contributions and bringing about a real equilibrium (Danone Ecosysteme, n.d.: p. 20). This is when trust becomes established and develops into an effective driver for collective accountability and ownership of the process.

Defining a code of ethics around shared values and trust

The governance of the pluri-actor process serves the political strategy of the project. The terms under which the process operates should therefore be carefully thought out and formalised. Formalising a charter by establishing a common ethical basis, principles for identifying and selecting members, and the organising and decision-making principles, is a pledge of its collective ownership. The objective is to institute a dialogue around differences and to combine the group's diversity to build a shared vision, formulate the ethical values which will underlie the process and its governance, and build consensus to make sustainable work possible.

There is no typical governance model for a project-process. Moreover, there actually should not be such a model. This is because each project-process will develop its own governance within its own plurii-actor framework, depending on the actors involved, the objectives and the context. However it does seem to us that the governance model should answer the following questions: who are the main participating actors? Will they vary depending on the stage or the objectives of the project-process? What will be the rules for their representation? Are donors actors in this arena in the same way as the others? How will the process be conducted? What are the work procedures and how are agendas determined? What are the decision-making processes? What will the response be if the code and commitments are not complied with? How will differences or disputes be resolved? What are the management methods for financial resources and the operating budget? What accountability is there? Overshadowing all these questions, however, are the shared values which underlie the collective commitment. These should be central. In Mali, for example, stakeholders in the FMA process committed themselves to the following within the framework of a "charter of ethics":

- to listen to each other and to show mutual respect
- to be open to new ideas and practices
- to talk about the reality of their day-to-day actions
- to translate the decisions taken during the Forum into action
- to get involved on their own behalf in the necessary changes
- to participate in the dialogue process with the necessary diligence
- to comply with working methods jointly decided on
- to be punctual or to inform others of any impediment
- to organise a substitute if the representative is not available (ensuring that the Forum is an arena of continuity and sustainable learning)
- not to assign names to comments in the minutes
- to participate in electronic debates run between two sessions of the Forum, to read any reports made available before sessions of the Forum and to mobilise other actors within the dynamic of constructive dialogue.

Other examples of the values adopted by the main stakeholders in other projects include: the equality of men and women (North Africa), the spirit of working together (Madagascar), social justice, the principle of a right to a fair hearing and consensus (Mali), professionalism (Congo Brazzaville) and more generally, transparency, fairness and impartiality (IRG, 2013: p. 39).

Merely drafting a charter of ethics will also enable all stakeholders to get to know each other, to learn about their respective situations and the various concerns of each one, and so on around this ethical common base.

Conducting and communicating the pluri-actor process

Conducting a pluri-actor dynamic is the "mainspring for cohesiveness and consistency" (IRG, 2013: p. 10). Donors can play a special role here in providing methodological support. However, conducting such a process also involves communication between stakeholders. As such, it is important to consider the forms and arenas of formal expression (such as meetings) as well as informal expression (such as breaks and mealtimes) which make it possible to develop and maintain trust between actors. Depending on the topic and the objective, discussions may take different formats. Using a variety of methods of communication improves the mobilisation of stakeholders and collective functioning of the process. Communication also implies transparency. Its formal methods and tools should be defined and instituted collectively but experience has shown that it is important to prioritise this from the start. This can be done by establishing a database, or using internet information-sharing tools. While it is important not to make the process more burdensome than necessary, it is essential to channel the substance and acquired knowledge to benefit the process's strategic direction.

It is also important to balance traditional vertical communication with horizontal communication, the latter being shared to a greater extent. Therefore the rationale of decentralising the debate – removing it from conventional decision-making instances – and the integration of different levels (national, regional and international) all work along the same lines, including feeding back to the beneficiaries and main actors of the project-process. This is a prerequisite for mobilising actors and for the practical effectiveness of the intervention. The SERA project in Madagascar has instituted "a dual communication system going from its representatives to the base and from the base to its representatives" (IRG, 2013: p. 10) to guarantee accountability, communication, and a dialogue on the information and the realities coming in from the field. The principles of mutual learning and respect for each others' visions and points of view are also essential to this mechanism: they are the operational reflection of the shared values adopted by the partners. Communication tools are just the various technical means of achieving this, adapted according to the specific configuration of each project process. Written, digital, radio and video materials can now very effectively supplement direct formal or informal visits, meetings and interviews. The process needs to find ways of pooling information, getting to know each other and fostering dialogue. This is particularly significant in light of the widespread geographical nature and transnational scales of action of some projects, which make physical meetings both difficult and expensive.

Formalising collective responsibility

Formalising collective responsibility is about compiling the terms, secondary objectives, levels of engagement, resources and duration of the approach. Declarations in principle and declarations of goodwill in themselves alone will not lead to the execution of the project process, so these need to be put on an actual contractual basis between the actors. This should be a willing agreement creating a reciprocal obligation (plural in nature – ethical and/or legal and/or political and/or social, etc.) between the parties involved. The very form, terms and principles of this commitment should also be defined collectively. It is this co-definition of the principles and terms of the commitments which lead to empowerment and determine the focus of accountability. A pluri-actor process is managed through regular reminders and, if necessary, clarification of the initial commitments made by each actor as well as by the group. In fact, one has to check throughout the lifespan of the project that the interests of the actors are still converging on the co-defined objectives. Commitment and ownership are much better at ensuring the effectiveness in these processes than sanctions such as fines or exclusion from the process. Mutual monitoring by stakeholders is a very effective tool. The combination of the code of ethics discussed above and this contractual element is one foundation stone of the project process and of its ownership by its actors.

Co-responsibility – or rather collective responsibility – is the other foundation stone. The accountability of the project, of the group and of each actor is fundamental, not just in financial terms. It also has to relate to the role and participation all of the actors have committed themselves to. It is therefore multi-dimensional and should of course also lead to empowerment. The objective of the group is not approval but rather commitment and trust.

Multi-stakeholder approaches towards co-responsibility are developing beyond the development policy area.[10]

Once these two foundation stones have been cemented in, the schedule of activities to be carried out as well as the sources and coverage of their financing need to be specified. The project-process will, where appropriate, allow the scope and terms to be adapted as the project, the actors and the context evolve. Any adjustments needed within the framework of the iteration will be taken into account. This dynamic definition – "in process" – of governance and the execution of the project must of necessity include capitalisation, which is the subject of the fourth principle.

5. Principle 4: Managing project-process knowledge by capitalisation

To help permanently adapt the project process, the actors involved must be able to view the project and their actions with some detachment in order to learn lessons from them, so as to become even more invested in carrying them out (IRG, 2013: p. 23). This is what brings about the capitalisation of knowledge and experience.

Capitalisation: Collective learning to promote action

Capitalisation is a pluri-actor iterative process of sharing information feedback, dialogue generation and analysis (contexts, actors, practices, expertise and knowledge) which develops individual and group memory and learning to support the action in question as well as the actors, for now and in the future.

Capitalisation can occur throughout the project, or at the end. Permanent capitalisation, integrated into the project process as an organisational principle from the start, is of great help, however, as it facilitates not just adaptability and constructive iteration but also transparency, confidence building and perpetuating the actions. It can also be useful if the project has to be strategically reorientated during the process.

In real terms, capitalisation depends on the participation of actors and the sharing of experiences. It initiates a mutual collective learning process between peers. Capitalisation makes it possible for some actors to better formulate the difficulties they encounter as they know that they will be shared for the sake of progress together and will not lead to any judgements or sanctions. Within the framework of the capitalisation undertaken by the IRG, the group felt collectively that it contributed to "the emergence of new ideas and the highlighting of project impacts" (IRG, 2013: p. 23). This capitalisation also facilitated the expression of points of convergence which was helpful in formulating the strategic orientations for the projects involved. Questions raised during capitalisation also served as a "framework for the drafting of public policy" for the use of stakeholders and helped to revise the priority level of action for the project as a whole.

The collective must define the objectives and terms of capitalisation. One should of course avoid falling into the trap of creating a second project: capitalisation serves the project by improving its governance and relevance, not by creating a parallel process. In particular it benefits the collective learning dynamic that is at the heart of our proposal and which we believe is should be an objective in itself for governance projects. According to actors who have been involved, the internal project process dialogue is one of the main added values produced by capitalisation. The time and sense of perspective that dialogue necessarily imposes – asking oneself questions

and developing them collectively – allows for the emergence of new ideas throughout the project while promoting a better understanding of its impacts. Capitalisation thus helps refine the formulation of strategic directions during the course of the project and its capitalisation.

Some prerequisites for capitalisation

The expectations about what capitalisation can acheive must be realistic, especially with respect to the financial capacities of the project. Continual capitalisation requires time to gain perspective so it works better for medium-term projects than for short-term ones. It can also be difficult for actors within the project, or directly involved in its implementation, to create the conditions for this perspective. It may be a good idea to get an outside actor to pilot this process, as long as some of the project's actors are clearly identified as focal points. Also, since capitalisation depends on an exchange of information, it needs its own organisational mechanism. Meetings in the field with project actors, collective exchanges between actors, and meetings with external actors and peers can all lead to an essential cross-cutting view in terms of scale and geography. However, these should be weighted so that momentum is not lost and they do not encroach on the execution of the project itself.

The exchange of information which underlies capitalisation can only take place if there are proper tools. These will be co-defined and designed in order to provide feedback on experiences, practices and contextual elements. They can take the form of written materials (capitalisation worksheets[11] raising co-defined questions, experience worksheets etc.), digital or video materials, and opportunities for individual and collective dialogue. These various materials are aimed at improving the reciprocal knowledge of actors, contexts and practices (obstacles, positive levers etc.). In all cases they should also help to define possible adjustments to the project (governance, goal formulation etc.). They also constitute the collective institutional memory of the project. In all cases they must serve the project by permanently facilitating communication, transparency and information exchanges between the project actors, obviously including development partners. The latter can thereby directly follow and understand – and even co-decide on – any collectively adopted or implemented adjustments.

Once the tools have been established, every actor takes ownership of them and uses them to provide feedback. To facilitate this, and depending on the financial resources available, field trips can be organised to promote a more informal local dialogue with the project actors and observe their experiences. This questioning, using a variety of materials, allows for a regular dialogue and the cross-pollination of practices at the heart of developing cross-cutting ideas. Meetings with external actors allow the stakeholders then to take ownership of their collective thoughts. It is a real knowledge production process for the project and, more generally, for the development aid that is starting up. Progressing

in this way – from good practices implemented by international experts to a cross-pollination of experiences in the interests of the social effectiveness of the projects – represents a further step in a politically oriented approach. Indeed, capitalisation acts as a lever, using the lessons learnt from some projects to the benefit of others. Cross-cutting analysis of projects using these practices allows one in the end to propose the main thrusts of public policy.

6. Conclusion: Creating a collective knowledge that is useful for action

The capitalisation of governance projects also constitutes a tool for improving development aid and public governance (Rouillé d'Orfeuil, 2014). Capitalisation, by being rooted at the heart of the experiences and of the actors, draws very closely from their practical knowledge base and is incomparably useful for development aid and defining more effective projects. It is in and of itself a mechanism to record and produce knowledge on social innovations. There are calls for donors to help set up a "platform", a database or laboratory that would be both the receptacle of this knowledge and the basis for its transmission on the model of the FACTS Reports (Field Actions Science Reports)[12] journal and the RESOLIS (Research and Evaluation of Innovative and Social Solutions) association.[13]

According to Henri Rouillé d'Orfeuil, the aim is to create "a system of knowledge and innovation which is co-operative and directed at producing references on local innovation processes" (Rouillé d'Orfeuil, 2014 : p. 23). The collective knowledge thus constituted informs public action based on experiences and practices and their cross-cutting analysis. Henri Rouillé d'Orfeuil suggests that "Perhaps it is in this direction […] that development aid […] could find its second wind" (Rouillé d'Orfeuil, 2014 : p. 23)

Notes

1. J.-P. Delevoye, "Métamorphoses du politique", *in* IRG, *Tous responsables ? Chroniques de la gouvernance 2015*, Paris, ECLM, p. 205-212.
2. See in particular Faber and Naidoo (2014).
3. See Bellina, Magro and de Villemeur (2008) and, in particular, Bellina (2008), p. 15.
4. www.effectiveinstitutions.org/.
5. www.newdeal4peace.org/.
6. The issue of sequencing which this raises has already been the subject of critical studies in the field of development aid. We will see in Section 5 that managing knowledge through capitalisation seems more relevant in terms of the adaptability and perpetuation of the project. Capitalisation of knowledge and experience is a multi-actor iterative feedback process, with the joint establishment of dialogue and analysis of information (contexts, actors, practices, expertise, knowledge) which will lead, either after the fact and/or during the process, to individual and collective learning and memory for the benefit of the action and the actors, for the future and/or for the present.

7. For example see also work from multinationals, civil society and government departments on approaches to facilitation and methodology guides by private actors.
8. In particular, see the FMA Facebook page (FMA, n.d.).
9. Support project for consultation between the artisans and government authorities in Madagascar (*Sehatra sy Rafitra ho an'ny Asatanana* – SERA), undertaken by CITE and GRET, and supported by the SCP (Civil Society and Participation) programme of the CFSI from 2009 to 2013.
10. See for example the initiative 'Societal progress towards co-responsibility for the well-being of all- SPIRAL developed by the Council of Europe. https://wikispiral.org/tiki-index.php?page=Home.
11. For example, capitalisation worksheets make it possible for questions to be considered collectively, leading to shared thoughts on the objectives of the project, its execution and the role of each stakeholder. As examples, see the thrust of the questions that emerged during the Civil Society Programme of the Comité Français de la Solidarité Internationale (French Committee on International Solidarity, CFSI) (this programme combined 18 projects and focussed on promoting civil society participation by developing the prerequisites for dialogue between civil society organisations and government authorities on the one hand, and by promoting multi-actor consultation to achieve an impact on public policy, on the other). See IRG (2013).
12. See "About FACTS Reports", FACTS Reports website, http://factsreports.revues.org/102.
13. See RESOLIS website, http://resolis.org/uk.

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Practitioner perspective: Working with partners

Jörg-Werner Haas and Tim Auracher

Dear Lucy,

Thanks for your request for feedback on your mission. It is a good challenge to be asked for a practitioner's view about *how to* deal with *which* partners in order to make a governance support programme a success. I actually had a very interesting conversation with a colleague of mine who is far more experienced than me, Jörg Haas. When I looked at our exchange I decided to simply forward it to you (after having deleted some internal stuff, of course). To me the conversation is an important part of the process of grappling with the issues, and it helps to unpack what can be said from a practitioner's perspective. I hope we are not too critical. We actually tried to pull out some practical recommendations but I don't know whether they are useful for your current mission.

Anyway, don't hesitate to contact me in case of questions.

Best regards,
Tim

Sent: Wednesday, 25 March, 08:21am
From: "Auracher, Tim"
To: "Haas, Jörg-Werner"
Subject: DFAID programming mission/request for advice

Dear Jörg,

I was asked to give some practitioner's advice to a governance advisor from DFAID, named Lucy. I actually got hold of some of the papers she received to prepare herself for her assignment. And honestly, I don't quite know how to formulate my thoughts in order not to be too cynical – as this won't really help her. As you always gave me helpful advice and guidance with your optimism and based on your several decades of experience, I wondered if you could help me one more time?

From reading the papers prepared for Lucy you could get the impression that being a governance advisor is like playing chess. It seems as though the strategies can almost be memorised – that the moves are based on a careful set of rules and that understanding the theory is essential. But in my experience our work is not like that at all! The reality in the field is rather like playing chess on three tables in parallel with pawns in the game that move themselves and all at the same time. I decided that the human brain (at least mine) is not capable of grasping interdependencies anymore.

The reality is also that there are no clear sides and even the question of what constitutes winning changes all the time. Hence, strategies can only be formulated in a very open and flexible way. This is the first issue I wanted to raise with Lucy: flexibility – what do you think? I want to stress this because in the real world "chess game" the potential moves of your many and varied counterparts are too complex to be predictable (your ultimate adversary is of course not any one your counterparts, but "bad governance", wherever it may manifest itself). You just start the game and decide from move to move.

That, however, is only possible if you are granted enough flexibility to decide on the spot. And in most cases, advisors, especially governance advisors, don't have that flexibility because of the "logical framework" which fits them into targets, indicators and disbursement targets. In other words, no matter what trend is currently in vogue, project implementers cannot implement it if they are not granted enough flexibility to react to moving targets and short-term windows of opportunity.

…

From: "Haas, Jörg-Werner"

…

Dear Tim,

Yes I know what you mean. It is not an easy task to give fellow practitioners good advice without frustrating them. I couldn't agree more with your thinking about how to balance state-of-the-art findings on promoting good governance with realities "on the ground". Let me give you three examples that I think show that your point on flexibility often involves learning lessons over time. The first component of real flexibility is therefore that we must be willing to accept that change can be a slow and bumpy process (not infrequently driven by the need to compensate for the twists and turns of reform).

Once I was asked to head a mission together with a consultant. The aim was to design a programme to mainstream human rights into the security sector. It didn't take us long to grasp that our counterparts had a very

dynamic and progressive section on human rights and that the National Police had already established a well-functioning Police Academy on human rights. We wondered why we were asked for support. I couldn't help guessing that maybe there had been a spontaneous conversation between senior officials, from the donor and the country, and one thing led to another… It could even be that a request like this gets taken seriously because somewhere along the line somebody asks the advice of an expert they know (perhaps a consultant) who thinks that more work on these issues has got to be a good thing.

Or another example, in the mid 90s a new law on popular participation (*Ley de Participacion Popular*) was adopted in Bolivia. The basic and very democratic idea was to let users of decentralised education and health facilities judge the quality of the services received and to make local budgets more accountable to them. On the surface it looks convincing: let parents tell if teachers of rural schools are present or not and whether they offer good teaching to their children. It's all there on good governance: democracy, participation, monitoring, financial accountability. It seemed that in practice it became almost like a replacement for local government and existing public service functions. After two years I began to think that it had become a way to create new forms of clientelism.

My final example is from the early 80s when the Technical University of Berlin developed the concept of the Rural Growth Centres. The basic idea was to bundle public services in carefully selected locations to generate self-sustained development. Eventually, spillover effects should unfold. It sounds convincing because location theory supports the idea of multiplier effects through spatial concentration. So we went to Malawi with our tents and started to investigate the best possible locations to establish 10 demonstration centres in the middle of nowhere. However, our enthusiasm was dented after a year or so. We had found that the whole concept was susceptible to being used to build power bases for politicians. Leaders had to offer something to local chiefs to secure support.

So making use of this first component of flexibility entails accepting two things:

First, development co-operation, especially on governance matters, is always political. It is not only political with regard to the partner country, but also with regard to the donor, or development partner. Sometimes it takes time to identify the real motives of stakeholders and in most cases you can only identify them if you are present. The best political economy analysis (PEA) can't replace observation and day-to-day experiences on the ground.

Second, the best programme design may turn into a bad one after a while. The system is too complex and human behaviour too unpredictable to design a perfect intervention strategy from the outset. Constant impact

monitoring is necessary but not enough. The programme setup must be flexible to quickly allow corrections or even reorientation based on findings from monitoring.

…

From: "Auracher, Tim"

…

Dear Jörg,

Okay, I buy your first component of flexibility, it makes sense to be open to learning lessons over time and revisiting our thinking. I would like to add a second component – the need to vary our approaches and thinking on programme design and implementation. I know that this also means taking the more difficult paths in terms of our own structures, often our institutions prefer what seems to be a "known quantity". It would also mean working more effectively with partner institutions on innovation. Any programme design is only as good as the underlying modes of delivery. While working in a consulting company for several years I learned that lesson. To me, there is a predetermined breaking point in the current system of programme implementation which affects governance programmes: In many donor agencies, programmes are designed by governance advisors. Then their implementation is opened for tender and the best offer, that is, the cheapest compared to the presumed quality, wins. Consulting companies finally implement the programmes, but they are bound by clear goals, indicators and disbursement targets on the one hand and by profit margins on the other.

Personally I am convinced that the key to improve results in governance programmes may not lie in state-of-the-art concepts. It's rather modes of delivery for implementing agencies (be it consulting companies, local or international NGOs or other stakeholders) that make a difference. Donor agencies have to be more innovative and think out of the box to resolve this challenge.

Allowing flexibility to adjust to changing conditions is surely a move in the right direction, towards more tailor-made solutions. However, as pointed out in James Deane's article provided to Lucy, this does not mean that one should support ideas to *go with the grain* at any cost. I am sceptical about the claims that non-Weberian systems necessarily work better and ideas of integrating neo-patrimonial rule make sense. Flexibility to implement a project must always go along with strong normative orientations and a clear vision of what the desired impact should look like. Otherwise we are sliding into complete relativism and the reason why taxpayer's money is invested becomes blurred. There is nothing wrong in being geared to the Universal Declaration on Human Rights or the IPU's fundamental principles of democracy.

…

From: "Haas, Jörg-Werner"

…

Dear Tim,

I agree, so we have some ideas on what constitutes flexibility. But I presume we need to develop some more hands-on advice for Lucy, saying that we need flexibility doesn't tell us what we would do with it!

I would say flexibility works when it is used to support an alliance for change. Flexibility is a tool to enable programmes and initiatives to deliver better – but on its own it is not sufficient to secure change. Real change therefore needs flexible programmes built around collaboration. I would advocate orienting any intervention strategy towards relevant change agents (development entrepreneurs, champions of change, call them what you like but people who want to make something happen). It may not be a new idea, but during my career it proved to be effective. Identifying appropriate change agents may take time – and flexibility – as they might "change" over time. But they are the bridge between outside intervention and local ownership. Ultimately they may shape the programme design themselves.

Let me give you two examples.

In the mid 90s Colombia followed a very unusual way to reform and strengthen regional government in the southern department of Nariño. Inspired from the decentralised structure of the Tennessee Valley Authority in the US, it adapted the approach of autonomous development institutions in order to gain time for improving the capacity of regional government. The central government devolved financial and decision-making authority to the Regional Autonomous Corporation of Nariño (Corporación Autónoma Regional de Nariño; Corponrino). Meanwhile, the regional government of Nariño was trained and restructured. After several years, the central government considered the regional government fit to assume full responsibility once again. So they downsized the corporation back to its original operational task as an environmental agency. It may not have been planned in detail this way, but it worked fine. Probably no governance expert in the development circles could have invented such a concept without being called a dreamer and idealist.

The second example refers to our very recent experiences in Indonesia between 2010 and 2013. I am sure you agree when I say that we had a very difficult time at the beginning, maybe even in the first two years of programme implementation. The programme design was logical and straightforward: to achieve improved basic public services, focus on decentralisation support. Provide policy advice in key ministries (Interior, Planning, and Finance) and strengthen selected district and provincial governments to experiment on

new forms of implementation. However, we found it too hard a nut to crack. In theory the strategy sounded nice, but key stakeholders had no interest in following it. Maybe a thorough PEA would have been able to warn us in the first place. But it surely would not have been able to provide useful alternatives. These two years of trial and error were not in vain because we learned much about key stakeholders, their interests and their power relations. Some of them started to trust us. Finally, we got to identify the right change agents and restructured the whole programme around them. The result was a new strategy: Support the existing dynamics in administration reform, help them to identify subnational change agents to jointly develop strategies (instead of a predetermined set of local governments) and use the leverage of the National Institute for Public Administration which has a mandate to train every civil servant in the country, especially the decision makers. Very quickly, the programme developed an impressive dynamic.

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From: "Auracher, Tim"

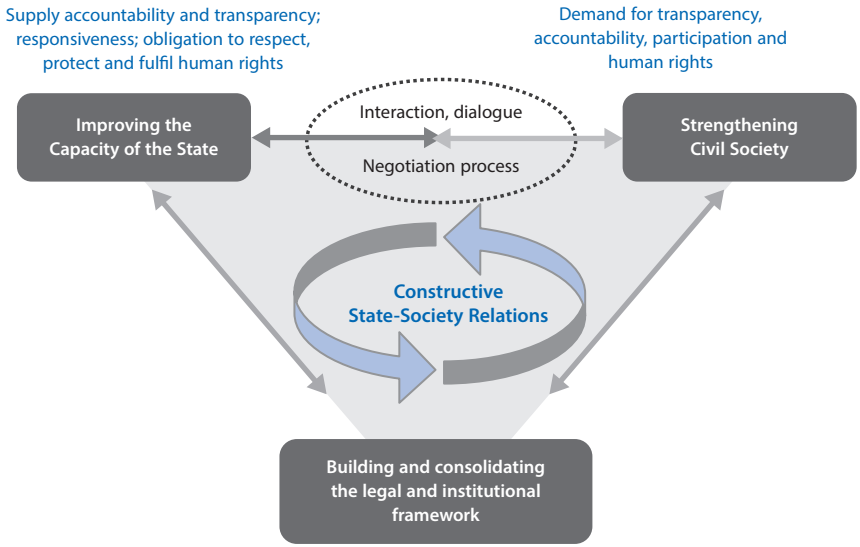
…

Dear Jörg,

The Indonesian experience strikes a chord. The change agent approach especially makes sense in countries like Indonesia, where development partners play such a tiny role compared to the size of the country and its overall economic strength.

Nevertheless, in building our alliances I believe we should not forget to search for an appropriate balance between state and non-state actors, because changes in state-society relations may not be sustainable if we focus only on one side. Very much in line with Fletcher Tembo's article on collective action theory, the triangle on constructive state-society relations (see diagram below) helps to develop a more holistic approach.

This approach considers that efforts to promote political participation and the development of constructive state-society relations provide a basis for sustainable transformation towards good governance. These efforts need to focus on three dimensions that are interdependent and mutually reinforcing: 1) building and consolidating the legal and institutional framework, 2) strengthening civil society and 3) improving the capacity of the state. The state and civil society are not seen as acting in isolation. Rather they are linked together in a reciprocal relationship. Only if all three dimensions are taken into account, it is possible to achieve constructive state-society relations.



…

From: "Haas, Jörg-Werner"

…

Dear Tim,

This is a good concept for a more holistic approach, going beyond the question of whether demand-side or supply-side support is more effective. But I am sure you won't disagree with me saying that in practice, these idealised approaches are difficult to follow. Referring to our experience in Indonesia, once more, we had very limited options to actively involve civil society actors, although we tried. This was the question running through my mind when I read the thought-provoking paper from Jörn Grävingholt: can we really find the right balance between supply and demand perspectives? I really liked his "unsatisfactory" scenarios of governance support, but the challenge seems to be quite daunting.

More generally, to me, any of these ideal-type approaches can't be precisely applied on the ground. This is where the combination of "flexibility" and "collaboration" need to work creatively together – the practitioner needs to recognise that this is an art not a science. However we conceptualise these issues they should remain an orientation, but they mustn't become a straightjacket. Many programme designs and blueprint intervention strategies assume implicitly that this kind of ideal-type approach could be

directly applied. As a consequence, goals and indicators are too ambitious and unrealistic. Often, we overestimate our capacity to influence a system within our partner countries. We call this the "omnipotence trap".

…

From: "Auracher, Tim"

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Dear Jörg,

That reminds me of my first assignment in Senegal some 13 years ago. After weeks of preparatory training I came in, assuming that counterparts were waiting for my advice in line with the terms that were agreed between the two governments and sealed through commonly agreed goals and indicators. They were not. Achieving goals and indicators was my affair, not theirs. Quite some of them didn't have time, and sent a lower level representative. Others made it clear that they are primarily interested in the funds I may provide for certain activities.

I learned to understand that we advisors tend to see ourselves in the centre of the universe we work in. That's the biggest mistake, independent from all the thought-through and tested theories of development assistance in the governance sector. We are just a small particle on a wider orbit far away from the sun, where the political heat comes from. Changing the things we want to change is not in the interest of many of our counterparts and very far away from the priorities of those closer to the sun. The biggest problem is not that some counterparts may not be amused by your intentions – actually that would be a good point to start with – the biggest problem is that they don't even care.

…

From: "Haas, Jörg-Werner"

…

Dear Tim,

Yes, we need to guard against our own hubris, and recognise that in the world of our counterparts there is a lot more going on. So flexibility and alliances with agents of change may still not be enough. Hence, my lesson learned and my advice to Lucy: **be realistic in setting goals and targets and verify them regularly**. Too-ambitious goals and targets might push the

implementing agency/programme team to push for short-term visibility which turns to be smoke and mirrors in the long run. Some very clever partner institutions, be it state or non-state actors, even understand that logic quickly and may put you under pressure: either we get some support as we want it, or we don't show results as you need it (in order to fulfil your compulsory indicators and targets). The setup allows them to blackmail donor-funded implementing agencies.

One way to get over this dilemma is to allow the implementing agency to propose outcomes and develop appropriate indicators after an inception phase of at least half a year or even longer. Integrate monitoring milestones into the programme design at regular intervals to verify whether indicators or even outcomes may need to be amended.

From: "Auracher, Tim"

Dear Jörg,

To summarise, key lessons for Lucy would be

1. Allow real flexibility in implementation beyond mere lip service (programme design, means of implementation, programme readjustment).
2. Let the implementing agency identify change agents first, and then develop an implementing strategy around them. But try to consider all three elements of constructive state-society relations. It strengthens sustainability.
3. Don't formulate over-ambitious goals and indicators. It could turn against you and leave you unnecessarily frustrated by events.

Thank you very much indeed for your support.

Conclusion

Alan Whaites and Sara Fyson

The central character of this volume – Lucy – is perhaps the governance adviser that some of the authors in this volume wish they had been earlier in their careers: well read, perceptive and healthily sceptical. Her musings, and those of the various authors included here, add up to a broad and suitably jargon-packed reflection of the "concept" laden world of governance. It is no surprise that some of these concepts point to the ability of the sector to efficiently and organically recycle its own history. After all, the new ideas of governance often do bear an uncanny resemblance to the old ideas, including those that were prevalent long enough ago that they have been largely forgotten.

The real question for governance advisers is not the tendency towards conceptual fads (whether version 1, 2 or 3), but rather the changing realities of the environment and the spur that these provide to more fundamental evolutions of approach. For example, aid is no longer as significant a factor in many developing countries as it was. There is also recognition that other models of development finance and support can deliver real impact – and sometimes with far lower transaction costs. The map of poverty is also changing and becoming multi-polar – concentrated in states affected by conflict and fragility, and yet also visible through the inequality of middle-income mega-cities. As a result the environment in which governance advisers will help deliver the SDGs will be very different from that of the MDG period that went before.

In addition to these trends in the wider context there is also increased recognition that governance innovation has often focused on models and not actual programmes and delivery. Work by IMC Worldwide on innovation in governance programming found that change can happen even within the existing procedures and systems of development agencies. Their guide for practitioners would surely find its way onto Lucy's reading list.

Learning how to make flexibility, adaptability etc. real will therefore be one of Lucy's greatest challenges; in doing so the relationship with partners will hopefully evolve. Certainly the rise of new bodies such as the Effective

Institutions Platform signal a change towards recognition of more South-South solutions. The challenge posed to the tyranny of experts by more critical partner voices is an encouraging corrective. One of the editors was recently at a forum at which partners raised the issue of the apparent monopoly on information and evidence that often resides with aid agency staff. Governance advisers quote data, research and experts in what can seem like a barrage intended to push through a particular approach. Thanks to new forums, such as the EIP, those days may be coming to an end.

For Lucy this opens up the opportunity for dynamic questions about capturing diversity and dealing with the extraordinary complexity that is inherent to supporting public administration reforms across a range of different countries and contexts. While Lucy has followed a traditional career path she would do well to engage with peers that began their journeys from a different starting point.

In conclusion we would therefore suggest for our fictional Lucy a long conversation with *Afar*, born in the region of the same name – where in 2015 it is said the oldest human fossil was found. Afar was educated in Addis Ababa, undertook a scholarship in International Relations in China's oldest university, and took on a position within the private sector before finding himself providing advice to a country's Ministry of Planning. As a young professional, Afar struggles with many of the same questions that Lucy is faced with. And yet his points of reference are fundamentally different.

Lucy has excelled at integrating Douglass North, Francis Fukuyama, Daron Acemoglu and James Robinson, and Matt Andrews into her thinking on the importance of politics, institutions and problem-driven iterative approaches. Afar on the other hand is influenced by a different tradition – finding himself torn between Wang Anshi's 1058 manual on public management focusing on the selection, training, motivation and remuneration of civil servants and Nizam al-Mulk's focus on accountability for results in his 11th century Book of Government or *Siyasatnama*.

Perhaps for Lucy's next project, she might reflect on how best to globalise her request for advice, and connect with many of her peers working to strengthen their own country's institutions and public policies. This also means that it is time to open up the intellectual traditions box that underpins much of the analysis that governance advisers rely on and which are outlined in this volume – from political economy analysis, political settlements, Weberian windows and problem-driven approaches, to stakeholder incentives and engagement practices.

After all, doing development differently implies going beyond the comfort zones of our collective thinking on development. There is a broad consensus in many development agencies on the need to better understand politics and how it affects countries' development paths. But we would do

well to question how these same questions have been tackled by those at the forefront of change – in executive agencies, civil society, the private sector and elsewhere. Lucy might need to explore with Afar how he perceives the political environment in which he operates and how his view of state-society relations are affected.

A key question for Lucy's next project then (and perhaps for GovNet's second volume) is to explore how different intellectual traditions might impact on the ways in which development happens and is best supported. This will help counter any groupthink and some degree of naiveté on Lucy's part as she sits down with Afar to exchange on the state of governance in 2015 and beyond.

A second major question for the future might be how in practice to engage with partnerships on governance – a primarily domestic and politically sensitive area. The term has become a staple addendum in much of our development policy guidance. When asked by their respective hierarchies to engage in partnerships, Lucy and Afar will both need to reflect on what this means for them. What value will they extract by engaging in global or national partnerships focused on institutional reform or broader governance issues? Shining the light on good practices in different contexts is an obvious answer – but what about the trickier question of actually fostering sustainable change in the ways in which a public administration operates. Lucy and Afar might both complain that it adds to their work load and results are not as immediately visible when there is the option to "just get on with it and go it alone".

It is time for partnerships to deliver on this agenda and to better highlight the results of peer-to-peer learning in dealing with specific technical and political challenges. The Effective Institutions Platform and its Peer to Peer (P2P) Learning Alliances represent an effort to do just that.

Finally, the broader question of geopolitics is one that will need to be tackled by both Lucy and Afar as they progress in their careers. With many development agencies being asked to engage with, and help to inform, national foreign policy priorities; Lucy will have to revisit some of her briefings and notes to self in light real events and the shifting nature of policy and debate.

The changing nature of partnerships for governance reform, particularly in pursuit of the SDGs, is perhaps the most refreshing opportunity for the governance practitioners of the future. This volume, though its dialogue with Lucy, has tried to speak directly to those who work day to day to support governance reform from the perspective of development agencies. It has attempted to sympathise with the challenges, provoke thinking and debate, and most of all to keep a healthy balance of commitment to the cause and openness to the critiques.

The editors of this book started from the viewpoint that there was room for innovation and change – but that there is also a great deal to draw on from the sector, and its journey so far. Each of the papers included in the volume have been provided as a personal contribution to the debate; the vigour and energy that emerges in the discussions around governance is a good sign. The commitment to delivering accountable, responsive and effective institutions both among development agencies, and within its partner organisations and counterpart ministries is the right starting point for Lucy and all her colleagues.

DEVELOPMENT ASSISTANCE COMMITTEE

To achieve its aims, the OECD has set up a number of specialised committees. One of these is the Development Assistance Committee (DAC), whose mandate is to promote development co-operation and other policies so as to contribute to sustainable development – including pro poor economic growth, poverty reduction and the improvement of living standards in developing countries – and to a future in which no country will depend on aid. To this end, the DAC has grouped the world's main donors, defining and monitoring global standards in key areas of development.

The members of the DAC are Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, the European Union, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, the United Kingdom and the United States.

The *Governance Practitioner's Notebook* provides space for expert commentators and practitioners to speak to current debates on governance issues. The *Notebook* is aimed at practitioners working to support institutional reform initiatives; introducing major themes and the challenges facing development practitioners.

Experts including David Booth, Tom Carothers, Nick Manning, Fletcher Tembo, Matt Andrews, Lant Pritchett, Sue Unsworth, Frauke de Weijer and Heather Marquette offer insights into alternative approaches and new ways of working. Practitioner opinions and summary chapters also explain the development of governance thinking and practice within development agencies over time.

The OECD-DAC Network on Governance (GovNet) is a forum for practitioners from the development co-operation agencies of Development Assistance Committee (DAC) countries. The members of GovNet work collaboratively, with each other and with other bodies and platforms, on issues of governance and institutional development.

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