

Policy Dialogue

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1. Introduction

- Policy dialogue is a concept with a long but somewhat dubious pedigree
 - prominent during the structural adjustment era
 - IFI views imposed on reluctant governments
- Policy dialogue (PD) is supposed to be different under the new aid approach (NAA)

Policy dialogue – two era’s, two approaches

	Structural adjustment (in practice)	New aid approach (in principle)
What is discussed	Economic reforms	Institutional reforms
Focus of reform	Inputs and activities	results
Solutions suggested by donors	Standard recipes: 'Washington consensus'	No standard recipes
Negotiation style	Monologue	Dialogue
Actors on donor side	- IMF and World Bank - Mainly from HQ	- Multiple donors - Increased role for field representations

Policy dialogue under the NAA

- Reform / governance oriented
- Increasingly institutionalised
- Yet risk of fragmentation and proliferation
 - NAA increasingly about portfolio approach
 - large number of donors
- What is role of smaller donors?

Policy dialogue consistent with NAA ?

- Purists may argue that policy dialogue in reality violates the following principles
 - ownership
 - results orientedness
 - mutual accountability
- According to this view, donor reform meddling and conditions are inappropriate
- We disagree

PD and ownership

- Anything goes? NO: Ownership over reform drive, over developmental objectives is crucial
- The particular strategy for reform must come from inside the country
- The pace of reform must be sensitive to domestic political possibilities
- But within these limits progress must be real
- Donors have responsibility towards
 - their own taxpayers
 - the poor in the recipient countries

PD and results orientedness

- PD must be results oriented but at what level ?
 - outputs, intermediate results, results, impact ?
- The final results (impact)
 - far in the future
 - difficult to measure
 - even more difficult to attribute responsibility
- Hence policy dialogue
 - also at earlier stages

PD and mutual accountability

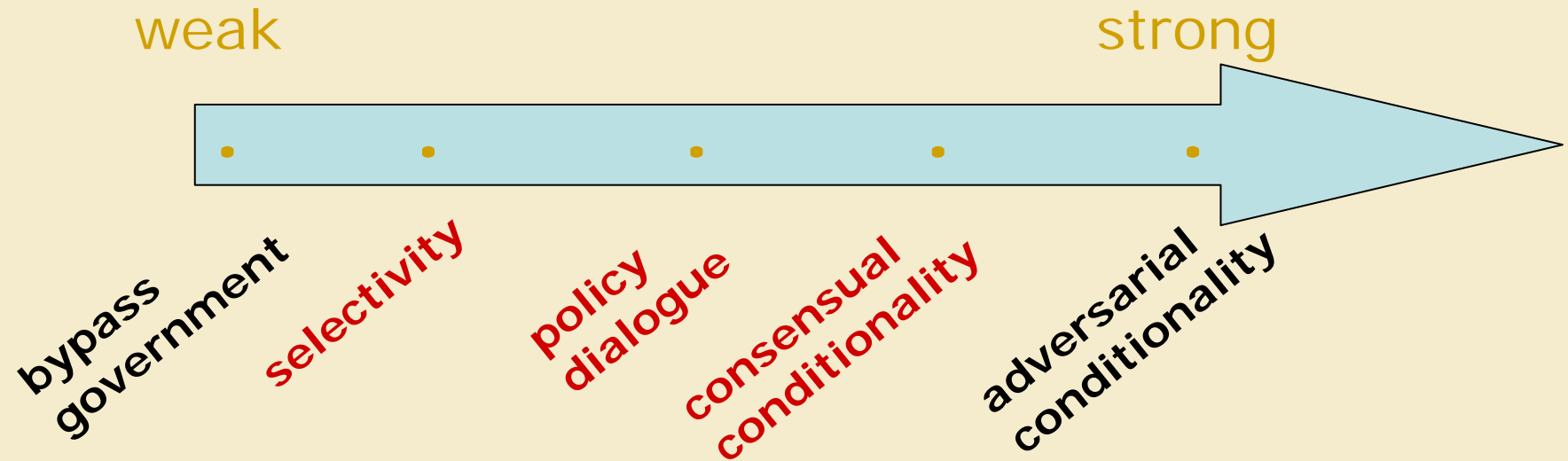
- The idea of balanced partnership is nice, but if recipient are not development maximisers, also dangerous
- It leads to PD without 'bite'
- Recipients are good at exploiting these contradictions in the donor discourse (Rwanda)
- Some donor bureaucrats also get caught up in partnership delusions

The gamble of the NAA

- Hinges on the existence of a sufficient degree of commitment on the part of the government
- Yet only in a few cases is reform driven from the inside
- In most countries commitment is superficial, or opportunistic
- In some countries it is limited:
 - not shared by whole government
 - related to certain domains
 - unstable in time

How donors deal with governance

degree of donor interference



Two types of conditionality

	Adversarial conditionality	Consensual conditionality
Sequence	ex ante	ex post
Subject	<ul style="list-style-type: none"> • input • policy 	<ul style="list-style-type: none"> • process • output/outcome • final result
Drivers of change	external	internal

A proposition

Policy Dialogue

- will be in touch with an internal reform drive or not succeed
- will be sensitive to opportunities for change or not succeed
- will at times be tough or will not succeed

Opportunities and challenges for a 'small' donor

- Small donors have an important role to play
 - small donors can be as smart as a big donor, and ideas count more than money
 - small donors are also non threatening
- Importance of clear strategic view, strategic use of portfolio approach
- Comparative advantage at the lower end of portfolio (sector, subsector, projects)
 - Importance of linking insights to higher levels
 - Integrating approaches and actors (BTC-DGDC-indirect actors)

Some questions

1. How do you assess the quality of governance in 'your' country?
 - How far is it on the scale failed state – developmental state
2. What will be the major development challenges facing the country in the next 10 years?
3. Where do you see windows of opportunity for donors to strengthen internal dynamics of change?
4. How do you assess the donors in 'your' country. and in particular the policy dialogue ?

Some questions

5. How do the answers to the previous questions influence your advice on aid volumes
6. ... And on aid modalities (GBS, SBS, basket funding, programmes, projects)
7. ... And on specific instruments (national execution, joint, BTC)
8. In the portfolio that Belgium will 'manage', what is the role for policy dialogue ?
9. What is needed for Belgium to be able to play its role in the policy dialogue (resources, BTC/DGDC interaction, HQ/field interaction) ?

Thank you !

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