IOB
INSTITUTE OF DEVELOPMENT POLICY AND MANAGEMENT

Is the Paris Declaration realistic?

The political limits of aid architecture reform

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Outline

- What is expected from actors?
- Principles and assumptions
- The biggest challenge for donors today
- Ways forward

What is expected from the main actors under NAA?

- All actors (gvt, donors, civil society) are development partners (DPs)
- Aid and aid implementation is reform driven, governance oriented

Specifically

- Government
  - Commitment to development & poverty reduction
    - ⇨ ownership
  - State capacity to formulate/plan/implement
    - ⇨ politics and institutions matter
  - Transparent use of resources
    - ⇨ accountability mechanisms
  - Bring in civil society

- Aid agencies
  - Partnership
    - ⇨ long-term commitment
    - ⇨ mutual accountability
    - ⇨ frank policy dialogue
    - ⇨ transparent conditions
  - Alignment
    - ⇨ flexibe use of new aid modalities
  - Harmonisation
  - Good donorship
    - ⇨ predictable aid
    - ⇨ good quality technical assistance

- Civil society
  - Broaden ownership
  - Bring pro-poor interests to the forefront:
    - Be close to the poor - Represent the poor
    - Formulate pro-poor contributions
    - At several stages: formulation, implementation, M&E
  - Play a watchdog role
    - In reaching poverty reduction goals
    - In pushing government towards more transparency, effectiveness, …

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But...

- How realistic are these expectations?
- What do we know about the nature of the state in LICs, about donors, about civil society?

Our main message

PDprinciples are nice in principal but…

- Too woolly hence open for diverging definitions and interpretations
- Too ambitious
- Too technocratic

=> PD ignores the fundamental political nature of aid, aid relationships and aid interventions and therefore PD is unrealistic in what it sets out to do

Principles and assumptions

- NAA is full of principles, but what is meant by a given principle?
- Which are the underlying assumptions
- Listing the assumptions, lifts the veil on possible effects of the NAA

« Never make or teach assumptions… »
Pat Parelli

Ownership: Principles   → Assumptions

- Ownership and institutional capacity closely correlate

- Ideal is broad-based ownership

- Ownership can be constructed through capacity building

- Ownership is assumed
  - Over poverty reduction & over participation
  - To be something stable, with public good characteristics

- Gvt ownership and broadbased ownership can be mutually exclusive
  - Political elite (President & co)
  - Government/bureaucracy
  - Parliament
  - Civil society

Governments are assumed to be development maximisers

Participation: Principles

→ Assumptions

Shift in focus :

Micro → Macro

Project → Policy

Beneficiary → Citizen

Consultation → Decision making

Evaluation → Implementation

	↗ **ownership**	↘
Civil society participation	→ **pro-poor effectiveness**	→ **poverty reduction**
	↘ **accountability**	↗
	↘**democracy** ↗	

- Openness to participate is assumed
- Participation: just one definition? From being informed to joint decision making…
- Participation is de-politicised and reduced to technocratic advantages
- Pro-poor orientation of civil society is assumed
- Civil society can correct political wrongs at level of gvt.

Democracy and Development are seen as mutually re-enforcing dynamics

Results orientation: Principles → Assumptions

- Results-oriented approach gives more autonomy and responsibility to the recipient
- The importance of M&E systems / performance: accountability and learning
- (see Nathalie Holvoet)

- Poverty reduction results matter in a neo-patrimonial state
- Willingness to be accountable is assumed

Comprehensiveness: Principles → Assumptions

- key objective: poverty reduction
  - poverty diagnostic
  - what is poor, who is poor, poverty traps
  - why did policies not work in past?
- macroeconomic conditions for growth
- sector attention
  - health
  - education
  - agriculture, …
- crosscutting issues
  - gender
  - environment

- Poverty reduction without structural analysis?
- Poverty reduction by service provision?
- Gvt capacity/will to coordinate is assumed
- Abstraction is made of how aid flows (GBS) empower and disempower groups within gvt

Partnership: Principles → Assumptions

Partnership: Principles

- Partners in development

- Long-term relationship, flexible aid, slow results, aid is reform driven
    - based on selectivity, thus trust

→ Assumptions

- No power imbalance between giver & taker
- Accountability problems home politics of donors
    - Selectivity is difficult due to multiple motivations for giving aid
- Long term vision compatible with short term electoral challenges

Harmonisation: Principles → Assumptions

- Donors coordinate
  - Share information
  - Share analysis
  - Share procedures
  - Act jointly: missions, evaluations, …
- Transaction costs for gvt will decrease

- Donor home politics do not matter (aid agencies are politically led)
- Donor is homogeneous entity
- Donor consensus on reform priorities (technocratic – political governance), reform assessments, what is sufficient progress (or not)
- Donors do not mind becoming 'invisible'
- Gvt does not feel threatened by donors ganging up – manoeuvring space for gvt not negatively affected

Alignment: Principles → Assumptions

- Donors align
 - To national priorities
  - To national systems

- Donors have no other agendas than development
- Quality of recipient political system, regime and capacity can be objectively assessed
- Quality of M&E systems in recipient country and political commitment to improve M&E) can be objectively assessed
- No price tag for recipient gvt (budget insight, aligning to national procedures, per diems…)

Donors are assumed to be development maximisers

Empirical evidence on donor motivations

Figure 3. Aid, democracy, and a colonial past.

Empirical evidence on donor motivations

Figure 4. Aid, openness, and colonial past.
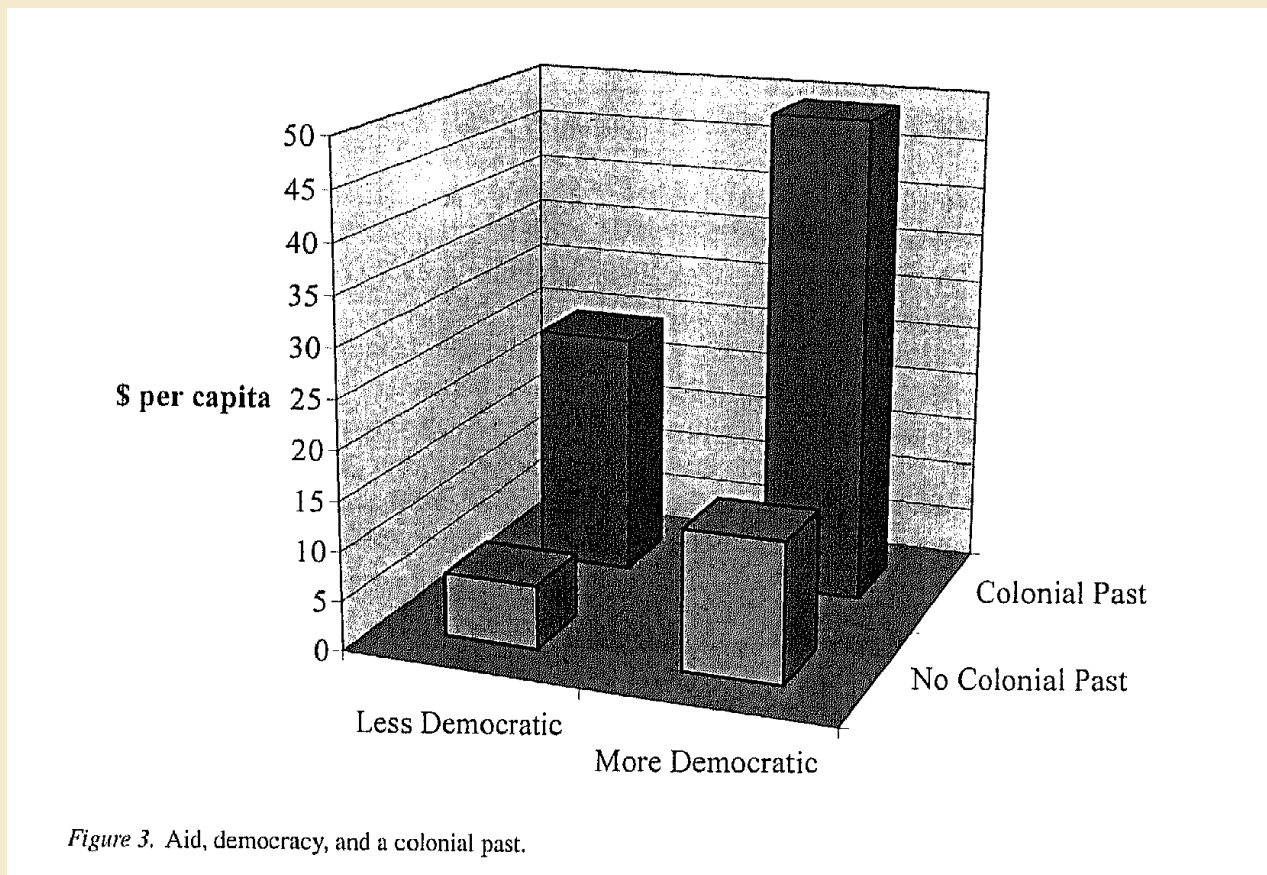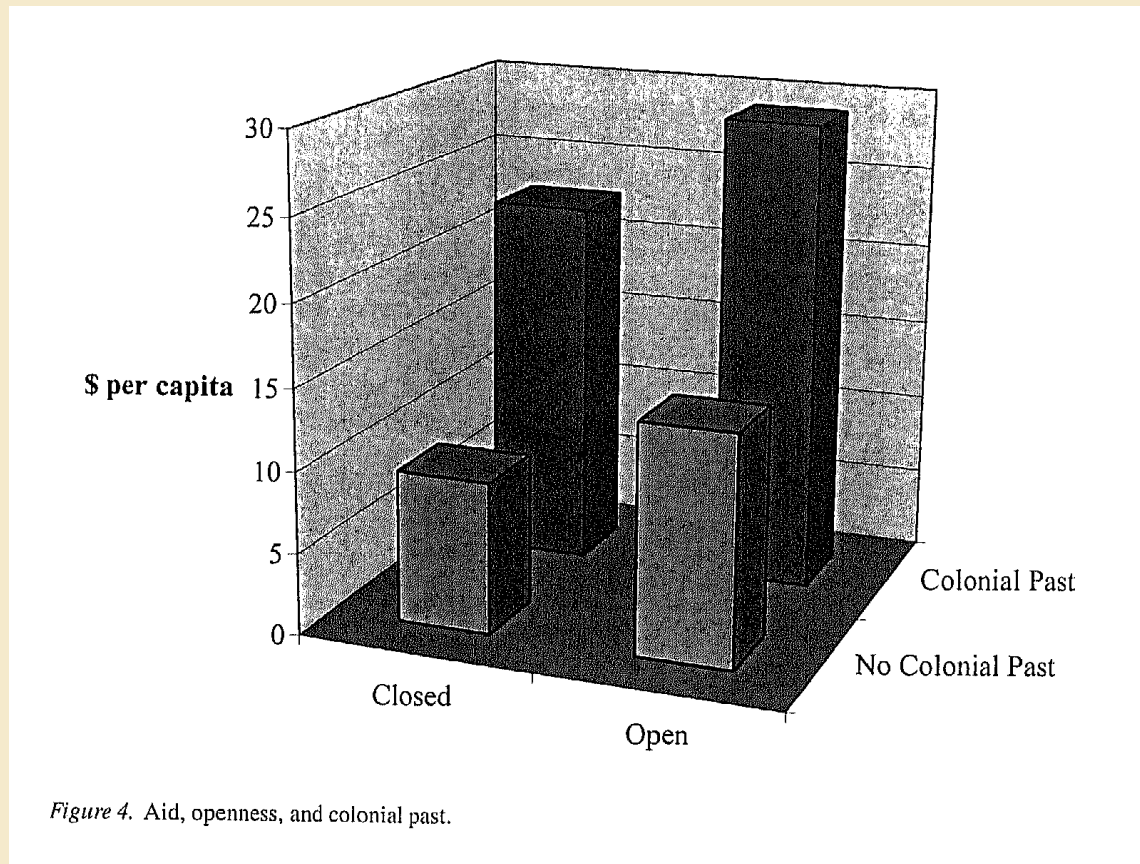
The biggest challenge for donors today...

- The political aspects of the NAA...
- Dealing with conflicting interests of different actors
  - Deal with multiple donors and their tensions created by diverging hierarchies of goals
    - Foreign Affairs
    - Development Cooperation
  - Assess gvt willingness, find the drivers of change
- Deal with GBS as a leverage for change, but how and where must one start?
  - Technocratic governance
  - Political governance
  - Use carrots and sticks smartly and appropiately

- Causality: Empirical evidence points at road 2, Exceptions are India, Botswana (road 3)

Technocratic governance

Miracle economies
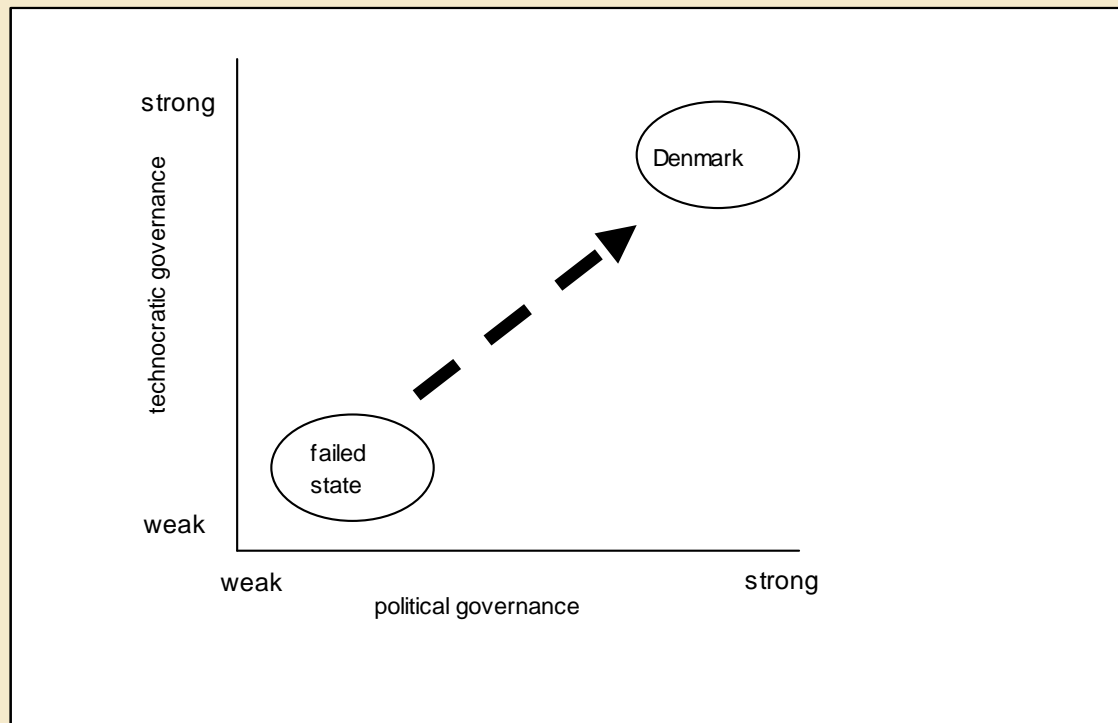
Denmark

2

1

Failed states

3
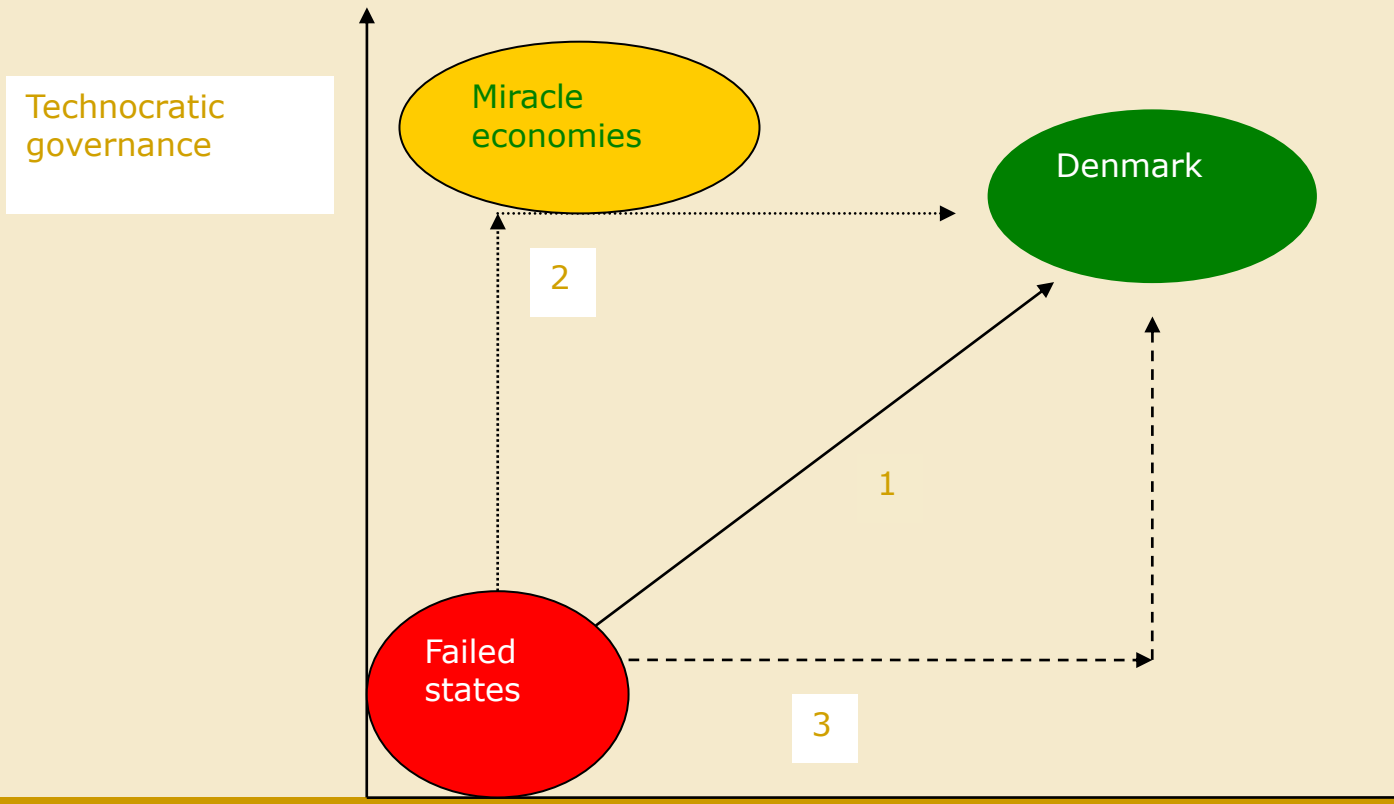
Ways forward

- Taking context into account → Portfolio approaches – including projects
- Be aware that institutional engineering is not about recipes
- Think politically, act technocratically

| Aid modality	Good governance	Average governance	Weak governance
Amount of funding	Large	Average	Small
Responsibility for setting priorities and designing projects and programs	Mostly with recipients (country ownership)	Combined donor and recipient	Mostly with donors
Program or project funding	Mainly program and budget support	Primarily projects, but some program and budget support	Almost entirely projects
Breadth of funded activities	Broad—support full poverty reduction and development strategy	Moderate—support areas with most promise for progress	Narrow—look for specific opportunities where some progress is possible; focus on humanitarian relief and providing basic services
Degree of donor flexibility	Most flexible	Limited flexibility	Very little flexibility
Recipients	Mostly government, with some to NGOs and private sector	Mix of government, NGO, and private sector	Larger share to NGOs, with some to governments
Length of donor commitment	Long (5 years or more)	Moderate (3–5 years)	Short (1 year)
Monitoring and evaluation	Strong monitoring and evaluation with good baseline data; primarily focus on outputs and outcomes	Strong monitoring and evaluation with good baseline data; focus on inputs as well as outputs and outcomes	Strong monitoring and evaluation with good baseline data; very tight oversight and regular re-appraisal

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Institutional engineering toward Denmark

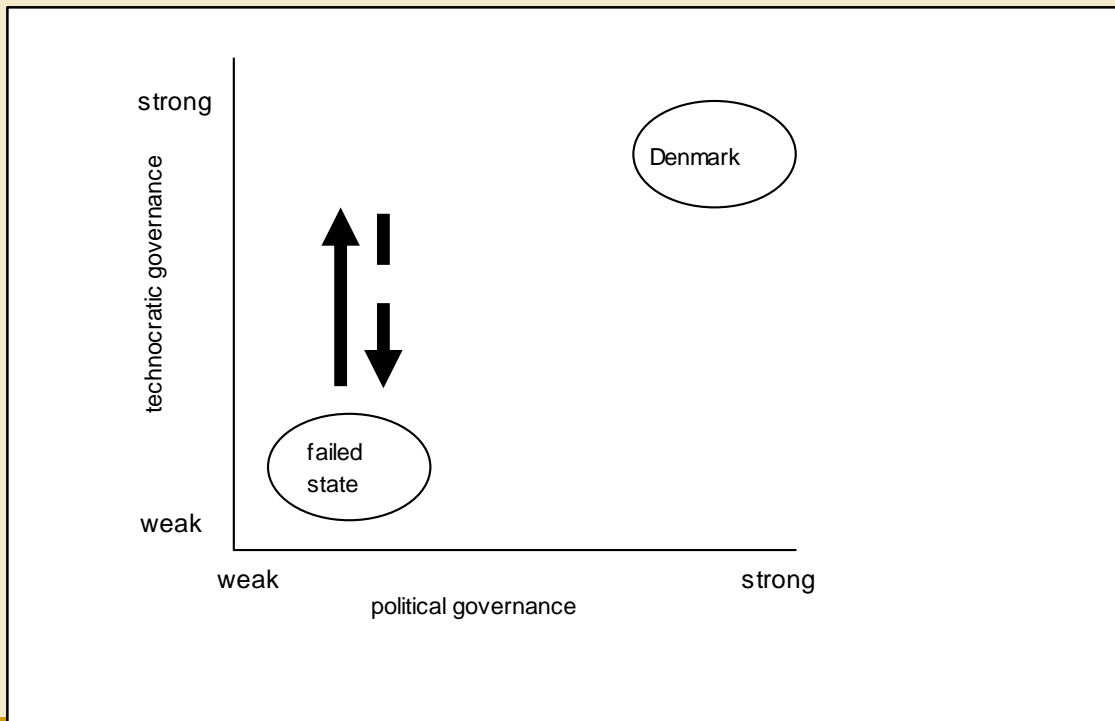- Balanced progress along a straight line may not be realistic

Getting to Denmark

- The technocratic road to development: technocratic reform may ignite spontaneous internal political reform dynamics
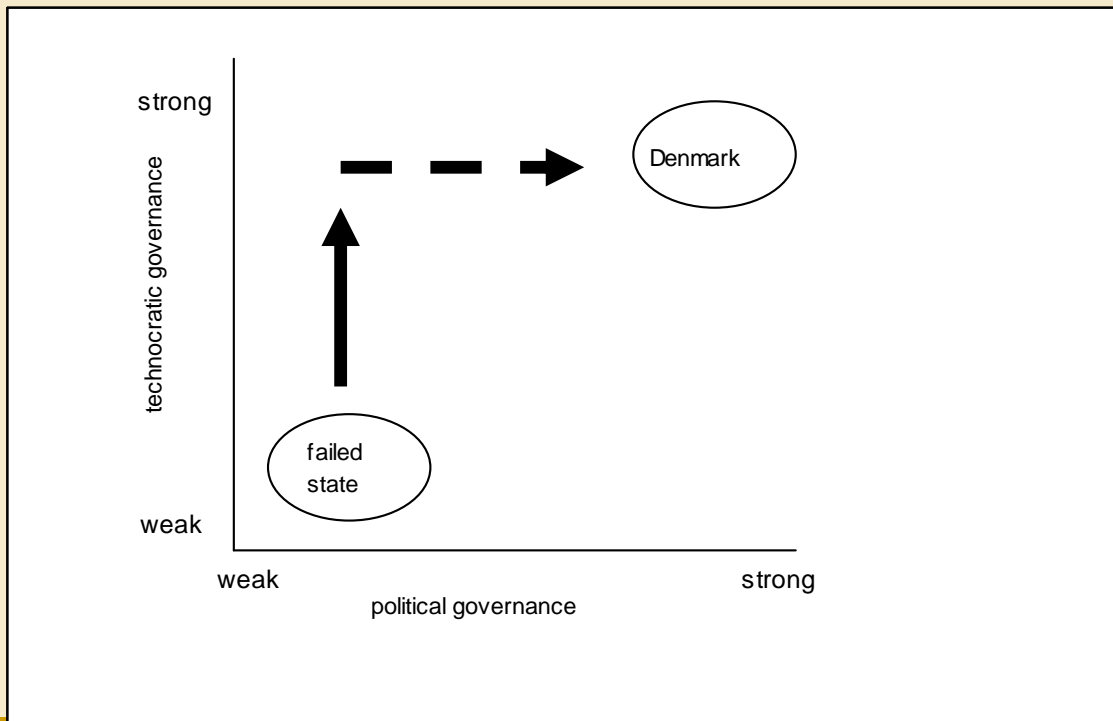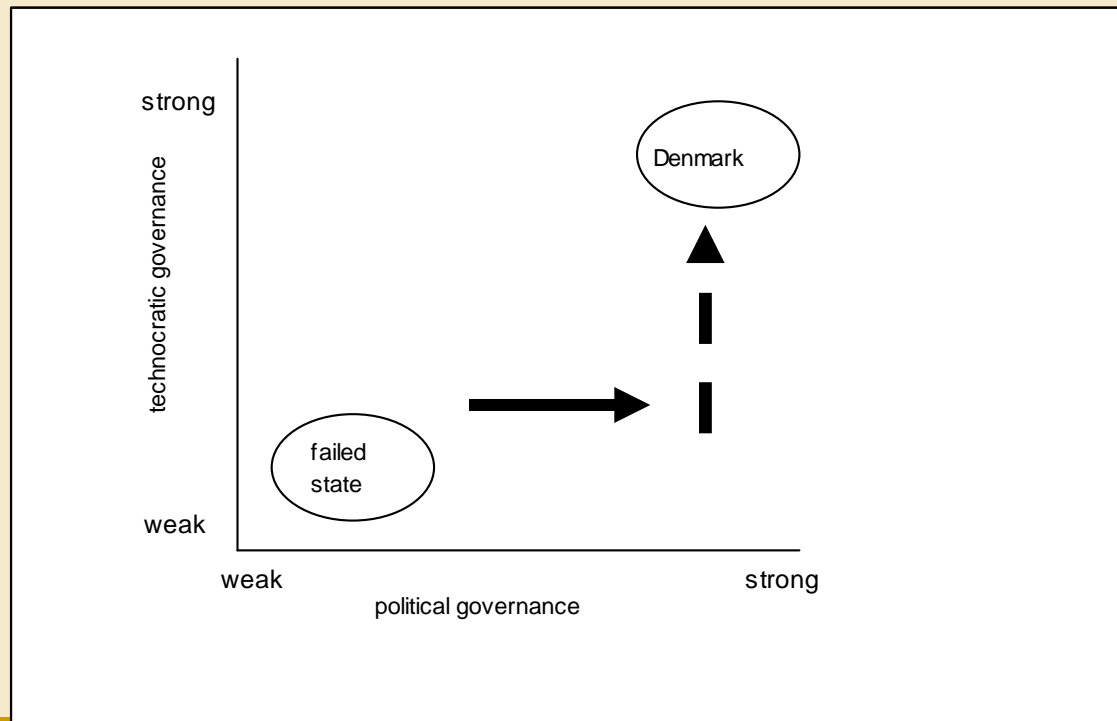
Getting to Denmark

- The technocratic road to development: but lack of political progress may also undo technocratic progress
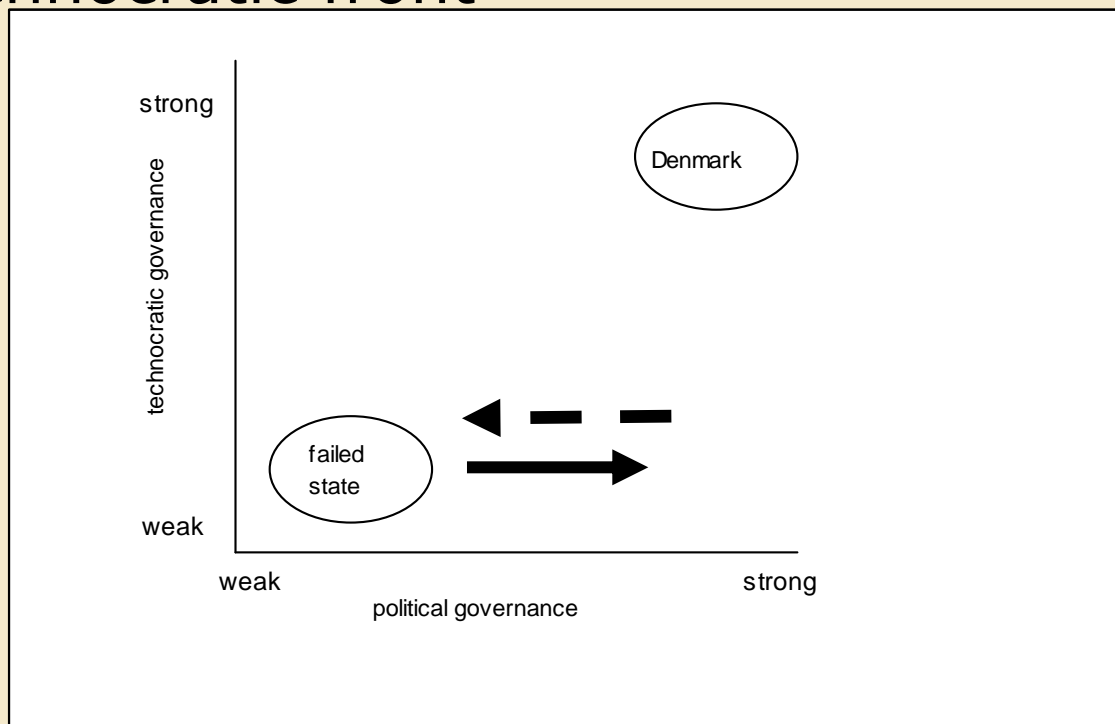
Getting to Denmark

- The democratic road to development: externally driven political reform may provoke technocratic reform
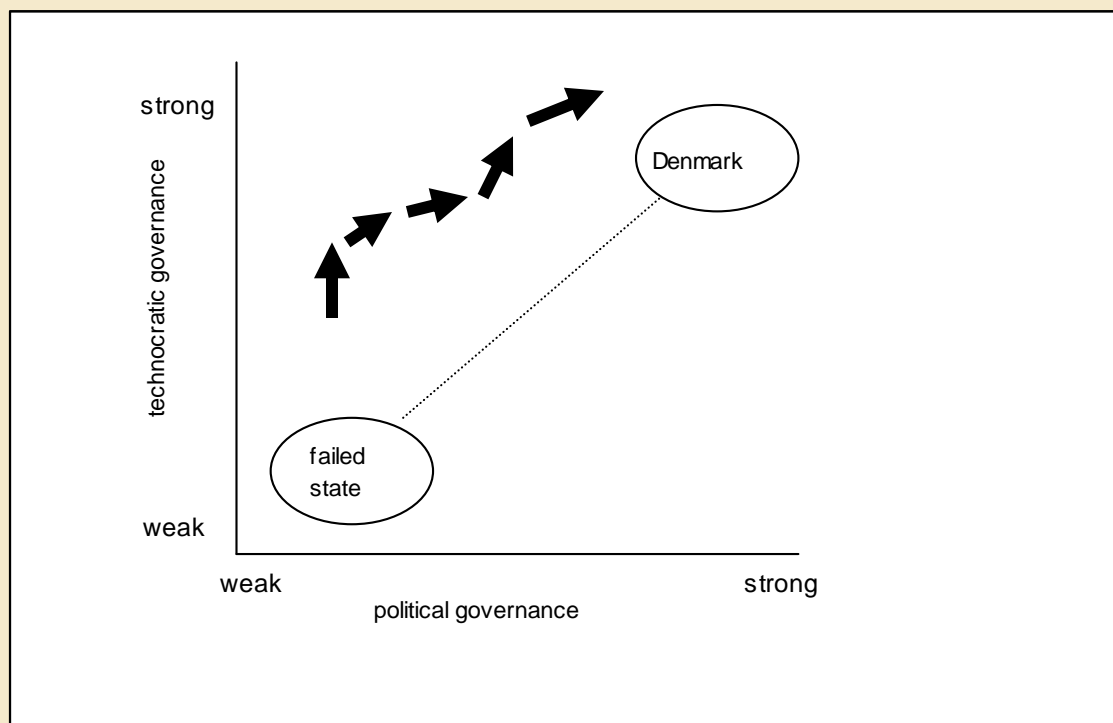
Getting to Denmark

- The democratic road to development:but just as well be undermined by lack of progress on the technocratic front

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Getting to Denmark

- A checkered itinerary may be the fastest: typically using a "northeastern passage"

Think politically, act technocratically

- Three smart people can design a technocratic reform

- but feasibility of reform is political
  - Winners and losers battle over content and pace of reform
  - Pockets of ownership encounter pockets of resistance
  - Final outcome determined by power issues

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