



# **Policy Dialogue and the New Aid Approach: Between principles and practices**

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# 1. POLICY DIALOGUE UNDER NAA: PRINCIPLES

	Projects	SAP	NAA
<b>CHARACTERISTICS</b>			
<b>Period</b>	1960-1980	1980-2000	2000-
<b>Donor perceived constraint on development</b>	Fysical and human capital	Macro economic policy	<b>Governance failures</b>
<b>Aid instruments</b>	TA and donor supervised projects	Structural adjustment loans	<b>Budget support</b>
<b>Attitude towards gvt</b>	Bypass	Bully	<b>Persuade</b>
<b>Drivers of reform</b>	External	External	Internal
<b>POLICY DIALOGUE</b>			
<b>What is discussed</b>	Piecemeal micro reform	Macro-economic reforms	<b>Institutional macro reforms</b>
<b>Solutions suggested by donors</b>	Technical solutions	Washington consensus	No standard recipes
<b>Conditionalities</b>	Ex ante: inputs	Ex ante adversarial: inputs, policy	<b>Ex post consensual: output, outcome, process</b>
<b>Negotiation style</b>	Monologue	Monologue	Dialogue
<b>Actors on donor side</b>	Multi- and bilateral, NGOs	IMF and WB Mainly staff head quarters	Multi- and bilateral donors Increased role field staff Increased input <b>civil society</b>

- The NAA recognizes: development is a political process

### What is political?

- Political are 'all those activities of cooperation, conflict, bargaining over the production, allocation and distribution of tangible and intangible resources' (Leftwich Adrian)
  - More or less resources to people/groups will change their relationships and the powerconfiguration: ex: BS & power position of the Minister of Finance vs Line Ministries, ex: kids allowances
- Under the NAA aid is considered a leverage of change: this is political because it implies changing the production, allocation and distribution of resources in favour of poor/the poorest

## 5 conditions for a successful Policy Dialogue

- Enhanced selectivity
- Frank and open dialogue linked directly with decision making and implementing power
- Consensual, ex-post and resultsoriented conditionalities
- Harmonised endeavour
- Fostering accountability

## 2. POLICY DIALOGUE IN PRACTICE

- Clashing selectivity issues
  - Eligibility criteria differ widely between donors → Mixed signals
  - => Widely varying views on what Budget Support (BS) should realize
    - DEMOCRATIC GOVERNANCE VERSUS TECHNOCRATIC GOVERNANCE
  
- No frank and open dialogue linked to power to decide and implement:
  - Reductionist
  - Technocratic vs politically feasible
  - ‘Genuine’ ownership fluctuations
  - The importance of persons

- Clashing views and approaches to consensual, ex post and resultsoriented conditionalities:

on the side of the donors:

- Different interpretations of status of Underlying Principles in Memorandum Of Understanding: link with Performance Assessment Framework? link with BS?
- Conflicts over assessments especially with regards to 'unplanned, unforeseen events' (ex. corruption scandal Zambia, Elections Mozambique)
- The power of the 'Denmark Orthodoxy' versus BRICs

on the side of recipients:

- Aid dependency influences compliance (ownership?)
- Absorption and coordination constraints
- Weak implementation/M&E systems

- Clashes between PDs undermining harmonisation:
  - Policy Dialogue Proliferation (too many donors) and fragmentation (too many tables) → Strategic buy-in behaviour to get access to certain Policy Dialogue fora
  - What to discuss where and by whom?
  - Division of Labour as a quick fix for harmonization tensions?
  
- Accountability clashes:
  - Little to no input from civil society
  - PD can undermine the role of parliaments, political parties, civil society (ex Mozambique)

### 3. EXPLAINING THE GAP

**Paris Principles ignore the fundamental political nature and subsequent incentive structure of involved actors.**

- Donors and recipient governments are not necessarily development maximizers
  - Multiple constituencies – interests – power configurations
- Aid agencies are politically led hence the ‘problem’ of domestic accountability
- Citizens, Civil society in recipient countries no deus ex machina
  - Heterogeneous, not neutral, not necessarily pro-poor nor democratic.
  - Expect ‘corrective’ citizenship in weak institutional environments is to ignore existing power relations



## 4. TOWARDS A BETTER POLICY DIALOGUE

### At FQ

- A good PD strikes a balance between the desirable and the possible: **PE+** = Development oriented PE analysis  
+ political savvy:
  - Detecting windows of opportunity
  - Build coalitions
  - Think politically, act technocratically
- Layered PDs need nesting: horizontal and vertical articulation
- Formal is overrated

### At HQ

- A need to tackle domestic accountability pressures:
  - Communication
  - Capacity building

# Thank you

This ppt draws in part on joint research with Robrecht Renard

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