



Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Papers

The Beyond Accra conference fostered an invigorating exchange of experiences and knowledge regarding the role of Accountability and Ownership in national development strategy decision-making and implementation. Within the international development debate, Ownership – the Paris Declaration's first principle – was acknowledged as an overarching principle of development. However, the key question of how to grasp and apply the concept in a practical context remained open. Ownership processes are embedded in the unique and complex political setting of the respective country, as well as in the national and international networks of the interested parties. Insights into the nature of these relationships – such as those between cooperating development partners and their roles and responsibilities – were provided at the conference. The papers in this collection served as the basis for the discussions at the conference, which were separated into 6 thematical groups.



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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Ulrich Mueller (Germany- GTZ): “Mind the Gap! Ownership in Practice“

“Mind the gap!”

Ownership in Practice

Dr. Ulrich Müller
GTZ

„And I have been learning since that time to exercise a practice, which I have not parted with: to always think the practice. Thinking the practice of today is indeed not only an efficient way to improve the practice of tomorrow but it is also the effective way of learning to think right.¹”

(Paulo Freire in conversation with Frei Betto and the journalist Ricardo Kotscho in: „Essa escola chamada vida. Depoimentos ao repórter Ricardo Kotscho“ p. 9)

1. Introduction

Within the international development debate, ownership – the Paris Declaration’s first principle – is acknowledged as an overarching principle of development. However, the key question of how to grasp and apply the concept in a practical context remains open. Finding possible answers to that question and fostering an invigorating exchange of experiences and knowledge on the practical implications of ownership and accountability in the decisions regarding and the implementation of development strategies were the main objectives of an international conference held in London from 22-24 of April 2009. The conference was jointly prepared and hosted by the London School of Economics (LSE), Swiss Development Cooperation (SDC) and the German Technical Cooperation (GTZ). It gave room for 46 participants from 24 countries to present and discuss the conclusions of their work within government organisations, NGOs, research institutes and cooperation agencies.

Given the vital importance of the ownership principle, the debate during the London conference led to **conclusions regarding not only the understanding of ownership but also on development in general and on the role and effectiveness of development cooperation.** In the following some essential findings will be highlighted and enriched with references to the contributions by the participants.

2. Ownership - a process for partnership

The concept of ownership

The concept of ownership is not new in development cooperation. It is a product of several decades of learning within the development community that reaches from dependency theory over concepts of self help and participation to the current debate on aid effectiveness.

Ownership can be defined as the idea **that societies as well as persons assume the responsibility for their own development.** It is an expression of **self-confidence** that allows them to **cooperate** with each other. Ownership thus creates favourable conditions for a **partnership**, in which both parties share the same rights and recognition.

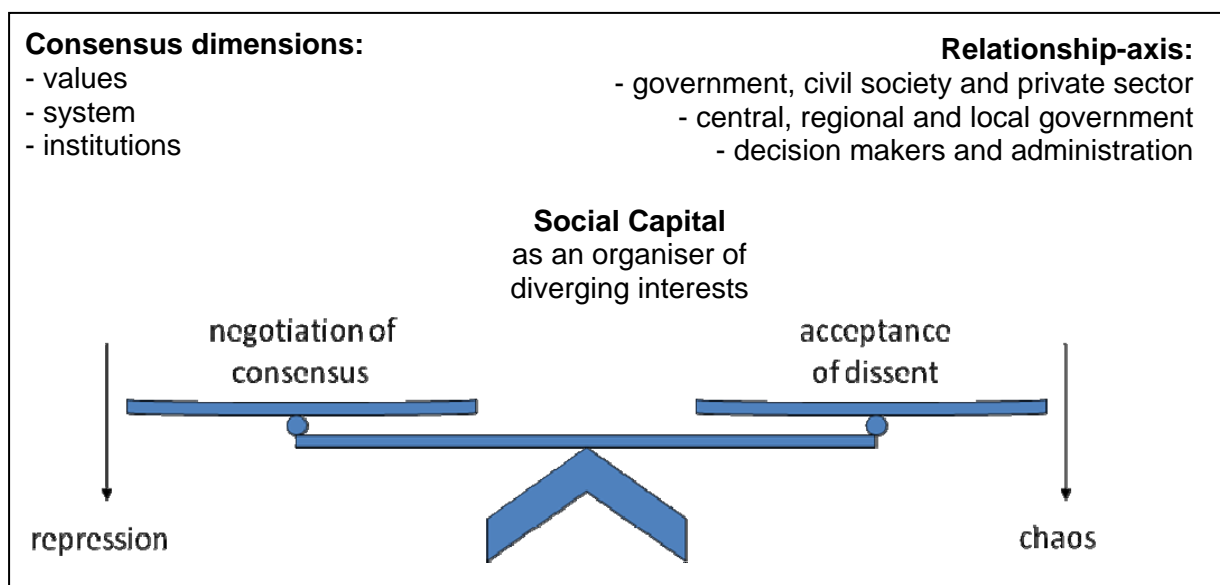
¹ Original: “E fui aprendendo, desde aquela época, a exercer uma pratica de que não me afastei até hoje: a de pensar sempre a prática. De fato, pensar a prática de hoje não é apenas um caminho eficiente para melhorar a prática de amanhã, mas também a forma eficaz de aprender a pensar certo.”

With its reference to self-determination the concept of ownership is **deeply rooted in the ideas of modernity**. In Europe the approach of personal responsibility and self-determination was formed over a long period of time that reaches from renaissance and enlightenment to modernity. Other continents do not share that specific intellectual history and may consider ideas from the European tradition as foreign and imported. Nevertheless the concept of ownership itself opens a possibility to overcome these problems, since it recognizes in relations between societies, the existing differences in cultural, political and economical traditions and practices by appreciating both sides equally.

Within societies ownership encompasses **leadership of governments** as well as **participation of stakeholders**. This double notion of ownership is expressed in terms like country ownership or democratic ownership. Linking leadership and participation, ownership is the result of the interaction of several societal groups that try to define development objectives for the society as whole and strategies for their implementation. In their interaction they need to find a **balance** between the **consensus on policies** - for which a government can have leadership - and the **acceptance of differing opinions, objectives and practices**, which is constitutive for participation. This balance has to be found without forcing agreement or permitting anything. Dissent forms a constitutional element of that process and is productive for finding the necessary level of consensus. The existence of oppositional approaches opens the possibility to discuss such differences and come to an approximation of the varying points of view (Müller/ Leutner/ Jäger/ Kenngott 2008).

A **simple model** that expresses ownership in the sense has been developed in a small GTZ Working Group (Müller/ Leutner/ Jäger/ Kenngott 2008). The model was also used in 2008 in an analysis of the decentralisation process in Bolivia (Müller/ Kramer 2009). In this model, the ownership process is represented as a scale. One tray of the scale carries the consensus achieved on policies and the actions to be taken. The other tray carries the dissent between conflicting interests and opinions. If the scale drops too low on the side of the consensus there will be repression, because no other opinion would be allowed. If the balance inclines towards the side of the dissent the ultimate result will be chaos where coordinated action is impossible. Meanwhile, if both trays are more or less balanced favourable conditions for reform, social change, and development are present.

Figure 1: Dynamic Ownership Model



Müller/ Leutner/ Jäger/ Kenngott 2008 and Müller/ Kramer 2009

Ownership, a process

One thing all country cases presented and discussed during the conference have in common is that **ownership is not stable over time and needs to be restored and redefined continuously**. Many participants thus stated during the conference – for instance *Tony Tujan* and *Christoph Beier* in their speeches during the public lecture in LSE's Hongkong Theatre – that ownership needs to be understood as a process. In this sense the **understanding of ownership in the Paris Declaration** (indicator 1: existence of operational development strategies) is **too narrow**, as explained by *Paolo de Renzio*.

In the model presented in figure 1 the character of ownership as a process is represented through the mobility of the scale. The scale works well, when it is able to move. Thus the **instability** of ownership should not be considered a defect or nuisance, but rather as a **constitutive attribute of ownership**, since process volatility with its 'ups and downs', as *Jörg Faust* mentioned, is always present.

Ownership needs to change in order to adapt to changing circumstances. This is, for example, the case, for instance after a change of government – as seen in the country case of Malawi, presented by *Andrew Tench* – or under modifications of power relations - like those highlighted in the case of Bolivia referred to by *Susana Erostequi*, *Katia Uriona* and *Carola Kenngott* together with *Elena Lopez-Gunn* and *Patricia Venegas*.

Ownership also changes **when policies advance from design to decision making and from decision making to implementation**. *Tilmann Altenburgs* contribution on Indian bio-fuel policies (prepared together with *Kathrin Seelige*) made it clear that ownership in the design of policies does not follow the same rationale as ownership in their implementation.

There is a **possibility of ownership developing and increasing**, as can be seen in the case of Vietnam presented by *Le Viet Thai*. But there is **no culmination point** when ownership is finally reached once and for all.

Allowing ownership to adapt to the ups and downs of volatile processes is an **expression of the sovereignty** that powerful actors have in refraining from trying to control everything. During the LSE public lecture held in conjunction with the conference, *Henry Moriya* defended the notion that **government should not try to control cooperation** and rather allow that there is also cooperation with opposition groups.

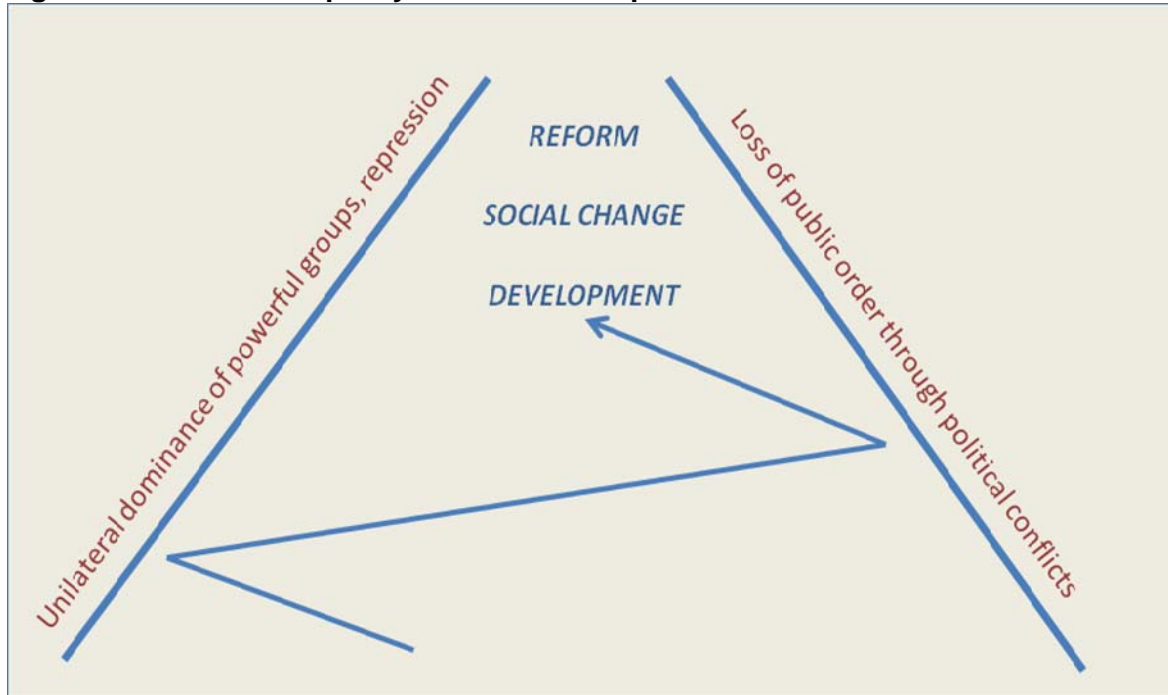
In the same way donors should not fall into the temptation of trying to control partner countries' ownership. It appears that holding the scale continuously stable with a strong grip, even if this is done with the best intentions, is more likely to destroy ownership. **Ownership**, as *Tony Tujan* put it, **is not something you prescribe**. The **risk of donor control** dominating the partnership was frequently mentioned during the conference - for example by *Kate Meagher* in her inaugural address to the conference. There is a risk is that donors and partner governments might deceive themselves into assuming a permanent ownership, a perception that can only been maintained by ignoring the inconvenient realities. *Paolo De Renzio* showed in his presentation on Mozambique how these self-deceptive mechanisms work in practice.

Instead of holding ownership stable, the scale model allows for the **temporary measurement of ownership** at predetermined points during the policy process - for example at the point of general elections in the country or the signing of a memorandum of understanding between partners and donors. These moments objective is to check whether there is still sufficient government leadership and stakeholder support and whether the policy process can successfully continue. The measurement will then be considered successful if the scale is more or less balanced and there is still is room to move on both sides- i.e. flexibility. On

the other hand one would notice a problem if the scale has dropped on the side of repression, or on the side of chaos.

The movement of the balance between both extremes, repression and chaos, can be visualised as a **zigzagging path between two crash barriers** that is moving forward **towards reform, social change, and development** (figure 2). While the path does not bump into one of the crash barriers this movement forms the straightest possible way to the desired objectives. The fact that some actors start to fear a collision, when the path comes too close to one of the barriers, gives a healthy push for changing its direction.

Figure 2: The ownership-way towards development



Draft by the author

When seen in this light, the question of who should be involved when we talk about ownership takes a new direction. It is **less a question of listing important actors** (government, NGO, think tanks etc.) and more one of **understanding how these actors interact and relate to each other** that strengthens ownership. There are many examples where governments, as *Teddy Brett* highlighted, are not necessarily pro-poor. On the other hand *Talaat Abdel Malek* made it clear that the actions of civil society organisations, who may feel “holier than thou” vis á vis governments, can also lead to counterproductive results. In this sense a key factor is domestic accountability. Rather than asking whether leadership or participation is more important, one should concentrate on how both are exercised. *Rogerio Mororo* has shown that even very participative instruments may be abused for manipulating the public opinion, while *Uwe Mummert* highlighted and analysed the importance of benevolent leadership.

In the scale model we distinguished between **three relationship-axes** (*Müller, Kenngott, Leutner, Jäger* 2008):

- government – civil society – private sector,**
- government at different levels** (national, regional, local),
- political decision makers – administration.**

The ways how actors interact on these relationship axes is specific for each country. Openness of governments, the grade of organisation of civil society, clarity of competence attribu-

tions between government levels, independency of bureaucracies from political influences, administrative career systems are some of the factors that influence how the balance moves and how ownership is formed and restored on these relationship-axes.

Another important aspect in the ownership discussion relates to the content of consensus. Ownership for certain policies cannot be seen isolated from the overall political context. Apart from sectoral aspects, **consensus on values, system, and instruments** can be distinguished from one another. There is a risk of discussing instruments (regulations, institutions, reforms) without considering the values lying behind them. *Susana Erostequi, Katia Uriona, and Afua Ansre* elaborated on these underlying aspects by emphasising the importance of the rights of indigenous people and women.

Within the complexity of relationship-axes and consensus levels *Jörg Faust* presented the idea of democratic governance as an experimental process. This led him to the conclusion, confirmed by many others during the whole conference (for instance *Tony Tujan* and *Christoph Beier*) that **ownership is rather an objective than a precondition for development**.

Ownership itself needs to be developed and worked on constantly. This is something that requires time, as *Pungky Sumadi* and *Henry Moriya* insisted during the conference: Donors need to leave their partners **time to develop their own development policies**. Donors need to adapt to their partners rhythm and time requirements

According to *Teddy Brett*, the most promising way of developing ownership is through the **long term investment in political capacity**, the formation of political organisations, and through organisers who are representative of the different interest groups and are able to mediate between them. This coincides with the question asked by *Jörg Faust* about who can serve as **organisers of the encompassing interest** in emerging democracies. Transferred to the balancing scale model this argument means that in societies where functioning political organisations (e.g. political parties) exist and encompassing interests are articulated and communicated, the scale moves slower because the existing social capital (understood as institutionalized mechanisms of communication between collective actors) creates an ambience less susceptible for repression and chaos.

Ownership and partnership

Finally, ownership not only refers to partner countries but always involves donors. **Donors cannot avoid being political actors in the partner country.** Questions on aid-effectiveness in a donor country were brought forward by *Raquel Gomes* with reference to the case of the United States of America.

There is no ownership-neutral external intervention, hence any intervention should be **ownership sensitive**, or ideally ownership enhancing. For a good partnership, both partner and donor countries need to have ownership for their part of the joint action. This is also a basic element of **mutual accountability**, the fifth aid effectiveness principle in the Paris Declaration. An overview on the concept of mutual accountability and its' relevance in practice was given by *Liesbet Steer*.

Ownership also includes the **ability and possibility to say “no”** to offers or demands. This refers to partner countries (see presentation of *Pungky Sumadi* and country case Bolivia), as well as to donors (see presentation of *Paolo de Renzio*).

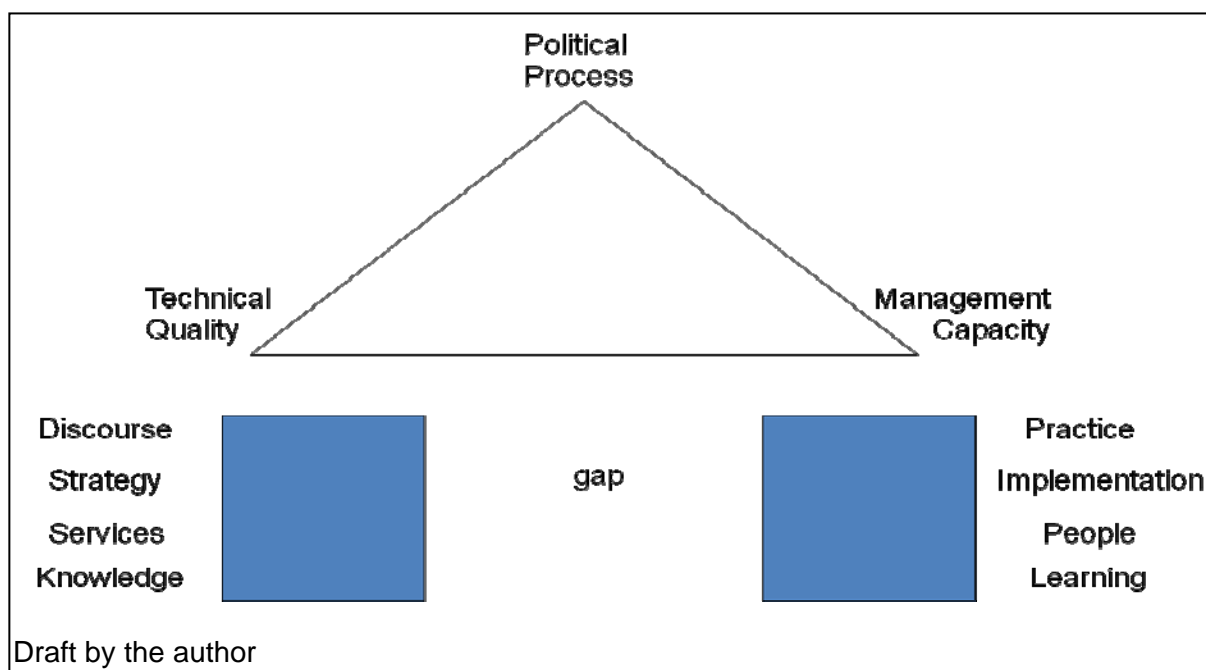
Partner countries and donors should **enter into dialogue about their respective understanding of ownership**, their ideas about values, systems and instruments – and thus overcome the rather donor centric notion of ownership, as a concept derived from modernity. There should be no place for a teleological concept of ownership in which donors are just looking for partners willing to adopt their prescriptions.

Donors can actively enhance ownership by supporting political organisations, serving as facilitators for policy dialogue - according to the recommendations given above - and by helping to strengthen partner systems and partner institutions. Examples of the latter have been given by *Carlos Figueiredo* (Supreme Audit in Mozambique) and *Agbota Codjo Ambroise* (Participatory Monitoring in the context of PBA in Benin).

3. Development – the art of bridging the gap

Another striking observation from the discussions in the conference was the frequent mention of the existence of a gap (figure 3). *Kate Meagher* spoke about a gap between discourse and practice. This point was taken up by *Philippe Besson* in his conference conclusions, quoting the speech of EU-Commissioner *Louis Michel* at the high level forum in Accra 2008: “We all know, what we should do, but we are not doing it.” *Henry Moriya* highlighted the existence of a gap between rural service providers and the poor rural population at which services should be targeted. *Neil Hatton* drew attention to the difference between knowledge and learning. Several other contributions, such as those of *Johanna Knoess*, *Tilmann Altenburg* and *Paolo de Renzio* showed that there is also often a gap between strategy and implementation. These **gaps**, rather than the absence of specific means like finance or knowledge, can be considered **the main obstacles for development**.

Figure 3: How to bridge the development gap



The image of a gap leads directly to the question of how it could be bridged. Empirical evidence shows that **bridging the gap requires more than just finance or knowledge**. Accordingly *Talaat Abdel Malek*, in his closing words at the conference, made it clear that **no amount of external funding alone can produce sustainable development**. Even if sufficient funds are available, this does not mean that they are used adequately. For this reason, developing countries sometimes refuse to accept additional financing offers from international donors. *Pungky Sumadi* highlighted that receiving countries often find themselves under a certain pressure to accept external funding. Similarly, if knowledge is available, it should not be taken for granted that it will be applied for resolving development problems.

The example of the coordination desks for rural development in Paraguay, presented by *Henry Moriya*, illustrates how steps from knowing individually to learning together can be taken.

It appears that the development debate has concentrated for too long on the question of what should be brought across the gap - finance or knowledge - with too little focus on the actual **art of bridging**. Again in the words of *Talaat Abdel Malek*: **Capacity is the Nr. 1 factor**. But we need to redefine what capacity means. Capacity Development is **more than training and ad-hoc policy advice but also comprises change of institutions and systems**. This also includes the ability to cope with deficiencies instead of permanently lamenting about them. As *Jörg Faust* pointed out in the final discussion of the conference, there will always be a knowledge gap. The question is rather, how we organize ourselves according to the existence of that knowledge gap.

Practical experiences, as discussed in London, show that to bridge the gap at least **three pillars** are needed: **technical skills, political processes, and management competencies**. Each of the three factors is necessary, but in itself not sufficient to overcome development problems. If there is a unilateral focus on only one of the three factors, the approach will be too narrow and the gap will not be bridged:

1. **One sided attention on technical aspects** leads to **rather technocratic**, expert based approaches. These tend to underestimate the human and circumstantial factors: the stakeholders, their daily routines and real life situations, their interests, and their power. The necessity for local context specific solutions was emphasised by *Janet Gunter, Le Viet Thai, Anne-Sophie Gindroz and Moctar Niantigui Coulibaly*. Technical unilateralism was one of the major problems associated with Bolivian Water Politics of the 1990s. Strong civil society groups reacted with mass protests, which forced substantial policy changes (see contribution of *Carola Kenngott, Elena Lopez-Gunn and Patricia Venegas*).
2. **Unilateral concentration on political factors** on the other hand risks getting lost in political tactics and power play. In this case technical quality aspects are often not considered enough and interest in processes stops after the political decisions have been made without taking enough care on implementation. Perhaps such overemphasis on political factors is the root of the extremely **over-politicised** systems in some countries, as in such circumstances all attention is focused on maintaining and/or winning political power. Efforts to establish technically sound structures in political environments characterised by extreme conflict were presented by *Mhadav Ghimire* in his contribution on the Nepal Peace Trust Fund.
3. A **unilateral management focus**, however, may trigger a form of **activism** where **development goals, quality standards, and socially rooted values tend to be neglected**. Thus countries may formulate development plans with the only objective of obtaining international funding. On the other hand donor's action might be driven rather by expenditure requirements than by development objectives.

Although the necessity of a systemic approach towards development appears obvious, it is not easy to apply. **Specialists in technical, political, and management matters do not speak the same language, nor do they share the same ways of thinking**. Technicians, politicians, and managers - even in cases where they are all change oriented - may easily paralyze each other by pushing for superiority of their own way of thinking. While technicians often lament over the moral insufficiency of political tactics, politicians frequently complain about technicians who send messages that are too complicated and/ or lack political will. Managers see themselves as the only ones able to get the job done, while the others are studying and talking in vain. Consequently, in addition to the technical skills, political steering capacity and management competencies, personal qualities are also required, - e.g. openness, modesty, the ability to listen, and the ability to moderate between different opinions and interests. *Johanna Knoess* emphasized the importance of the mutual trust that such personal

qualities are likely to increase, while both she and *Madhav Ghimire* highlighted the importance of transparency in this regard.

The concept of a systemic connection between technical skills, political steering, and management capacity implies that country ownership is a major chance to bring together the different abilities and experiences that are needed to bridge the gap and hence a chance for successful and sustainable policy implementation. Here again the case of the coordination tables for rural development in Paraguay gives a good example of the gains that can be achieved through coordinated action (contribution of *Henry Moriya*). *Pungky Sumadi* further emphasized how good coordination is well complemented by the creation of networks.

The role of development cooperation under these conditions becomes that of a broker for better networking between different skills, experiences, and capacities. In addition it may eventually also fill specific gaps that may lie in each of the corners of the development triangle illustrated above. The profile of development cooperation personnel, *Patti O'Neill* suggested in the final discussion of the conference, is consequently less and less that of specialists and **more that of facilitators**. Their most important qualities are humility, negotiation, listening and understanding. Technical knowledge meanwhile comes in through specialists contracted on a short term basis and give advice that is put in place by the facilitators.

Development cooperation personnel therefore in particular need ownership for assuming the role of flexible and professional moderation and brokerage. Advisors who prefer to work in strictly technical terms under these conditions will often get frustrated. Correspondingly, the instruments for managing aid should fit to these demands and find ways of supporting more horizontal cooperation and learning processes, rather than sticking to the 'leadership model' of strict hierarchies and orders. The contribution of *Neil Hatton* shows how the GTZ has taken up that challenge through the design of a new management model (see Capacity WORKS) that is based on the long term analysis of GTZ's experiences in successful technical cooperation programs. This model has been made obligatory for all GTZ interventions and marks an important step towards a modern and innovative management of technical cooperation that is based on shared responsibility in joint learning processes. The idea of comprehensive strategic methodologies was similarly highlighted by *Uwe Mummert*, while *Le Viet Thai* emphasized the effect of learning processes.

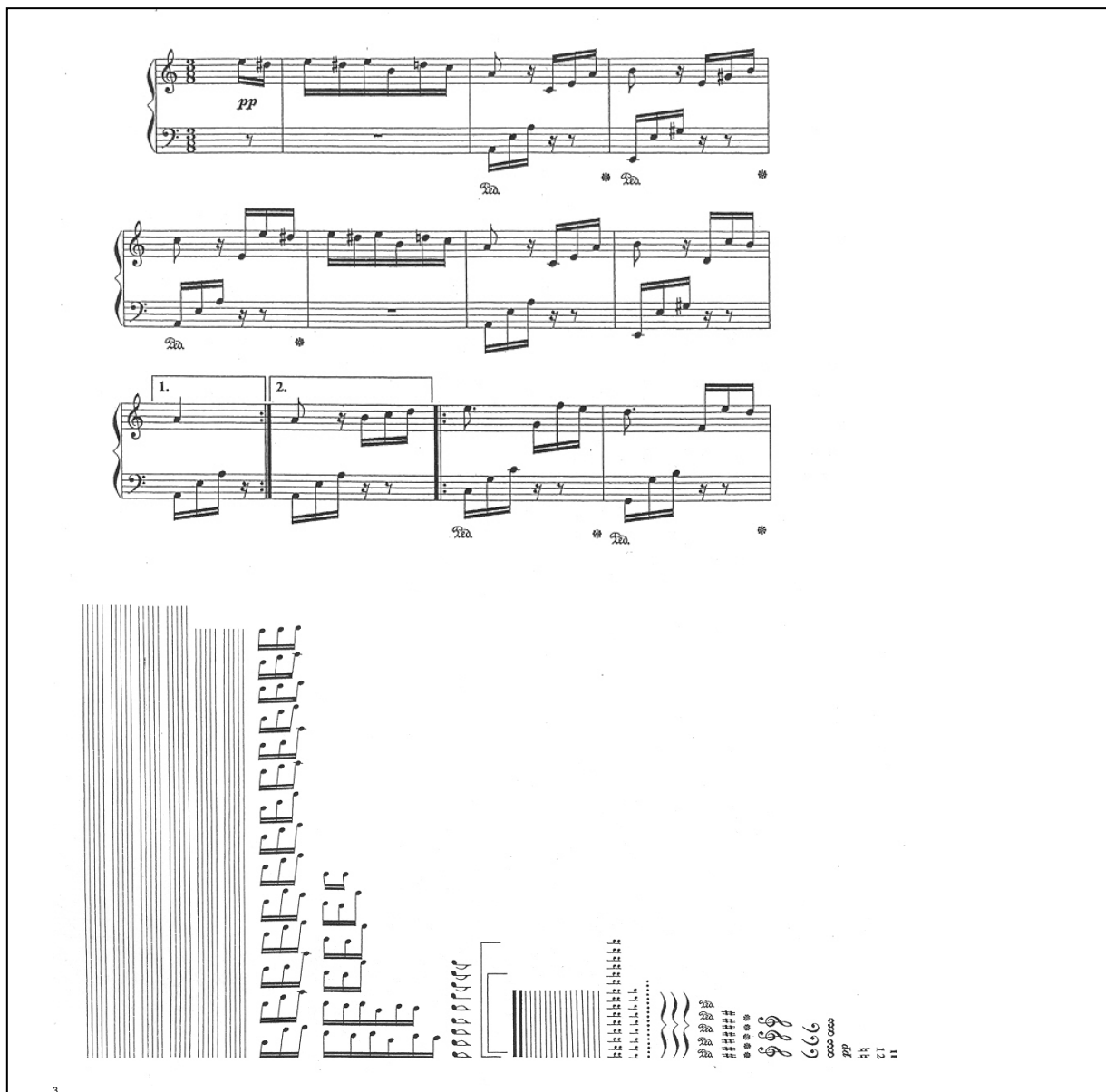
4. Development cooperation – a jazz-combo

With the title "Tidying up Art" the Swiss Artist *Ursus Wehrli* (figure 4) questions what should be considered harmonic. This is clear with regards to pieces of music. Transferred to development cooperation, the question is whether harmonisation is more likely to be achieved by organising and streamlining their contributions or by forming an orchestra or jazz-combo with different instruments. The following reflections taken from my conclusions during the London Conference serve rather as **food for thought**, than as definite answers.

The idea of development cooperation as an orchestra or a Jazz-Combo refers to a **partnership ideal of development cooperation** that was demanded in several occasions during the conference (for instance in the contributions of *Christoph Beier*, *Paolo de Renzio*, *Kate Meagher*, *Teddy Brett*, *Le Viet Thai*, *Pungky Sumadi*, *Madhav Ghimire*, *Mauricio Figueiredo*). This partnership ideal comprises the following elements:

1. **Donors are aware of being part of the system and political actors.**
2. **Donors and partners are playing together.**

Figure 4: Tidying up Beethoven's "Für Elise"



From: Ursus Wehrli: Tidying up Art

4. The tune they play is a **country tune with a country rhythm**. The initial melody could be defined in country to country negotiations. The rest evolves during the exercise of playing together.
5. The different parties involved play **different instruments**. This enriches the sound. Nobody asks the other: "Why don't you play the trumpet like I do".
6. **Each player has to dominate his instrument**. The different skills and abilities for playing different instruments are respected.
7. Dynamics allow the quieter instruments to be heard as well. **There is no dominance of the loudest**. There are different solos in which certain players are put in the centre and later retreating into the background, thus giving room to others.
8. **The players listen to each other** – which transferred to development cooperation implies; they learn from each other and know the context well.

The idea of development cooperation as an orchestra or a Jazz-Combo also better reflects the fact that donors and partner seldom interact alone. The increasing attention given to **south-south cooperation** - an aspect introduced to the conference by the contribution of *Mai-Lis Follér* - and the emergence of new donors indicate the need for cooperation concepts where new players may continuously be stepping in without spoiling the functioning and effectiveness of the whole.

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Kate Meagher (UK-LSE): “The Anti-Governance Machine: Ownership and Accountability in the New Aid Regime.”

The Anti-Governance Machine: Ownership and Accountability in the New Aid Regime

**Kate Meagher
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**Contribution to Beyond Accra: Practical Implications of Ownership and
Accountability in National Development
31 December 2008**

Introduction

The focus of the contemporary aid regime on local ownership and accountability represents a positive step beyond the contentious days of aid conditionality. The emphasis on local involvement signals a shift toward efforts to increase the leadership of recipient countries in the design and implementation of externally funded development strategies. Equally importantly, fostering local ownership offer a means of promoting greater national commitment to the implementation of development policies, providing for the more effective use of donor resources. Unfortunately, these encouraging developments have been accompanied by a growing gap between discourse and practice, often twisting the meanings of new commitments to local involvement beyond recognition. A growing lack of transparency has come to surround notions of ownership and accountability, involving the embedding of a range of unaccountable and manipulative practices within the structure of the new aid regime. In the process, it has become increasingly unclear what developing countries are being asked to own, and to whom they are urged to be accountable. Instead of enhancing cooperation between donors and recipient governments, the new aid regime is generating a growing range of contradictions in development policy which are perverting rather than promoting responsible resource use and 'good governance', turning development aid into an 'anti-governance machine'.

This short contribution will explore how contradictions embedded in the promotion of ownership and accountability in international development policy are distorting rather than reforming governance practices and effective resource use. Concerns about ownership focus on how policy-makers manage the process of finding a feasible outcome that reflects the interest of broader societal groups and the balancing of contending priorities. The decision to choose a particular policy approach is expected to derive from a combination of executive leadership, parliamentary debate, the application of participatory instruments, and public debate directed through the mass media. Yet the stated aim of encouraging national policy makers to choose policy approaches that reflect national priorities, and to engage with civil society in policy formulation, is constantly being undercut by the managerial techniques, unequal power relations and neo-liberal policy commitments of donors. At the level of ownership, contradictions exist between the concept of local ownership and the vetos exercised by the international financial institutions, as well as between the pro-poor objective of Poverty Reduction Strategy Papers (PRSPs), and the austerity-oriented neo-liberal macroeconomic policies that continue to lurk in the background as necessary conditions of assistance. At the level of accountability, there are mounting contradictions between the notion of civil society participation, and the routine concealment of information relating to over-riding macro-economic policy commitments between donors and government. Further contradictions exist between the very notion of popular accountability and the tendency to bypass formal institutions of government in the formulation of strategy documents necessary to qualify for aid. In the process, discourses of ownership and accountability appear more as Foucauldian 'techniques of governance' than genuine efforts to empower recipient countries

in the design of development policy. Worse still, these contractions not only erode any potential empowerment of recipient countries, they foster corresponding 'techniques of instrumentalization and informalization' through which recipient countries seek to re-assert their agency in the policy process. The result is the expansion rather than the reigning in of clientelism and informal practices, producing increasingly unaccountable forms of governance.

Contradictions of Ownership and Accountability

The most glaring contradiction of the contemporary aid regime is that between the idea of national ownership of development policies, and dependence on IFI approval for any access to donor assistance or concessional finance. Despite claims that aid recipients should be in the 'driver's seat' in the design of development policies, the IMF and World Bank retain the right to veto policies that do not conform to their requirements. If PRSPs are not approved by the IFIs, recipient countries will lose access to all other concessional finance and assistance, creating enormous pressure to meet the policy priorities of IFIs, rather than local policy priorities (ActionAid 2004; Stewart and Wang 2003). Not only can PRSPs be vetoed, but they can be, and are, sent back by the IFIs for revisions where they deviate from the donor-driven template, compromising any illusion of ownership (Abrahamsen 2004; Whitfield 2005). As Lindsay Whitfield (2005:652) notes in the case of Ghana, tensions between ownership and requirements of IFI approval create a situation in which 'government-donor relations could be described as government in the driver's seat but donors trying to steer the car'.

A second major contradiction is that between the pro-poor agenda of the PRSP, and underlying lending conditions based on the same repertoire of neo-liberal macro-economic policies that made up structural adjustment programmes (SAPs). A number of authors have noted that the new aid regimes are little more than a repackaging of SAPs, reflecting not only a similar range of macro-economic policies, but a marked lack of variation from country to country, countering claims about their homegrown character (Whitfield 2004; Stewart and Wang 2003; Mercer 2003; Abrahamsen 2004). At the same time, commentators both within and outside the World Bank and the IMF have recognized that structural adjustment policies failed to address, and in many cases worsened, poverty within developing countries (IMF 1997; Easterly 2001; Rodrik 2002; UNDP 2003). A review of the PRSP process by ActionAid (2004) noted that anti-poverty policies are routinely subordinated to neo-liberal macro-economic policy requirements, even where the latter are identified as exacerbating poverty. This contradiction is hardwired into the Country Policy and Institutional Assessment (CPIA) report card system used by the IFIs to assess country performance on an annual basis. CPIA scores, which determine the continuation of donor assistance, reflect a government's commitment to neo-liberal policy and institutional reforms, rather than being based on successful poverty reduction or economic growth. As a result, recipient governments are caught in a bind between the need to adhere to neo-liberal economic policies in order to obtain good CPIA scores, while facing a simultaneous requirement to open up the policy-making process to civil society participation where neo-liberal economic policies are often seen to conflict with anti-poverty goals.

These contradictions of policy ownership generate further contradictions with regard to accountability. In the formulation of development strategy papers, there is a growing contradiction between the emphasis on civil society involvement and the routine concealment of information about loan conditions and macro-economic policy commitments. A range of important policy documents regarding development strategy are not made available to the public until after binding commitments are agreed between the IFIs and borrowing governments. Studies from a range of countries reveal that civil society groups have repeatedly complained about lack of access to key documents, compromising their effective participation in PRSP consultations (ActionAid 2004; Woods and Narlikar 2001; Stewart and Wang 2003). While the IMF and World Bank have endeavoured to increase

their levels of transparency, Wood and Narlikar indicate that a significant amount of secrecy and control by powerful shareholders continue to compromise true accountability. Indeed, they argue that 'Global economic governance now reaches deeply into states directly affecting specific groups of stakeholders who are inadequately represented in inter-state institutions and to whom the institutions are insufficiently accountable (Woods and Narlikar 2001:582).' Instead, recipient states are encouraged to manipulate civil society in order to conceal contradictions between obligatory macro-economic policies and local anti-poverty priorities. In Tanzania and Cameroun, this was evident in the tendency to cherry pick a handful of elite NGOs for the consultations process, sidelining marginalized and activist groups (Mercer 2004; Brown 2004).

Increasing attention has also been drawn to the contradiction between the notion of accountability and the tendency of the development policy process to bypass the formal institutions of government. In a study of PRSP process across a range of countries, Stewart and Wang (2003) note that the formulation of PRSPs and attendant civil society consultations tends to be entrusted to special task forces, the cabinet, the office of high officials, or management consultants, rather than passing through institutionalized channels of government such as parliament and local government. Representative organs of civil society also tend to be squeezed out in this process, leading to more selective approaches to civil society involvement in consultations, and the exclusion of poor, marginalized or activists groups. Pressures of donor haste and IFI pressures to conform to a particular policy formula contribute to a weakening of institutionalized democratic structures in favour of ad hoc arrangements geared to delivering a pre-determined outcome. As Whitfield (2005) and Woods and Narlikar (2001) observe, the goal of accountability is undermined by efforts to circumvent government institutions and short-circuit due process, thwarting rather than advancing efforts toward institution-building and democratization.

Techniques of Governance and Techniques of Instrumentalization

The increasing contradictions between discourse and practice risk turning principles of ownership and accountability into what Dollar and Svensson (2001) refer to as 'commitment technologies', or what Foucault calls 'techniques of governance'. Rita Abrahamsen (2004) and others have suggested that discourses of ownership and accountability do not herald greater inclusiveness in the formulation of development policy, but a more refined form of power used to force through the same old neo-liberal reform agenda. Behind a facade of empowerment, these 'techniques of governance' serve to embed neo-liberal governance priorities in the machinery of the state, and in the values of elites as well as civil society (see also Mercer 2004; Whitfield 2005). Through complex technologies of monitoring, auditing and accounting, recipient states are tied into forms of accountability based on managerial enforcement rather than local empowerment, and into forms of ownership based on the transfer of responsibilities without a concomitant transfer of authority or control.

Analyses of contemporary aid regimes as a shift from coercive conditionalities to more subtle commitment technologies tend to assume that these new techniques of governance gradually overwhelm and transform the agency of recipient states. As worrying as this sounds, the reality is even more problematic. The response to more subtle forms of power is not submission, but more subtle forms of resistance. Local agency is not transformed by these new commitment technologies so much as driven underground, creating subterranean currents within governance processes. While submitting to the requirements of IFIs, local officials increasingly find ways of instrumentalizing donor demands and manoeuvring around constraints. Lindsay Whitfield highlights a growing tendency to emphasize process over substance as governments privilege a nominal fulfilment of requirements, including cursory consultations and mechanical auditing based on the ticking of boxes without effective implementation, while attending to their own priorities behind the scenes. Others have noted opportunistic tendencies among local NGOs who make use of consultations and monitoring activities to advance their own goals rather than those of their constituencies (Mercer 2004;

Stewart and Wang 2003). Rather than ownership and accountability, we are facing a situation in which the donor community, recipient states and civil society are all manoeuvring to advance their own priorities behind a rhetoric of cooperation and participation.

The overall effect is to reinforce cliental relations, behind-the-scenes deals, and informal arrangements operating behind the back of formal agreements, procedures and policy documents. Just as the donors use discourses of agency and accountability to manoeuvre around local resistance to neo-liberal reform agendas, recipient states use nominal acquiescence to IFI requirements to access resources while expressing their agency through informal means. The result is the strengthening of informal arrangements and cliental processes that bypass the institutionalized exercise of power. Instead of fostering good governance and democratization, the current aid regime is undermining it by shifting local expressions of power and agency deeper into the unaccountable informal sphere.

Conclusion

Concerns about how to foster ownership and accountability in recipient country governments must go back to first principles. Is the objective to empower governments and local people to exercise leadership in the formulation of development policy, or to manoeuvre them into owning and carrying out policies devised largely from above? If recipient governments are to exercise ownership, and to solicit civil society participation, they must be given the right to pursue their own development priorities, even where this involves deviating from the macro-economic agenda of the IFIs. There can be no real ownership without control of the overriding economic agenda. As Dani Rodrik (2001) points out 'The broader the sway of market discipline, the narrower the space for democratic governance.... International economic rules must incorporate 'opt-out' or exit clauses [that] allow democracies to reassert their priorities when these priorities clash with obligations to international economic institutions. These must not be viewed as 'derogations' or 'violations' of the rules, but as a generic part of sustainable international economic arrangements.'

Similarly, accountability can only be fostered in an environment of genuine ownership and transparency, not in a situation of secrecy, manipulation and coercion, however subtle. Where accountability degenerates into post-conditionality mechanisms of control, it will tend to foster a nominal adherence to formal agreements, backed by a retreat into the informal exercise of power beyond the reach of technical requirements. Instead of transparency, 'commitment technologies' will generate accompanying technologies of evasion and resistance, which undermine effective governance. Until donors pursue genuine policies of engagement with local needs and priorities, efforts at local ownership and accountability will continue to exert perverse effects on governance and resource use as local agency withdraws deeper into unaccountable informal channels.

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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion paper

Christoph Beier (Germany-GTZ): “Ownership: A guiding principle of
Development Cooperation.”

Ownership: A Guiding Principle of Development Cooperation

Dr. Christoph Beier (GTZ)

June 2009

1. The Concept of Ownership

Ownership is a concept that lies at the core of development and the international discussion on aid effectiveness has generally agreed upon the fact that Ownership is essential for sustainable development. However, there is no unanimously agreed upon definition of the term, which has led to many different interpretations.

The concept of Ownership stems from the presumption that people or societies can only develop if they see themselves as subjects of and therefore take responsibility for their own development. In practice this means that persons within a society identify themselves with the commonly agreed upon interpretations of problems and with the politically defined actions to be taken in order to solve them.

The ideas of self determination and self responsibility are deeply rooted in the concept of modernity, which was mainly developed in Europe and North America. It is thus not surprising that the Ownership term was first introduced by the donor community rather than their development partners in Africa, Asia, and Latin America. There is no guarantee that donors and partners share the same ideas, as to what self-responsibility, self-determination, sovereignty, and hence Ownership actually mean. Additionally, partners need to be sufficiently self confident, objective, and clear about their prerequisites for successful cooperation.

Within a society, however, the idea of overarching consensus is rather an ideal that is hardly realised in practice. When it is found, it may even be the result of severe repression, rather than that of the free will of all society's members. Governments, even if democratically elected, do not always strive for common wellbeing and particular interests of the administration are always present. Furthermore, there are often conflicts between ministries objectives, as well as between central, regional, and local governments, while even the NGO and private enterprises follow their own particular agendas. Donors, on the other hand have to balance the many different interests- i.e. the different points advanced by governments, development agencies, and persons working within the agencies all need to be considered. Nonetheless, it is essential for Ownership, despite any ideological tendencies that may be associated with the concept, to be supported, as Ownership represents the heart of development- whether one defines development in terms of modernity/ consensus or not.

Given the above, Ownership is rather an objective than a prerequisite for development, however, this role is not mutually exclusive as the concept is applicable on different levels. It is a prerequisite for development in the sense that government to government agreements form the starting point for development cooperation. Thus such formal expressions of the will of the actors form a required basis for development cooperation - e.g. the signing of a

contract or agreement. The overarching objective of development cooperation, however, is to achieve Ownership on a higher level that serves to steer the processes of change within a country. In this case particular stakeholders continuously need to be won over in order to sustainably achieve development objectives and measures and identify themselves with the long term process of development. This paper offers certain perspectives regarding how Ownership, as a goal, is viewed and supported.

2. Ownership and the aid effectiveness agenda

One of the major strengths of the aid effectiveness agenda has been that it highlighted Ownership as its first principle in the Paris Declaration (see PD 2005). Nevertheless, the debate oversimplifies the complex conditions for successful development cooperation. This can be recognized in various aspects:

- Ownership is more than the existence or absence of national development strategies, e.g. Poverty Reduction Strategy Papers.
- It is not always the big and comprehensive plans that imply strong Ownership. Such plans may even reduce Ownership by being too demanding for the available steering capacities of the partner country.
- There might be further contradictions between Ownership and other principles of the PD; for instance when donor harmonization leads to strong donor blocks that are more likely to impose donor recommendations on the partner countries.
- There may also be contradictions between Ownership and the modes of delivery generally preferred within the aid effectiveness agenda, for instance between Ownership and conditionalities.
- While the PD can also be interpreted as a strong capacity development agenda, Ownership is far more than the self-determined administration of funds in the form of budget support programs. In terms of development cooperation's (DC) modes of delivery, this observation highlights the need for a clearer distinction between the requirements for effectiveness within financial cooperation vs. those within technical cooperation.
- The concept of Ownership may also lead to the conclusion- on the part of the partner governments- that they alone, should be the ones to impose their concepts, with the donor acting as a silent partner. However, development cooperation can only be successful if there is a partnership between the self determined parts, where both practice Ownership in terms of their contribution within the cooperation agreement. Such partnerships build up trust and offer the necessary learning space for a good adaptation to country specific realities.

Some of these critical aspects have already been taken up in the discussions of the Accra HLF- for example the importance of including parliament, NGOs and the think tanks. Others- such as the limitations of a dogmatic fixation on the use of partner systems- need to be further discussed.

3. Lessons learnt from German technical cooperation

The German Technical Cooperation (GTZ) has followed a partnership based approach for many years now where both sides of the cooperation agreement need to practice Ownership. With regards to Ownership in particular, the major lessons from the work of the GTZ are summarized in the following subsections.

3.1 Government Ownership and Country Ownership

In accordance with what has been discussed at the Accra HLF, the experience of the German technical cooperation has been that Ownership should not be reduced to merely government Ownership. The political will of government is a necessary starting point for reform, but no policy can be implemented through political will alone. Governments thus, have to adapt their policies to what people are willing and able to implement, on the one hand, while they need to convince people to apply the policies on the other hand. Convincing does, however, start with the government itself- between decision makers, and administration, between central, regional, and local government, as well as through civil society and the private sector.

These tasks are not easy, as proceeding from strategy conception to implementation is one of the most demanding challenges in development. Partners should not be left alone with this challenge. It appears cynical to provide the means (knowledge and finance), while refraining from assisting the partners make them effective. Country Ownership in this sense is more than involving stakeholders in planning and implementation. The central issue is not a question of which different actors (governments, NGOs, Think Tanks, etc.) should be considered, but rather how and according to which rules should they interact. Thus, enhancing country Ownership cannot be achieved by simply creating new projects for Civil Society or parliament- as discussed at the Accra HLF- but rather by focusing on governance support that functions according to the way that the relevant state, civil society, and private sectors work together.

3.2 Ownership as a process

The GTZ experience has shown that Ownership is not something that is simply there or not. Country Ownership, as well as government Ownership, is constantly changing in spite of the agreements that may have been made or and/ or signed. Ministries and other high ranking government functionaries frequently change in partner countries. In addition to this, crises (natural disaster, external shocks, internal conflict etc.) are common and temporarily occupy all the attention of the respective governments' actors. These effects are increased by prevalent institutional weaknesses.

It is thus critical that country Ownership support is flexible. Complicated arrangements that need to be negotiated over longer periods of time are, however, in conflict with this necessity. Donor's modes of delivery should consequently be screened regarding their flexibility and process orientation, as these must suit the needs of the partner. Donor planning periods are often out of sync with the time required in partner countries to create the necessary agreements and put implementation structures in place. There is a need for instruments that

allow the actors to overcome periods of less intervention, while on the other hand allow for the speeding up of support provision if windows of opportunity appear.

The instability of Ownership should not be considered as a nuisance but rather incorporated in the design of programs. There are many examples that demonstrate how the intent to maintain stable Ownership consumes substantial effort and resources, at the very least. Furthermore, there is a danger of losing credibility where Ownership is asserted, where it doesn't exist.

3.3 Ownership, partnership and mutual accountability

There is no Ownership neutral external cooperation. Any development cooperation, even if its' direct activities in the partner country are reduced to a minimum, will have an effect on Ownership. Development cooperation should thus always act in an Ownership sensitive way, according to the principle of 'do no harm'. The idea is not to avoid effects on Ownership, but to be aware of the effect that any donor may cause due to it inevitably being a political actor within the partner system.

According to the experience of the GTZ, the best way to do this is in the form of a partnership approach, where responsibility for development goals is shared and problems are resolved with major partners in a trustful relationship with face-to-face contact on a daily basis. To build up trust long term commitments are further required. In such a trustful relationship Ownership enhancing conditions can be fostered through capacity development; for instance in decentralization processes that support the inclusion of marginalized groups.

Furthermore, technical cooperation is often asked to mediate in conflicts or serve as a broker in order to improve the conflictive situation between important stakeholders. It is thus an illusion to believe that technical cooperation could remain strictly neutral regarding Ownership, given the roles it assumes. It can, however, maintain equal distance from all important stakeholders. Here again, it is not a question of avoiding role conflicts, but rather one of making them transparent and creating a situation where all parties know that the external actor will take no unilateral steps. At best this role of moderation and social brokerage can serve as an example for the partners regarding their own political steering.

3.4 Requirements for Management Instruments

Application of an Ownership supporting partnership approach in development cooperation has consequences concerning the management of development projects. As these projects are carried out amongst partners, they cannot be properly managed using instruments that were designed for application in hierarchical relationships. The GTZ practices these thoughts and, drawing from their experiences, have developed over-arching instruments for application in these environments. An example of such an empirically based management system is Capacity Works, which is designed for application in non-hierarchical settings and is now applied as standard practice in all projects and programs carried out by the GTZ. This system of cooperation is Ownership supporting due to its focus on the transparent steering of strategy, cooperation, architecture, processes, learning, and innovation in a non hierarchical structure.

4. Conclusion

Ownership has been internationally accepted as the first principle of development, but it has been highlighted how Ownership is not something that can be bought or forced upon the development participants. We realize that Ownership is an ongoing process that needs to be nurtured at various levels and is best done through the use of a partnership approach. Furthermore, when Ownership is lacking, it is essentially realised in a lack of capacity. However, capacity is far more than the abilities or knowledge of individuals. It is rather expressed as the competent and successful assumption of responsibility regarding the development by all the relevant groups in the society. The ability to formulate one's own interests and negotiate these in a fair process is required in order to realise the society's interests collectively. Certain management systems for use in non-hierarchical structures have been developed to better achieve these goals. We also realize that functional organisations and institutions are necessities for Ownership.

From GTZ experience, development cooperation is most effective in its support of capacity development and Ownership when it is organised according to the following five principles and in accordance with a partnership based process:

- 1) The respective context must be suitably catered for and adapted to.
- 2) Within the cooperation context, it must be possible to react in an adequate and flexible manner to the continuously developing demand in the partner country.
- 3) The relevant stakeholders must be able to be systematically and successively included in their own development.
- 4) The speed and intensity of the intervention should be adapted and orientated according to the demand in the partner country.
- 5) Mutual learning should be made possible.

It is according to these five criteria that the modes of delivery in development cooperation should be measured, as approaches incorporating these criteria are best suited for developing the capacities that are essential for the sustainable support of Ownership and consequently development.



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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Talaat Abdel-Malek (Egypt-OECD/ DAC): “Closing Statement”

Professor Talaat Abdel-Malek (OECD) “

**Final Statement at the GTZ-LSE-SDC Conference
Beyond Accra: Practical Implications of Ownership and Accountability
in National Development Strategies**

London, 24 April 2009

By Talaat Abdel-Malek *
**Economic Adviser to the Minister of International Co-operation, Egypt and
Co-Chair, OECD/DAC Working Party on Aid Effectiveness**

Thank you for your invitation to be part of this important conference. From this morning's discussion, I know that I have missed some lively and timely discussions on issues of crucial importance not only to aid effectiveness but to the impact of the development process as a whole.

I have been asked to make a “final statement”. And I wish to make it clear that what I have to say is by no means the “final word” on the subject.

Because of my absence in the first two days, I ask you to forgive any repetition or duplication of what has been contributed earlier on.

My statement consists of ten points that summarize my experience and views on ownership and accountability. I will first look back to what has been accomplished but quickly look ahead at the challenges awaiting our collective efforts to resolve:

So, what has experience to-date taught us?

1. It is a mistake to treat ownership and accountability as two separate issues. Efforts enhancing accountability have not been successful because national ownership was weak or lopsided. By ownership I refer to inclusive ownership comprising government, civil society, parliament and private sector, as your papers have stressed. This failure is caused when the executive branch of government dominates the other two: the judiciary and legislative. This represents a systemic failure, since we know that government cannot be at once an executor and a judge of its own performance.
2. A second lesson of experience refers to accountability. Much emphasis has been placed in your conference on domestic accountability, and rightly so. As I have stated on several occasions, donors (we prefer to call them development partners) must be careful in approaching accountability issues as part of their “contribution to development”. Without denying their good intentions, these approaches have often pointed to serious weaknesses in accountability systems, and have demanded (politely and sometimes more bluntly) their reform as a conditionality of extending or continuing aid. Instead of producing the desired result, this approach has more often backfired! And before we knew what was happening, the dialogue

between a developing country and its partners turned sour. Does this mean we should avoid talking about these issues? Absolutely not. How should this be handled then? Let me come back to this point later on.

3. The third lesson is about the role of civil society in enhancing national ownership and accountability. I am a firm believer and supporter of a more active role by civil society. Yet again, witnessing how members of this society behave on a day-to-day basis in my country (as well as in a few others), civil society in many situations has been its own worst enemy. How? By adopting a “holier than thou” attitude toward government and private business and by demonstrating that their top priority is to attract more funding from development partners. We have to realize that civil society is not a homogeneous group of members, and there are vast differences in their capabilities, ethical standards and objectives. Bad behavior by some muddies the waters for most and encourages the sense of suspicion on the part of government – a sense that I do not necessarily share but is a fact to be reckoned with. Add to this the role of international NGOs who prefer to work with a few qualified and capable locals than to build capacity of more!
4. I was told in my briefing that the conference attaches special importance to the PROCESSES of interaction between various stakeholders regarding ownership and accountability issues. At the risk of over-generalizing, let me characterize these interactions in terms of power dynamics and what you have called “steering management”. In a development context, government holds ultimate power – not parliament! It is government that commands and allocates resources, directs the implementation machinery of the country, and metes out rewards and punishment, fairly or unfairly. Where unilateralism dominates, other stakeholders typically do their best to steer their ways to maximize their benefits in a situation of extreme asymmetry. Remember that the poor are a dominant majority but possess little power to bring to any negotiating table. Development partners do not give sufficient attention to this, as they are used to a different interaction process back home. In situations where signs of plurality are encouraging, interaction processes look more healthy, with give and take, a dialogue rather than a monologue, and a gradual sharing of power, in the form of listening more to local priority needs, allowing meaningful participation in decision making and monitoring of results, etc. our developing countries represent all shades of gray along the power sharing continuum. Each situation has to be dealt with on its own merit. No one-size-fits all has been another mistake that we have learned, and we are gradually – if slowly – moving away to a more promising approach.
5. This brings me to another important lesson that applies to both ownership and accountability. The limited success achieved so far in bringing the Paris declaration to apply where it is most needed, not in Working Party meetings in Paris, nor in the successful Accra Forum, but at the country level. When we meet, we usually agree (sometimes after rather spirited discussions) about the principles, objectives and indicators. In Accra, there was endorsement of more than

*These remarks are those of the author and do not necessarily reflect the views of the Ministry or the OECD/DAC

50 actions intended to propel us toward higher levels of aid effectiveness. That is great! But when we look at the results of the two surveys carried out to monitor progress since Paris, we realized how little tangible progress on the ground was achieved. There are two sets of bottlenecks; one set belongs to developing countries and the other to the international aid community. These bottlenecks have nothing to do with theoretical or methodological difficulties, but both have much to do with entrenched practices, preconceived ideas and lack of capacity to deliver. Deliver what? Deliver on promises made. We are of course aware of the challenges of the change process. .. these challenges are not the monopoly of developing countries. Essentially, this is the number ONE challenge facing us in meeting the Accra Agenda for Action.

6. Before I look ahead, though, I do not wish to give the impression that we have had nothing but failure since Paris. That would be unwarranted and inaccurate. I am sure some successes have been reported during the past two days. Let me refer to a few instances: in my country, accountability is gaining much attention, thanks in no small way to a vigorous independent national auditing authority that has not spared the government any sharp reprimand for errors of judgment, misallocation of public funds, poor monitoring and evaluation, and so on. Our challenge is how to move beyond this stage and get the government to act on these and report back to Parliament. We have much more work to do but there are promising signs that we are on the right track. Countries like Uganda, Mozambique, Rwanda, Viet Nam and Cambodia are other examples where good progress has been made.
7. The fact remains, as I said earlier, that such progress has been too slow. How can we do better? In terms of ownership, especially inclusive ownership, progress must come from within. No amount of external pressure will produce sustainable improvement although some symptoms of improvement might come about as a result of donor pressure. The key role of development partners, as I see it, is to work with various local stakeholders to strengthen their capacities to participate in the development process. This can be done most effectively at the grassroots level, local communities, by nurturing participatory approaches and supporting local community leaders, parliamentarians, and civil society. In doing so, we should remind ourselves that this is a slow process that takes time and sustained support until it develops strong roots.

In terms of accountability, I have two suggestions for proceeding: first, let us avoid a one-sided approach in which the focus is on weaknesses of a developing country's system, and instead adopt a more even handed vision which refers not only to the inadequacies of accountability systems in developing countries but also to the need to build two-way accountability. This has been more or less absent in the aid landscape. On more than one occasion, I have suggested that the fastest road to domestic accountability is to establish a mutual accountability mechanism. This dictates that both sides have to be accountable to each other in the aid context. By starting with mutual accountability, we remove or at least minimize a developing country's sensitivity and its perception that it is the only culprit. The second suggestion is to pay

more attention to strengthen the monitoring capacity of government and the information database (statistical and qualitative). These are serious handicaps.

8. We can also do better by changing our existing practices in capacity building and development, consisting typically of generous funding allocations for training and some *ad hoc* policy advice. All evaluations have agreed that the billions of dollars spent on capacity development over 50-6-years have produced much less than anticipated. Capacity development, as agreed during the Bonn workshop on the subject last May, requires an integrated approach that addresses institutions, human resource skills, operating systems, as well as the enabling (or disabling) environment in which these institutions and individuals work. Capacity development also has to be need-based (not supply-based) and driven by developing country leaders; otherwise it will not succeed.
9. Political leadership is essential. We have to be creative in mobilizing political champions of aid reform and secure their commitment to support specific actions to enhance ownership and improve accountability. I have often advocated the use of the “line of least resistance” to these thorny issues as the best way to make progress and not alienate those in whose hands lie the difference between success and failure. In any country, if we look carefully enough, we will find opportunities for change and potential leaders willing and able to lead the process. The trick is how to make this less threatening and more rewarding. This is not always possible, because of clashes of interests and of misunderstanding. Let us also remember that one or two successful initiatives generate a multiplier effect.

I briefly mention that, based on this belief of a non-confrontational change, a capacity Development Alliance initiative has been in the making since Accra and will be launched next month. It consists of a few southern senior aid technocrats, with easy access to policy makers in their countries, and representatives of a few development partners who will together provide a southern-driven platform to mobilize southern political leadership to champion capacity development work. This is a new experiment to support ownership and – through it – mutual accountability for capacity building. If it succeeds, it will provide something of a model or “good practice” to follow in addressing other challenges of the Accra Agenda for Action.

10. Finally, ownership and accountability are two sides of the same coin. More important, though, is that these two ingredients form the basis for sustainable national development. Not until the man in the street feels that he is participating in the process and has a say in assessing its outcome that he will become less indifferent and detached from development efforts. It is time we remembered that genuine development is for the people and by the people. This is a very pragmatic philosophy to achieve the success that has eluded us so far. National inclusive ownership of development, rather than externally-driven development will make the difference we are looking for.

*These remarks are those of the author and do not necessarily reflect the views of the Ministry or the OECD/DAC

I wish to conclude my remarks by stressing the time dimension we should observe in designing and implementing our interventions. The typical 3-4 year project orientation must be reviewed against the more realistic requirements of the objectives to be accomplished, whether we refer to ownership, accountability, capacity development or other pillars of aid effectiveness. It may be useful to draw the analogy of one of more familiar theories of development, the stages-of-growth theory. Our interventions need to consider first the pre-take-off stage: Are we asking the right questions? Are we getting the right answers from the relevant sources (or do we use pre-conceived ideas of what we think should be done)?, and are we putting the right champions in target countries in the driver's seat? Second, are we providing the right support during the "take-off" stage: monitoring progress, dealing with bottlenecks, and giving support to champions? Third, assuming a successful take-off, how and what type of support (if any) should be most appropriate to help achieve sustainability once "cruising altitude" has been reached. These stages do suggest the need to stretch the time horizon to accommodate the requirements of effective interventions to improve aid effectiveness.

Thank you for your attention.



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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Janet Gunter (UK–CAFOD): “The keys to the tractor: A case study from Mozambique on “ownership” and decentralisation.”

The keys to the tractor: A case study from Mozambique on “ownership” and decentralisation

What follows is a story, or perhaps as it is called in these circles, a case study. It is a story told in partnership between my development agency, the Catholic Agency for Overseas Development and the National Peasant Farmers Union (UNAC) in Mozambique. I wish to thank my co-researchers at the Farmers Union, Mr Julio dos Santos Pêssogo and Mr Alifa Aide. I have made an effort to simplify what is indeed a very complex story, and all of the errors are mine alone.

On December 30, 2007, members of the Malanga Farmers Union were called with little notice to a ceremony at the District seat of Majune, in northern Mozambique. Among other agricultural inputs distributed to individuals and associations, a grain mill was delivered to Malanga Farmers Union. Then in the presence of the Provincial Governor, Union member Mr. Amadou received the keys to a new tractor. While surprised, as they had been given no prior warning, he and his peers in the Union assumed the tractor was being given to them by government from a decentralized fund for local investment. When Mr. Amadou walked home that afternoon, he was accompanied by a District official who told him to give the keys back. To the surprise of Mr. Amadou, the tractor was taken without delay to a government garage. The District Administration asked the Union to identify their tractor operator, but meanwhile the tractor was seen used elsewhere in the district. Some claimed on lands of the Governor. Over a year later, a civil servant in Majune grinned and carefully explained what he called the “fictitious delivery” of the tractor.

The “ownership” of this tractor reveals some of the liberties taken by District Administrations within a larger process of decentralisation. Perhaps most importantly, I argue, the story demonstrates the way in which government policies and approaches to development play out on the ground in complex webs of power relations.

This paper investigates power dynamics at the district level in the implementation of the decentralisation process in Mozambique through an ethnographic approach, drawing from a number of extended stays from 2007 to 2009. After providing a sketch of the local and national context, the paper tells the story of the Malanga Farmers Union attempting to engage with district development policy in the age of decentralisation.

I am guided by Eyben (2008) and her argument that relational dynamics, rather than “technical” skills or capacities, are essential in aid, and in planning and implementing development policies. Decentralised development processes are grounded in local power relations and what Mbembe (2001) has called “new languages with which to make claims on people and wealth”.

During policy implementation, powerful actors (such as wealthy people, local authorities, political operators, even those perceived to have power in the invisible realm) can reshape the original aims and objectives of policies and even semantically alter their meanings. Finally, based on this understanding, the story warns of the risk of seduction

with a simplistic interpretation of the Paris Declaration concept of “ownership” (or as rearticulated in Accra: “democratic ownership”) while discussing development planning and policy as it relates to aid. In fact, in analyzing the decentralisation process in Mozambique, a country where over 50% of the state budget comes from aid, the main questions to arise are: exactly who is “owning” plans, policies and budgets, and how?

The local context

The case study is limited to one district in Niassa Province, in the north of the country. It is an interior province with comparatively low population density, low levels of infrastructure, private investment and human development. Niassa has a land area roughly the size of England, and currently no paved roads link its capital directly with neighbouring provinces. Migration, flux, and conflict characterize the province’s recent history and should not be ignored in an examination of social relations in Niassa. The province, and the district of Majune, provide an opportunity to examine the Mozambican process of decentralisation “at the limit.”

A glance at the colonial literature reveals that Majune barely figured into the Portuguese late colonial administrative system. Now along one of the province’s few sealed roads, Majune is only two hours from the provincial capital. With ample ground water and favourable climatologic conditions, the district has clear, untapped agricultural potential.

In Majune, like in many districts, nearly all of buildings with foundations in the district seat belong to government. The only exceptions are one or two NGO buildings, some small constructions in the market, a guesthouse, and the buildings of the Catholic mission on the main road. The District Administration is the largest building, but still has no electricity during the working day as of our last visit earlier this year. The District Administrator and his Secretary are nominated by central government, and as in any other districts, it is fair to say that the careers of both will be determined by the politics of the party that has governed Mozambique since independence, Frelimo. The Party is present and exerts a constant influence on public affairs in Majune.

The private sector in Majune appears to be growing. Mr. Baptista, the most visibly wealthy individual who owns the guesthouse, restaurant and a number of trading interests, is not native to the area. Other prominent individuals from the private sector include the owners of the minibuses and shop owners.

“Traditional” authorities continue to play an active role in legal and social matters. Invisible forms of power are harder to define given the limitations on our time and our position as outsiders. Healer-diviners, elders, and those charged with circumcision rituals, and even sorcerers all exert influence on political matters behind the scenes. Notably, participants in a recent seminar in Niassa on development lamented a type of “social governance” that can be influenced by “intimidation, isolation and rumors”.

Civil society of the variety promoted by western donors, exists but is quite new and unconsolidated. INGOs and national NGOs promote agricultural and civic engagement in

Majune and agricultural associations proliferated in 2005-6 with expectations around the resources on offer from the decentralisation process.

The national context: decentralisation and resources

The process of decentralisation over the past decade in Mozambique has been characterized by government itself as “gradualist.” The legacy of the post-independence period of socialism in Mozambique was a highly centralized state structure, but the 1990 constitution set the stage for “decentralisation and deconcentration”. Both the consolidation of new structures and the effective interaction between various parts of government have come slowly.

Between 2003-5, the laws defined a number of “institutions of participation and community consultation” from the district level down to the village level. The District Consultative Council emerged as the most influential participatory institution, one that could discuss and influence development priorities. The government intended to bring itself and its services closer to the people and their reality, but as Akesson and Nilsson (2006) observe, decentralized bodies “observe a principle of integrated, vertical hierarchy”.

President Guebuza’s public commitment to the “district as the pole of development” has in fact coincided with a growing interest in the donor community with decentralisation as an avenue to “good governance.” In the second Poverty Reduction Strategy, it is no wonder then that good governance, administrative and financial decentralisation are considered fundamental conditions for the success. The UN and a number of European donor countries have invested in the decentralisation process since the 1990s.

Currently, in theory, in Mozambique there is a bottom-up planning and budgeting process that is led by the District and coordinated by offices at the Provincial and Ministerial levels. District Economic Social Plans and Budgets (PESOD) are developed to address the challenges and goals of poverty reduction set out in the National Poverty Reduction Strategy. In practice, recent studies show budgeting and planning can occur out of sync and ultimately end up affecting the resources available to District government to deliver key services.

Adding to the complexity at the District level is a new fund dedicated to development, called the Fund for Local Initiative and Investments, commonly known as the “7 million [meticaïs]”. Until 2008, the Fund amounted to about \$300,000 per district.

The Fund is intended to be a subsidized credit mechanism managed by the district Consultative Council and District Administration. As of 2008, its objective is two-fold: to foment job creation and food production. The evolution of this fund, according to Hanlon and Smart, “caught many donors and cooperation agencies by surprise”.

As mentioned above, the *Conselho Consultivo* (CC) was designed to be the institution for participation in development planning, and as such was chosen to manage the Fund

allocations. In Majune members of the Council were hand-picked by the District Administration. Members come from civil society and the private sector. Importantly, three members of the Malanga Farmers Union actually sit on the Council.

In the first years in Majune, grotesque and predatory rent-seeking occurred with the Fund, and local business interests were big winners.

The tractor

With CAFOD's support UNAC initiated a pilot project in "policy monitoring" with the Malanga Farmers Union in 2007. Even prior to the first formal sessions in Majune, it seemed inevitable that Malanga would be interested in monitoring the budgeting and implementation of the 7 Million Fund. Members of associations shared that their "objective in forming this union is to get access to the 7 million that I heard about in the elections".

The Malanga Farmers Union, in diagnosing community problems, always seemed to return to low agricultural production. Production was interrelated with nutrition, education and the welfare of orphans. One member reported to be feeding and caring for 25 children. Solutions proposed by the group included access to inputs like water pumps for irrigation, animal or mechanical traction, better access to markets, and warehouse facilities.

The most immediate challenge for the Union was to gain access to any policy document related to District finance and planning. The three members of Malanga who sat on the Consultative Council were evading the group when it started to request documents and information from the Council's meetings. Bolder members of the Union went to the house of one Council member, and were able to copy a couple of lines out of the PESOD. After months of pressure, the group was able to get their own copy of the 2006 PESOD. (UNAC facilitated photocopies as there is no public photocopy facility in the District.)

Members suggested they monitor the provision of key agricultural inputs that could increase production, including water pumps and tractors. Two tractors were listed in the PESOD, which stated that they would be "acquired and allocated to agricultural associations."

Later the group obtained a copy of the listing of approved projects for the 7 million Fund. Indeed, the tractor was listed in the 2007 allocations as approved and executed. So it was both listed in the PESOD and paid for by the Fund.

Minutes from a meeting of the Consultative Council, days before the "fictitious delivery" state: "The tractor shall be managed by the District Secretariat".

Members caught on to the opportunistic combination by the district government of the "7 million" Fund and the PESOD. One member asked, "So now the Consultative Council is an association?"

A civil servant in Majune told us that, as none of what is written in the PESOD is “guaranteed”, the members of District government were “idealistic” and requested money from the Fund for investments. He also explained there was political pressure from the Governor to symbolically “deliver” the tractor.

The government clearly had its doubts about allowing the Union to manage the tractor. The District Administrator shared with us that in spite of the great interest in the decentralized local funds among farmers associations, “the problem is management, programming and planning.”

By the end of 2008, UNAC and the Union were able to deduce that, from the point of view of the government, the Union would not be capable of managing the tractor and would have to make another proposal — presumably a more complete and convincing one.

The leopard and the rabbit

So who actually owns the tractor? According to the District government the tractor was purchased with no owner. Who “owns” the PESOD? The Fund? Who owns development strategies and budgets at the district level? And does “decentralisation” have an owner?

In February 2009, on the drive to Majune, I asked my colleagues from UNAC Niassa how the concepts of “ownership” were expressed in local languages. Words that approximated “ownership” appear to abound, all with specific nuances. This conversation about ownership seemed to have a subconscious impact of UNAC’s Coordinator, who in a meeting with the Farmers Union later rather spontaneously cited a Makua proverb.

He said “*yánene tiyánene*” which means literally, “the owner is (indeed) the owner.” The proverb comes from a folktale about the clever rabbit and the strong leopard. The leopard, even though very friendly with the rabbit, decides that he must have the rabbit’s special pouch. The rabbit has a pouch that never gets full, no matter how much he puts in it – perfect for long journeys.

Instead of trying to convince the rabbit to give it to him, the leopard ambushes rabbit one day, leaping at his throat, where the pouch is hanging. He disappears — into the bottomless pouch! At the leopard’s funeral, the rabbit takes advantage of the moment to sing *yánene tiyánene, yosivela werenveka*. “The owner is (indeed) the owner. If you would like something, you must ask for it.” Here brute force is being taught a lesson by the clever rabbit.

This proverb seemed to capture the decentralisation process for average citizens and associations, who had to persistently ask for copies of documents. In Majune, the mere act of consulting a document implies a personal, and sometimes difficult, request. Certain individuals have the power to limit dissemination of information.

Yánene tiyánene was the message of the district official when he referred to the tractor. When Mbembe refers to the “intimacy” of domination in the postcolonial state, one no longer based on “surveillance” or “coercion”, I argue he is referring to this close relationship between the rabbit and the leopard. The Mozambican government exerts influence and ownership through “conviviality”. These are not relationships necessarily characterized by binaries of state and civil society, or domination and dominated.

A perfect illustration of this is the role played by the members of the Consultative Council who were also members of the Malanga Farmers Union. They were privy to a great deal of information that they rarely shared with the Union or the public. Rank and file members of the Union showed genuine frustration with them. In a public meeting in August 2007, already frustration was boiling over and members attempted to name and shame their member on the Council. One member publically asked why “the money stays in the drawers, the only person to get a loan is Mr Baptista”.

And yet Union members were careful not to push too far, as their members of the Council were their best hope of accessing information and getting their projects funded. UNAC believed that often they would say one thing to Union members and another inside of the Council -- Mbembe’s use of the word “connivance” comes to mind here.

The Paris Declaration: a moral without a story

Mozambican “ownership” of development strategies, budgets and aid — from the highest level to the most local — is based on clever appropriation not by force, but instead resulting from intimate social relations where as Mbembe expresses it, “those who command and those assumed to obey” are entangled. Policymakers and organisations working in the areas of participation and social accountability must learn from those who Mozambican anthropologist Euclides Gonçalves (2006) identifies as “local political entrepreneurs” – the clever ones, who have learned to navigate decentralisation to their own advantage.

The Paris Declaration on Aid Effectiveness offers a moral – ownership – but without more attention to the characters and the plot, the moral is empty. “Donors” and “partner countries” are the characters and the “poverty reduction strategies” and “indicators” the plot devices. But this is simply not enough. For “ownership” to become a lived and relevant term, more stories, with all of their complexity and entanglement of characters, must be told.

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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22–24 April 2009

Working Paper

Maj-Lis Follér PhD (Sweden – Associate Prof., University of Gothenburg): “The Brazilian AIDS governance: Regional knowledge transfer, South-South cooperation, mechanisms for civil society participation, and the quest for accountability.”

South-South cooperation as a complement to North-South cooperation: Development aid and AIDS in a Brazilian context

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Introduction

This article will focus on the power dynamics that still exist in development cooperation. My goal is to reveal the nexus between power, knowledge, and politics in ‘traditional’ North-South cooperation and also in South-South cooperation. Some of the world’s ‘emerging economies’, such as Brazil, China, India, Malaysia, South Africa, and Thailand, have recently increased their trade with and development assistance to other countries in the Global South. The United Nations has reported on the increasing cooperation between countries in the South, cooperation that also includes HIV/AIDS treatment assistance and aid to Africa. Brazil has initiated South-South partnerships and established political, economic, and social regionalization as an alternative to North-South bilateral aid programs and trade.¹ What we see are new forms of development assistance emerging in the fields of health, technology, energy, and other areas of expertise. Besides the networks established by Brazil, there are other more overarching constructions, such as the United Nations Development Program (UNDP), which has set up a South-South Cooperation Fund (www.undp.org) as a special unit. Since 1989 the Group for South-South Consultation and Coordination (G-15) has been promoting bilateral South-South cooperation.² These changes might indicate the emergence of a ‘new’ horizontal communication involving the exchange of technical knowledge and capacity building. Exchange and cooperation have, however, always existed between

¹ One example is that Brazil has provided locally manufactured antiretroviral drugs to about 11 other developing countries such as Bolivia, Burkina Faso, Cape Verde, Colombia, East Timor, El Salvador, Guinea-Bissau, Mozambique, Nicaragua, Paraguay, and São Tomé and Príncipe. Brazil coordinates an international HIV/AIDS technical cooperation network that includes Argentina, China, Cuba, Nigeria, Russia, Thailand, and the Ukraine. The network aims to facilitate the transfer of technologies for the production of antiretrovirals, and there are several civil society collaborations between non-governmental organizations (NGOs) in the Global South.

² There are also assistance programs to eradicate hunger and HIV/AIDS, e.g. the Marrakech Declaration.

countries in the South, and to discuss a new emerging aid paradigm there must be a qualitative change in the Kuhnian sense. Whether this has occurred remains to be examined.³

The world is in a constant state of change, and at the end of the Cold War a transformation of power structures took place to rebuild countries in need of aid for reconstruction. The global view that sees the world in terms of a dichotomy of developed and underdeveloped nations has been heavily discussed and questioned, and the need to create a more equal relationship has been a recurrent theme in the history of development aid. Some landmarks of the first decade of the 21st century that illustrate these changes are the Millennium Development Goals (MDGs), signed in 2001, and the Paris Declaration on Aid Effectiveness, March 2005, that followed-up and complemented the MDGs. The latest summit was the Accra Agenda for Action in 2008. The question is what the rising power and influence of the newly emerging countries signifies. Is the gap between the Global North and the Global South diminishing, and do the development goals outlined in the Paris Declaration constitute something new in relation to development and aid cooperation? The intentions of the Paris Declaration and the Accra Agenda for Action are to achieve the MDGs by 2015. They call for placing more responsibility on the recipient countries and emphasize the concepts of 'ownership' and 'partnership', 'horizontal' dialogue between donor and recipient countries, and 'donor harmonization'. With regard to power structures the emphasis on the following points is central:

- * Greater recipient control over the funds provided.

- * More limited influence by the donors.

Apart from the complexity of development policy involving new actors, another shift is taking place: the growing importance of the burgeoning world of civil society aid. The focus of development assistance is moving from the most important aid-recipient being the State to greater involvement by the market and civil society actors.⁴ What is the role of the so called 'aid industry' in the present globalized world, as one phenomenon among many influencing and contributing to efforts to eradicate poverty, alleviate pandemics such as AIDS and other transmittable diseases, eliminate the unjust distribution of power, and create a more equitable world?

³ T.Kuhn discusses the notion of paradigm shift in *The Structure of Scientific Revolutions*, 1962.

⁴ Ottaway, M., T. Carothers (Eds) *Funding Virtue: Civil Society Aid and Democracy Promotion*, Carnegie Endowment for International Peace, 2000.

My contribution will focus on Brazil, as both a donor and a recipient country, in relation to development aid and AIDS. The global tendency whereby a huge amount of aid, both from international organizations but also as bilateral country support, is channelled through NGOs and the State can in some cases be weakening and may even be reversed, which is of interest in the aid debate. A substantial amount of research has shown that a common denominator throughout the spectrum of AIDS-donors is a positive attitude towards civil society. In the 'global fight against AIDS' the State is not always seen as the main problem solver, which reflects a changed balance of power between the government and civil society.⁵ Some cases of collaboration through partnerships including the Brazilian government and civil society organizations will be presented and examined.

The Background of Brazil's role in South-South cooperation

Brazil is the world's 12th largest economy. However, the distribution of wealth in the country is among the most inequitable in the world. In a world order dividing the globe into North and South, Brazil and other middle-income countries become invisible. They do not fit into the system of being either a donor or a recipient country. Instead they are situated at the interface between the 'developed' and the 'developing' world. The 'Brazilian model' of AIDS governance is widely viewed as a success story. It was developed in partnership with civil society AIDS organizations, and through bridge-building with scientists and private corporations such as the pharmaceutical industry. Brazil wants to export knowledge, capacity, and domestically produced drugs to other countries through development cooperation projects, and this has also been incorporated into Brazilian foreign policy. During the 1990s Brazil received support from the World Bank and international donors to strengthen its AIDS program, and various forms of assistance continue within the health sector. The implications of this anomalous hybridity of aid actors and organizations will be discussed, as will the question of whether Brazil has found its own form of 'local ownership', going beyond the Paris Declaration and Accra, for projects related to public health.

The aid industry

The complexity of the 'aid industry' can be illustrated with some figures from the UNAIDS Report *The 'Three Ones' in action*. These show how a multitude of stakeholders are entering

⁵ Follér, M. and Thörn, H. (Eds.), *The Politics of AIDS, Globalization, the State and Civil Society*, Palgrave/Macmillan, 2008.

countries such as Mozambique.⁶ The South-South donors, among them Brazil, are still in the minority, but the number of external actors is impressive. China and India are two important examples, but even Brazil plays a major regional role in Latin America and the Caribbean, as well as in Africa (primarily in the Portuguese-speaking countries). A tendency can be seen in which the present world order, dominated by North-South flows of aid, is changing into a much more multi-polar arrangement with a web of cooperation linking ‘traditional’ donor countries together with emerging donor countries, and in which civil society organizations play a growing role in the cooperation. The question is what this greater number of choices – and greater involvement of civil society – mean for global aid and for the recipient countries? Does the multiplicity of options in itself give the recipient countries greater control over the funds provided and thereby limit the donors’ influence?

A Brazilian statement

The official Brazilian view, put forward by the Brazilian delegation at the Accra High Level Forum on Aid Effectiveness 2–4 September 2008, depicts the Paris Declaration as an inflexible divide in the world development order. The speech, which was highly critical of the narrow North-South perspective on the world order, is here cited in part (emphasis mine):

.... In this context, I would like to introduce South-South cooperation [...]. South-South cooperation has developed its own practices in terms of motivation, negotiation and implementation. These practices sometimes differ from the ones applied in North-South cooperation or by some IFIs. [...] The South-South cooperation providers should not be automatically classified as ‘new-donors’, in the sense that not all of them wish to reproduce the rationale and conduct of DAC-OECD donors. We believe that there is no single way to achieve more effectiveness in development cooperation. Having said that, my Government believes that the debate on the effectiveness of development cooperation continues to be unbalanced. We would like to suggest that some new paragraphs be inserted in the ‘AAA’ document, as a separated item dealing with South-South cooperation.⁷

This statement is very critical of the status quo. It demonstrates the existence of a controversy over power structures and the world order, and elucidates the inequalities still inherent in the aid relationship. The Brazilian view is that there is still no real ownership, and that a paradigmatic shift is needed. I interpret the statement as expressing indignation, where knowledge and practices created in the Global South are not fully recognized as having a

⁶ *The ‘Three Ones’ in action: where we are and where we go from here*. UNAIDS, 2005:20.

⁷ This is an excerpt from the Brazilian delegation’s speech. The full speech can be found at: http://www.mofep.gov.gh/hlf_brazil.htm, visited 14 October 2009.

value equivalent to Western knowledge. But whether South-South cooperation will in the future pay more attention to local dynamics and social action undertaken in cooperation with the recipient countries remains to be seen. In my upcoming research I will continue working with discourse analysis and examining donor document to determine if there are differences in values between the donors' and the recipient countries' views, and to discern power structures and hidden agendas.

Some Brazilian South-South cooperation initiatives

At the beginning of the 1990s Brazil had the third highest absolute number of people with AIDS in the world. Today less than 1% of the population is living with HIV/AIDS. Civil society actors played a key role in bringing about the national AIDS policy that emerged through a process of re-democratization after twenty years of dictatorship. Civil society organizations have improved democratic accountability and fulfilled the watchdog function through the principle of *social control*, a central principle in the Brazilian Constitution stating that health care is the right of the citizens and the obligation of the State.

To develop its National AIDS Program Brazil received substantial loans from the World Bank (WB) distributed 1995–1998 and 1999–2002, and a smaller one 2003–2006. This large amount of funding was for the most part used to implement prevention programs, services, and epidemiological monitoring, and to strengthen the health infrastructure. The loans were questioned, especially by civil society organizations, because of the conditions attached to them. The WB policies *strictly forbade* expenditures for antiretrovirals (ARV). The motivation of the WB was that treatment with ARVs was too costly for developing countries with limited resources. At the same time, civil society organizations (CSOs) and the government had a campaign for 'scaling up AIDS treatment'. The AIDS-NGOs pressured the government for universal access to treatment, and the campaign was supported by international organizations including the United Nations and the World Health Organization (WHO). The WB supported several NGOs working with prevention, but at the same time the same NGOs received increased governmental support to lobby for expansion of AIDS treatment. The WB loans achieved their set goals of strengthening the health infrastructure and improving monitoring. But many unintended goals were also reached. I found this interesting, as it illustrates the power dynamics and conflicting value systems that exist between the WB and the Brazilian National AIDS Program including the AIDS movement.

‘Just as in other policy areas, the WB attempted to shape the Brazilian AIDS program.’⁸ An open clash between the WB’s emphasis on prevention and the NGOs’ pressure for universal treatment is expressed. The government worked in close cooperation with the AIDS movements, and from the point of view of national ownership the loans led (unintentionally) to a strengthening of the Brazilian AIDS ‘model’. Probably there was a softening of the WB’s value system in the global discussions on aid and due to the Washington Consensus losing credibility. During the negotiations with the government, and under strong pressure from civil society actors, the WB had to deviate from the neo-liberal logic of costs and benefits that viewed prevention as likely to bring about more economic benefit. Some helpful points that give cause for optimism about changing power structures in the future are:

- * The democratization of the Brazilian society, with its strong civil society.
- * A constitution that expressly states ‘everybody’s right to health’ and the citizens’ duty to exert ‘social control’.

Brazil is still receiving bilateral support from northern countries and international organizations, even for launching South-South collaborations. I will briefly mention some examples of these initiatives. One development project was initiated by Brazil through national AIDS-NGOs in partnership with the Brazilian Ministry of Health and the National AIDS Program. The recipients of the aid were the Bolivian and Paraguayan national AIDS programs and their public health institutions. The project was named *Access to AIDS Treatment in Bolivia and Paraguay: International Cooperation and Social Mobilization*.⁹ The motivation of the civil society for initiating the project was to strengthen ‘universal access to treatment’ activities in Latin America. The Brazilian government participated in the project through the donation of AIDS medicines. From the documentation and interviews a picture emerges of discussions about local ownership, and it is seen that local leaders and NGO representatives were identified early in the process and recruited to design the workshops. Representatives of civil society organizations in the recipient countries were present from the planning stages onward. One criticism from other NGOs was that civil society should not be the prolonged arm of a governmental program to donate drugs; the importance of the

⁸ Biehl, J. ‘Pharmaceutical Governance’ in *Global Pharmaceuticals, Ethics, Markets, Practices*. A. Petryna, A. Lakoff, A. Kleinman (Eds.), 2007: 213.

⁹ PIMENTA, Cristina, Veriano Terto Jr., Luciana Kamel, Ivia Maksud & Juan Carlos Raxach. 2006. *Access to AIDS treatment in Bolivia and Paraguay. International cooperation and social mobilization*. Rio de Janeiro: ABIA.

autonomy of civil society organizations and their watchdog role with regard to the government were highlighted.

Other initiatives were that in 2004 the National AIDS Program, together with UNAIDS, launched an International Center for Technical Cooperation (CICT).¹⁰ Besides receiving support from UNAIDS, this South-South network receives support from the German GTZ and the UK Department for International Development (DFID). It is also a new hybrid organization for cooperation and an example of changes in the development aid arena, with Brazil as a global player. GTZ uses the term ‘triangular cooperation’, defined as a horizontal structure to resolve common problems through the exchange of experience and ‘know-how’. From a GTZ donor document it is obvious that there are some tensions about the contents of the CICT project and how to implement the aid. There are differing opinions about how to carry out the project. GTZ has certain ideas about how to proceed, which is evident in the donor document. CICT has another view, and the question is whether these disagreements can be solved through negotiations. Does GTZ have to accept the way CICT wants to conduct the project even if they are critical of it? The issue concerns whether the CICT should have the last word beyond the Paris and Accra declarations, and that this is the interpretation of a shift to more national ownership.

Some concluding remarks

Something is happening with regard to the division of the world into a Global North and Global South as new actors are entering the aid arena. The Brazilian delegation at the Accra meeting represented a new voice being raised. Brazil is not a passive objects of aid, but an active agent resisting the conditions set by donors and creating a space for independent interpretation and action.

The WB imposes strict conditions for receiving loans. But thanks to Brazil’s strong National AIDS Program and pressure from a pro-active civil society, it has been able to continue on the path of national ownership and universal access to treatment.

Lessons from Brazil that are relevant to achieving well-functioning local ownership are:

- * The level of democracy in the country is vital, including transparency and accountability on both governmental and civil society levels. The bottom-up pressure on the government from a pro-active civil society has strengthened the democratization of Brazil.

¹⁰ The name in Portuguese is *Centro Internacional de Cooperação Técnica em HIV/AIDS* (CICT/AIDS).

* The ‘political will’ and commitment of the government are essential.

* The development partnership with Bolivia and Paraguay is still too new to evaluate, but it is of great interest as it includes ideas of strengthening the region, and cultural aspects are highlighted.

The question not yet answered is whether Brazil has found its own form of ‘local ownership’ beyond the Paris Declaration and Accra. Brazil’s AIDS policies have a good international reputation. The model functions in Brazil, and other countries can learn lessons from, but not copy, the model. Brazil exports knowledge and experience of the donation of AIDS drugs and capacity building, supporting the construction of pharmaceutical laboratories and factories in the Global South. The decisions relating to goals are based on their own priorities and they have strong self-esteem based on effective practical activities.

Do regional cooperation and South-South cooperation imply another rationale or logic in cooperation projects than the multilateral and bilateral transfer of North-South aid? It is probably too early to answer this question, but the aid landscape is changing, with new actors entering the scene; a constructive dialogue between northern and southern donors to achieve sustainable development and poverty reduction should be in focus. In general terms, the following things are necessary if changes in the power relations are to take place. The role of the donors should be limited and be made less interventionist, as local ownership implies a shift of power. The national plans of the recipient countries should be supported in a more overt way. The role of the Global North could be to act as a broker or facilitator and pave the way for dialogue. If the donors wish to set conditions, they must be transparent and open to negotiation.

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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Le Viet Thai (Vietnam-CIEM): “Ownership by ODA- Projects in Vietnam”

Ownership by ODA- Projects in Vietnam

1. Development of Technical Assistance (TA) projects in Vietnam

a. Phase 1 (the beginning of the Reforms: 1988-1995)

In the post war time frame, Vietnam had some development aid projects from Russia and Eastern European countries. Most of these projects were to help Vietnam build up its infrastructure and to directly make a partial contribution to Vietnamese people's essential needs. These projects were in turn completed in 1980s.

Vietnam's economic reforms officially began in 1986 when the planned economy was gradually transformed into a market economy. This is a completely new change in the development of the world's economy's underlying models. The most important feature of the change was a shift from a one-sector economy (state economy) into a multi-sector economy. Consequently, Vietnam's problems during the change were different from the ones market economies normally experienced. In particular, state failure was paid more attention to than market failure was.

Vietnamese researchers and officers had hardly mastered their knowledge of the market economy- they had, however, experienced 30 years of planned economy (1958-1988). One of the most important requisites for success in the change was to provide researchers and policy-makers with knowledge of the market economy. Therefore, education was paid much more attention to in this phase than application was. Accordingly, projects focused on activities such as training, workshops, knowledge, and experience improvement.

Together with the change in the economy's underlying economic model, Vietnam gradually became familiar with ODA projects in general and TA projects in particular. Most of TA projects were proposed by donors, while Vietnam did not take an active part in these projects, due to its inexperience. In economic reforms, the GTZ organization offered a relatively comprehensive project system including an 'economic reform support' project, a 'state budget reform' project, 'banking reform support' project, 'administration reform' project, an 'auditing system development' project, etc. Despite its limited participation in these projects, Vietnam benefited a lot from their provision of fundamental knowledge which was the major need of Vietnam.

In this first phase of the reforms, Vietnam also had a big demand for ODA in all sectors meanwhile donors' offerings were not diversified enough. As a result, it was not necessary for Vietnam to select one project but accept almost all offerings from donors.

b. Phase 2: Extension of TA projects after the removal of US's ban on Vietnam (1995-2000)

In this phase, the Vietnam Government enhanced open policies, both in economic and political fields, in order to make the economy change faster at high growth and gradually integrate into the global trade. Together with the removal of US's ban on Vietnam, the Vietnam Government's open policies promoted the development of TA projects. In particular, there were many more donors and an even larger scale TA projects in many different sectors.

TA projects were mostly implemented in centrally-controlled organizations, due to the weaknesses in decentralization of state management as well as of TA project management, and due to the limited experience and knowledge of provincial officers. Only a small percentage of TA projects were directly managed by provinces. Some projects to assist provinces to resolve their own problems were managed and directed by ministries. Therefore, the project flexibility and effectiveness were not so high.

Meanwhile the number and scale of TA projects were increasing; Vietnam's experience in usage and exploitation of these projects was not respectively going up. The projects' effectiveness in this phase was relatively low due to weak cooperation between projects and Vietnam's low activeness and self management in many TA projects.

c. Phase 3: new stage of the Reforms (since 2000)

Since 2000, the Vietnam Government has enhanced the administration reforms to come up with higher quality of the economic reforms. This change caused other changes in technical assistance, as well as in TA project proportion: the proportion of projects directly and indirectly relating to administration reforms has been increasing at all levels.

One of the most important issues in the Administration Reforms is to foster the decentralization in all sectors by which the provincial administration's rights and duties increase. Accordingly, donors have actively contacted provincial administrations and many TA projects have been directly managed by provinces. However, the implementation of TA projects in provinces is facing many difficulties and projects' effectiveness is not so high due to lack of experience and foreign language skills in TA project management, shortages of competent officers, as well as poor working conditions.

There is a difference between activeness or ownership of central leveled and provincial leveled agencies due to the difference in TA project demand-supply relations and experience in the implementation of projects at these two levels. Most of the provinces accept projects proposed by donors, while central agencies have actually selected the proposed projects and donors. Some inappropriate projects were rejected or adjusted by Vietnam. Therefore, it is possible to say that ownership has been set up and developed in TA projects.

2. Obstructions in the implementation of policies, in the activeness and ownership in TA projects

- *Officers' and management's limited knowledge of market economy*

There were many difficulties in building and implementing the economic policies, due to lack of market economy knowledge, especially in the first stage of the reforms. These difficulties were seen in thinking, in policy making, in analysis as well as in behaviors in the implementation of policies.

- *Both long and short term foreign experts' lack of understanding Vietnam*

Many foreign experts were not given the chance to study Vietnam's context before their assignment in Vietnam. The application of African or Asian experts' experience to Vietnam negatively affected results and effectiveness of projects in Vietnam. This was due to the fact that donors did not run appropriate introduction programs about Vietnam or that Vietnam agencies failed in providing experts with essential information- especially TA project-related information- to help them understand Vietnam's context.

- *Difference in culture and customs of Vietnam and other countries of donors.*

The only way to get the highest level of effectiveness out of TA projects is that two parties (experts and Vietnam agencies) understand each other and are open enough. One of the most important things to reach the mentioned point is that the two parties master certain knowledge of each other's culture, characteristics and customs. This helps experts come up with feasible and effective consultancy proposals in decision making.

- *Language difference*

Language difference stays as a big obstruction in project implementation especially in provincial projects where not many Vietnamese officers are able to directly communicate with foreign experts. There are misunderstandings in

many projects despite the use of interpreters, which may lead to a big negative impact on project implementation.

- *No 'bridges' or business contacts between foreign experts and Vietnam agencies*

To resolve the problems of language and cultural differences, there is a demand for a 'bridge' between two parties. Normally, it is a coordinator or an interpreter who takes the accountability. However, it is a pity that not all projects have a 'bridge' because of the position's high requirements of professional knowledge, foreign languages, culture, and customs of Vietnam and granting countries.

- *Short term expert's poor preparations for Vietnam assignment and post assignments*

Due to some different reasons, some short term experts could not collect enough information about Vietnam. Consequently, their consultancy was theoretical, general, and not practical. After the short term contract completion, there was no contact between short term experts and Vietnam agencies, which negatively affected effectiveness and stability of bilateral cooperation.

- *Corruption and local interest in Vietnam*

This is a negative impact on not only financial support projects but also TA projects. Corruption and local interest may lead to mistakes in the definition of sector, location and beneficiary, which reduces results and effectiveness of TA projects, raises the threat of the 'money of poor people in rich countries going into the pockets of rich people in poor countries'.

3. Proposals to improve TA project effectiveness in poor alleviation process, especially in rural and mountainous areas

- Cooperate in definition of demand for TA projects, in which proposals by grantee countries are paid great attention to.
- Foster decentralization as well as support capability enhancement of provincial officers.
- Provide long term expert with a course of general knowledge of grantee countries' culture, customs, etc
- Improve the explicitness of TA project preparation and implementation.
- Clearly state roles, duties of each party in project implementation as well as certain regulations in project cooperation.
- Strengthen anti-corruption and anti-local interest.



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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Anne Sophie Gindroz (Sweden–Helvetas): “Democratic ownership in a context of asymmetric powers: aid to support endogenous development?”

Inspired by the case of Mali”

**Democratic ownership in a context of asymmetric powers:
aid to support endogenous development?
Inspired by the case of Mali**

I. DEMOCRATIC OWNERSHIP: A CONTRASTED PICTURE

In theory...

The Paris Declaration is the response provided by development partners to the rather courageous acknowledgment in 2004 of the fact that partners from the North (known here as TFPs: Technical and Financial Partners) were not coordinated and too often dictated the development agenda to their partners from the South. In order to increase the effectiveness of official development aid (ODA), certain basic principles were laid down in the Paris Declaration (PD), which was clearly intended to ensure that ODA would be provided with due regard to the sovereignty of the beneficiary country, through mechanisms that would make its management easier for the latter. In that regard, those intentions are quite laudable. The application of those principles, in particular the principle of ownership, may however be criticised.

The principle of ownership is supposed to correct some of the practices that were recognised as a form of interference, and put the government of the recipient State in “the steering seat”. The Accra Agenda for Action requires this ownership to be democratic: it is thus not just ownership by the central government. The intention is to broaden the base of ownership by equally involving elected officials, local authorities (LAs), and civil society organisations (CSOs).

In practice...

It now appears quite clear however that the principle of democratic ownership is rarely ever translated into concrete action. This is reflected in the importance given to harmonisation and alignment to the detriment of ownership in reference documents (e.g. national action plans on aid effectiveness, framework for action of the technical and financial partners, etc.), as well as the fact that the concept of simple ownership is maintained, with its only requirement being the existence of a PRSP/GPRSP when this had been considered inadequate for indicator in Accra.

Factors inhibiting democratic ownership: the instruments and modalities are at fault...

Concerning the instruments used in aid to countries of the South, it would be a good idea to question their relevance in relation to the principle of ownership. In the Paris Declaration, the indicator for ownership was the existence of a Poverty Reduction Strategy Paper (PRSP, converted into GPRSP). Now, it is clear that in order for it to serve as a basis for funding, this document must be approved by the International Financial Institutions.

Development models and standard formats are imposed. Does this not prove, precisely, that governments which receive budgetary support lack the required autonomy? Can a government really decide not to draft a PRSP (Poverty Reduction Strategy Paper) or a GPRSP (Growth and Poverty Reduction Strategy Paper), or decide to base its poverty reduction activities on something other than economic growth? To what extent is a government really free to define its own development strategy? Can a government that aspires to receive financial assistance avoid opening up its markets and privatising its public

services? What country in the South can expect to develop in present times while protecting itself from liberalism and subsidising its agriculture? There is a clear problem of asymmetric powers, which is compounded by the indebtedness of countries of the South. Is it coincidence that at a time when Europe is seeking to impose Economic Partnership Agreements (EPAs) on African countries, negotiations on the 10th EDF are also underway?

Many more or less subtle devices and the use of safeguards make it possible to mark the way and direct priorities: among these are conditionality and triggers, technical assistants and experts who are closely involved in all phases of the design of reference documents. In order to ensure that the agenda of partner countries is well aligned on the aid policies of the principal TFPs, care is taken to place expatriate technical advisers (from the donor countries, and funded by them) in the ministries concerned, to draft the reference documents that are supposed to be a reflection of the priorities of the partner country, and which will subsequently be discussed among the TFPs, amended and approved by the latter. The degree of legitimacy of these documents is questionable, in particular in the light of democratic principles. Furthermore, since these technical assistants generally carry out the work directly, in the place of the civil servants that they are attached to, it is doubtful that there are any results in terms of capacity building.

As to the modalities of aid, budgetary assistance, which is increasingly promoted under the aid effectiveness agenda, is neither good nor bad per se. It is just one way of disbursing funds. It would certainly be an adequate instrument for dealing with a legitimate beneficiary government equipped with a development policy that is the result of broad-based democratic debate, and capable of managing aid in a transparent manner. But these three conditions are hardly ever all met...

Finally, mention must be made here of the need to disburse funds, which the TFPs are confronted with, since the disbursement rate is often the main performance indicator (particularly in the case of budgetary support). This need to disburse distorts aid governance as it leads to some laxity with regard to certain practices, or even skews the assessment of some development outcomes. This was the case in particular in the assistance provided to decentralisation in Mali where the attainment of certain objectives (expressed through manipulated indicators) was highly overestimated in order not to compromise the disbursement of the variable instalments. This requirement also leads the TFPs to develop the capacities of their government partners not on the basis of the quality of their policies in relation to real development outcomes, but by targeting those who disburse the least, as expressed in the priority action programme of TFPs in Mali.

Development models are also at fault ...

For donor countries, official development aid is one of the components of external policy and as such, it is not unconnected to the economic interests of the donor country in particular. There is therefore a field of tension between the apparent objective of aid, which is supposed to foster the development of recipient countries, and the temptation to use aid as a lever to guarantee access to commodities in countries of the South; markets for industrialised products from the North; a favourable environment for establishing businesses from the North; tax exemption schemes for extractive industries; the return of undesirable migrants, etc.

This reality has led to a certain standardised, dominant model of development that, in conjunction with aid delivery modalities that tend to reduce the margin for manoeuvre of

recipient countries, have an impact on the political sovereignty of a government to build its own vision of development and define the content of its policies.

Although the Accra Agenda for Action highlighted the principle of democratic ownership, it does not touch on the issues of trade liberalisation or privatisation of public services, which are often put forward by donors as conditions. Nor is it very ambitious about untying of aid, which means that donors can continue to tie their aid to the purchase of their goods and services instead of procuring them in countries of the South and thus supporting local economies.

These are power plays that undermine national sovereignty...

The dominant development model advocated by development partners has an incidence on the application of the principle of democratic ownership. Each time dependency is created, it saps the national sovereignty of a country. And this applies to all sectors: to the social sector, with the privatisation of energy public services (to the profit of multinational companies); the economic sector with liberalisation to the detriment of national production, when the country no longer produces what it consumes or transforms what it produces; the financial sector with debt and external aid that it is indispensable for paying civil servants, and the cultural sector where consumption habits change, with people no longer consuming what they produce, etc.

Some recent examples show how the aid tool can be wielded: the AFD (Agence Française de Développement) has invested in the capital of the multinational company, Veolia. This operation was presented as a model of public-private partnership that should enable Veolia to benefit from the experience of the AFD and thus position itself better in the framework of energy sector privatisation in countries of the South. The case of Mali was cited, where an agreement with a major French company to privatise the water sector was broken by the Malian government. Such an example could now be avoided thanks to this type of partnership. It is clear just how much the French position has been strengthened: the AFD funds studies (carried out by French consultants) that recommend the privatisation of public services in the South (without any accompanying measures to strengthen the local private sector). It organises the calls for tenders, and Veolia submits a tender. One might wonder if in fact aid in this instance does not rather serve the interests of businesses from the North that wish to set up shop in the South and make profits, than the interests of a population that sees more and more basic social services being managed with a commercial approach...

Another recent example is the adoption of the law on bio-safety in Mali. Mali had resisted the introduction of GMOs, with pressure from local farmers' movements in particular. Massive aid was then provided by USAID and invested to accelerate the process of approving the law, which was initially rejected by the National Assembly. USAID employs two full time staff on this issue, and funded the drafting of the law by a former Monsanto legal expert, in addition to supporting very generous activities to educate members of the National Assembly. Now, the interest of the United States in the market for GMO seeds is quite well known...

... and democracy in recipient countries

These power plays have a direct impact on the quality of democracy and thus on the dimension of democratic ownership. In Mali, trade unions were obliged to temper their positions because, on the one hand, the government does not have the margin for manoeuvre to use its budget as it wishes (wage and salary demands in contradiction to the objectives of

“putting public finances in order”), and on the other, government made it known that some demands could compromise the acquisition of funds in other social sectors.

The same process was used during the tripartite review of development progress that was supposed to involve the main Malian civil society groupings and networks. On the eve of the tripartite exercise to review the progress made in development, government convened a meeting of these civil society stakeholders, who had been invited to take part in the exercise, and asked them not to be overly critical as this could compromise their efforts with donors. At the time, the Malian government was deploying a strategy to acquire funding.

Finally, we must not forget the fact that money dictates priorities. One such illustration is the water policy of Mali. The government has acknowledged the urgent need to rehabilitate water-points as the old state of installations reduces the output rate of pumps. Yet, although government had made clear commitments to pay for the cost of rehabilitation, the lack of interest in this issue on the part of donors has relegated it to the background.

Question: How can democratic institutions be strengthened in the context of asymmetric powers, as characterised by the following?

- Standardised development models that serve the interests of donors, and the fact that money dictates priorities.
- The persistence of tied aid and conditionality that constitute obstacles to the capacity of a government to negotiate with its own social movements.
- The use of international consultants and technical assistants appointed to key ministries to handle development engineering and who take the place of government agents, to draft development strategies and policies.

The trend would need to be reversed in three ways:

1. Development agencies should truly be driven by a spirit of partnership and cooperation that respect the sovereignty of countries of the South, and should resist to any attempt to turn aid into an instrument to promote other political interests.
2. This technocratic approach to development, induced by the Paris Declaration, should be questioned, and efforts to improve aid effectiveness should target tangible development effects, rather than focusing on disbursement requirements, contractual and financial mechanisms.
3. Aid should serve to strengthen democratic forces and their ability to nurture an endogenous vision of their development that is more entrenched in local realities, and takes into account the aspirations of the population.

I should like to develop this last point further.

II. REESTABLISHING BALANCE BY STRENGTHENING DEMOCRATIC INSTITUTIONS

Development cooperation can either strengthen or undermine democratic ownership, depending on whether it is set up only with and for government actors at the central level, or whether it opens up to other, non-State actors and the decentralised levels. The idea is not to make these actors passive “beneficiaries”, but rather to make them real partners, in order to ensure that the policy orientations of development agendas are aligned with the aspirations of the people. It also ensures that programmes are set up in such a way as to achieve effective resource mobilisation by communities, and that progress in development is evaluated more objectively. Without this, democratic ownership will remain a vain wish...

Strengthening decentralised local authorities...

Decentralisation is a promising way of responding to growing social inequalities and the disparities between the central and peripheral levels. Decentralisation must contribute to consolidating the process of local development as it concentrates on community issues such as water, sanitation, health, etc. It can enhance the entrenchment of development in local realities through participatory planning. It can also strengthen the democratisation of public affairs management, since it brings elected officials closer to their constituents through the organisation of local question and answer fora. Supporting decentralisation processes is a viable option for consolidating democratic ownership.

However ...

One major problem encountered in certain countries is that financial resources are concentrated centrally. This is a spill-over effect of budgetary support when it is established within the framework of a partnership with central government. Decentralised local authorities are generally not the partners of those donors who provide general or sector-specific budgetary support.

In the context of decentralisation, this type of approach can seriously weaken the position of local authorities, especially if the mechanisms for transferring resources from the central level to the periphery are not operational. Financial partners align themselves with systems that will concentrate the funds at central government level, whereas major responsibilities in key development sectors have been transferred to local authorities. This is particularly the case in Mali where competencies in the education, health and water sectors have been transferred to communes, but without the attendant transfer of resources. In spite of this, financial partners who provide budgetary assistance continue to deal only with the central ministries and to lodge the funds at central level. The quality of local planning processes has certainly improved, but they still remain unconnected to national and sector-wide planning. And yet these are the levels that are funded by donors. This leads to projects that are not in line with the priorities of the communes being brought in from outside.

Nevertheless ...

It is absolutely necessary for LAs to be part of development policy dialogue, at least for those areas where responsibility has been transferred to them.

Development partners should ensure that local plans are taken into account, in order to promote consistency in the various levels of planning.

Programme design should take into account the ability of decentralised bodies to mobilise funds, and should make effective transfers of resources a cross-cutting indicator in the various sector programmes.

Within the context of incomplete decentralisation, and pending mechanisms for effective transfer of resources to the local level actually functioning, budgetary support to decentralised local authorities (regional funds) should be an option.

Enabling elected officials to play their role...

Elected officials must be involved in developing, monitoring, and evaluating development policies. Accountability mechanisms should be thought according to the work cycle of parliamentarians (sessions).

However ...

Budgetary support that is provided in a fragile democratic environment does have an effect on the quality of such a democracy. In a system characterized by vote-catching or “stomach” democracy, budgetary support can result in a weakening of the ability of opposition forces to play their role of stimulating democratic debate on development choices, proposing alternatives, and serving as a counterbalance on issues related to monitoring budget performance, etc. When there is no contradictory debate, when the silence of opposition members is up for sale, when votes can be purchased, then the very quality of democracy is tarnished. Finally, it must be acknowledged that financial partners are not unhappy to see a regime and its leaders remain in power, when they have negotiated and signed financing agreements with them that stipulate a whole series of mutual commitments. Donors are apprehensive when governments change following elections because there is always some concern that the new leaders might go through a phase of questioning some established agreements. This may be why these same donors turn a blind eye on some practices for funding election campaigns...

Nevertheless ...

Aid can be used to develop the ability of elected officials to analyse the policies that are submitted to them; to identify the issues at stake, and to have access to the most comprehensive and reasoned information possible. In an environment where there is a deficit of democracy, it is essential to strengthen the media to enable them to stimulate democratic debates.

The involvement of a country's democratic institutions should be a criterion for assessing the quality of the process followed to define policies that are funded through budgetary support. And, finally, the commitments made in Accra, to publish the conditions of aid, as well as annual commitments and payments made under ODA, must be honoured. Development partners could also encourage governments to make their budgets public. This is a prerequisite for any initiative in terms of public monitoring of public financial management.

Involving CSOs in policy dialogue ...

The role of civil society organisations (CSOs) can partially redress the deficit in democracy: civil society can provide spaces for citizens' participation in democracy, as a force for proposing alternatives and calling government to account. Effective public monitoring can contribute to controlling corruption and preventing certain unsound management practices.

However ...

In order to enable CSOs play their rightful role, appropriate funding mechanisms need to be put in place. Indeed, there is a need to go beyond the logic of short-term projects and improve predictability of funding, but above all, there is a need for mechanisms that preserve flexibility and respect the diversity of CSOs. Most of the instruments that are used today do not.

Often, CSOs are not a real partner for donors: civil society plays a marginal role, either in token exercises to validate documents or to give kind of legitimacy to consultation processes. Thus, the governance action plan of the government of Mali, which was drafted as part of the incentives for obtaining additional disbursements under budgetary support from the EC, was never disclosed to civil society because of its “confidential nature”. No information, no way to monitor progresses...

Nevertheless ...

There is one interesting experience under way in Mali with the setting up of a capacity building “basket fund” for civil society.

Discussions have been going on for more than a year to involve CSOs in spaces for policy dialogue with government partners, but there is still some strong resistance on the part of certain TFPs in Mali and old habits are not easy to change...

III. CONCLUSION

In Accra, it appeared clearly that “more of the same won’t be enough”. What is needed is therefore “better aid”.

Poverty reduction is not quite the same as achieving development. If the objective of reducing poverty is maintained, it will limit efforts to organise the survival of populations. Furthermore, we know that development aid alone will not resolve the problem of poverty, since there are other policies that create poverty. This raises the whole issue of policy consistency or inconsistency (aid policy, trade policy, policy on migration, etc.).

It is now time to speak not of ownership but of self-determination, if the aim is really to restore to populations the right to define what kind of societal model they choose to develop and what future they want to build for their children. The modalities of aid, but also of development, need to be reconsidered, because the models that focus on economic growth are now showing their limitations both in the North and in the South. There is a pressing need to find alternatives. These alternatives must emerge in partner countries. They must be built on an endogenous vision of development, and must be translated into policies that truly and sustainably serve the interests of their populations. Alter-development as part of ‘selected globalisation’?

Anne-Sophie GINDROZ
Bamako
February 2009



Schweizerische Eidgenossenschaft
Confédération suisse
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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Pungky Sumadi (Indonesia–BAPPENAS): “Paris Declaration Experience
in Indonesia: Developing and Managing Program Ownership”

PARIS DECLARATION EXPERIENCE IN INDONESIA: DEVELOPING AND MANAGING PROGRAM OWNERSHIP¹

By

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Background

In the past 40 years Indonesia has experienced substantial changes in its approach to reduce poverty. Up to mid 90s the Government was active in providing goods and services to the poor from subsidized agriculture inputs, farm animals, and small scale credit to tertiary infrastructure. In 1997, the Government introduced the *Kecamatan* Development Program (KDP,) the first community-based anti-poverty program in Indonesia. The role of Government has been greatly reduced. Rural poor communities have greater role in decision making process in attacking poverty. A year later, the Government initiated the Urban Poverty Project (UPP).² Since then, the Government launched some other community based projects, supported by major international financial institutions.

The Poverty Reduction Unit

BAPPENAS established the Directorate of Poverty Reduction (the Unit) in September 2005 as a response to the poverty problems in Indonesia. The Government believes that a special unit responsible for poverty issues within the planning office is needed to: (1) formulate better policy and strategies of poverty reduction (through better monitoring and evaluation), (2) coordinate the planning and implementations of various poverty programs, and (3) coordinate resource mobilization from international financial and development institutions.

International Bombardment

Poverty reduction is the most appealing development “sector.” Attacking poverty is the highest priority of the current Government. Within a few days after the

¹ This paper was developed from “POVERTY REDUCTION PROGRAM MANAGEMENT” (Sumadi, 2008), a paper presented at the Third Country Training Program on Capacity Building for Poverty Reduction, the Center for Economic and Social Studies and Japan International Cooperation Agency (JICA,) Jakarta, 21 August 2008. The paper was made based on the author’s experience as the Director of Poverty Reduction, from September 2005 – December 2007.

² The KDP was initiated by the World Bank. BAPPENAS designed the UPP. The World Bank has been financing both projects.

Unit was formed, the Canadian International Development Agency (CIDA) offered technical assistance grant to develop poverty reduction policy. The Asian Development Bank (ADB) wanted the Unit to work on a USD 1 billion program loan focusing on accelerating the Millenium Development Goals (MDG) achievement that had to be prepared within 3 months. The United Nation's Development Program (UNDP) offered two projects on MDG and requested that the management of the Information and Communication Technology for the Poverty Reduction project be handed over from another unit within BAPPENAS. The World Bank presented its work on Indonesia's poverty reduction agenda. Japan Bank for International Cooperation (JBIC,) JICA, UK's Department for International Development (DFID), European Union and some other bilateral development institutions offered new loans and grants to help Indonesia in attacking poverty.

Realizing the eagerness of international institutions in helping Indonesia attack poverty, the Unit decided to selectively work with those who can be its equal partners, especially in policy dialogue. It decided to work only with the Canadian International Development Agency (CIDA), ADB on technical assistance grant for Pro-Poor Planning and Budgeting and the United Nation Development Program on MDG projects. The Unit rejected the ADB's USD 1 billion program loan.³

Starting from Scratch

In the first few weeks of its establishment, the Unit assessed the available law and planning documents, and carefully studied the current and on-going poverty related programs and projects. It identified that too many projects were executed by too many ministries.⁴ In a workshop to evaluate the largest nine projects, all claimed to be the most community-empowering and effective in reducing poverty. Through a series of discussions with each project the Unit found that the majority of project management teams (and hence the supporting international funding agencies) do not have adequate understanding of community empowerment. Types of participation vary from fake participation to interactive forms, leading to differences in the process of and the quality of decision that community members are to make. In the end, it affects the ownership and sustainability of the project.

³ More than a year later, the ADB succeeded in persuading the Ministry of Finance and the Coordinating Ministry of Social Welfare to make the program loan.

⁴ The Coordinating Ministry of Social Welfare later identified there were 60 community based projects run by 19 ministries with the objective of reducing poverty.

Having studied the above law, documents and on-going portfolios, the Unit came up to three things in defining its job: *First*, be a better social planner. The work starts with designing general policy, programs and budgeting plan of the poverty reduction activities, evaluating poverty-related programs and projects, and establishing poverty data base for future planning, monitoring and evaluation. *Second*, work with others. The Unit has to create networks and synergy with sector ministries, international organizations, local governments, parliaments and civil society organizations; including the media. *Third*, train and retrain the staff. To be able to have an equal dialogue with its international partners, the Unit believes that it has to improve staff capacity in poverty reduction subject, technically and conceptually. Within the first year the Unit sent professional staff to international and domestic conferences, training (especially in monitoring and evaluation), seminars and workshops.

Making PNPM the National Poverty Reduction Flag

In 2006, having more than 8 years experience with the UPP and the KDP,⁵ the Government decided to expand the projects nation wide; known as the PNPM (National Program on Community Empowerment.) By 2006, both projects covered about 12% of the total of over 76,000 urban and rural villages in Indonesia. The Government decided to cover all villages by 2009. The Coordinating Minister of Economy requested BAPPENAS to expand the program. BAPPENAS decided not only to expand the program but also improve the design.

Several international organizations decided to join the program.⁶ Initially the Unit was in the familiar situation of a developing country dealing with an international organization where: (a) the donor or lender tries to drive the Government; (b) no international institution wants to be coordinated by the other; and (c) each one tries to influence the Government to be on its side. The following paragraphs describe how the Unit creates and controls the ownership of PNPM development strategy.

⁵ The UPP was designed as a means to overcome poverty and unemployment in urban areas due to the 1997 Asian financial crisis. The project aims to empower local communities by providing grants, technical assistance and training to poor urban communities. It requires community members to democratically form a community decision making body that sets up project's rules and regulations. It decides—with assistance of community facilitators—who, where, when, what, why and how community members use the grants.

⁶ In addition to the World Bank, JBIC, the International Food and Agriculture Development, and the ADB joined in. By August 2008, the Islamic Development Bank, European Union, AusAid, the governments of the Netherlands and Denmark committed some funds to finance the PNPM.

One captain for one ship. The first institution that the Unit asked for close coordination is the Coordinating Ministry of People's Welfare (KESRA).⁷ It decided to have a clear job description: the Coordinating Ministry is responsible for the overall coordination, and BAPPENAS for the PNPM design. Any discussion related to the PNPM design should go to BAPPENAS first. It held regular bi-weekly meeting to discuss PNPM work progress and maintain equal levels of information.

Define objectives clearly. Having evaluated major community-based projects, the Unit identified the advantages and disadvantages of each of them. The PNPM design is drawn from this work. The Unit improved the basic principles and design of PNPM from every single aspect, e.g., the PNPM empowerment cycle, baseline data, management information system, monitoring and evaluation system, size of community grant, program component, stages of geographical and size expansion and time frame, regulatory framework, donor and lender coordination, inter-ministerial coordination, etc. The Unit always kept the Coordinating Ministries informed. It was able to clearly direct the donor and lender community to follow the Government step, and have them on board from the very beginning. This approach helped the Unit send a clear picture of PNPM and mobilize more grant facilities from wider donor communities.

Coordinate well. The Unit held bi-weekly technical meeting, within BAPPENAS, and with donors and ministries to discuss progress of the design work. It also established working groups to work out every detail of PNPM, e.g., training, MIS, complaints handling system, financial management and fiduciary system, etc. The Unit encouraged ministries to develop further initiatives and keep them focused on the agreed PNPM objectives. There are times where the Unit made informal meetings and discussions to overcome difficult problems. By doing so, the Unit was always in control of the PNPM design, and hence, enhanced the ownership among existing and potential executing agencies within the Government.

Use influential figures to have political support. There are times when BAPPENAS does not have support from the parliament for budget approval, for certain political reasons. There we occasions that the parliament refused to approve the proposed budget for clear political reason; just to prove itself that it cannot be dictated by the Government. In this situation, BAPPENAS often

⁷ The ministry's responsibility is to coordinate social development policies and programs.

requests assistance from cabinet members (usually from political parties) to lobby the parliament.⁸

Create networks. PNPM is a huge and complex program. It will be gradually decentralized to provincial and local governments starting 2010. High quality program management at local level will be a tough objective to meet. To achieve this objective, BAPPENAS has to create network with at least three institutions. *First*, provincial and local governments. The Unit has been active in making subnational governments understand that in the future the PNPM management will be in their hands. *Second*, local universities. The Unit has initiated to establish poverty curricula in the department of economics of 6 local universities. These universities are expected to produce graduates that the program needs in the future as, e.g., community facilitators and consultants. Collaborating with international community, the Unit held special trainings to improve the universities' capacity on monitoring and evaluation. *Third*, the media. PNPM socialization is the first agenda in working with the media. People need to know that there are community-based program for their poor members. The poor need to be encouraged to participate in the program for a better well-being. Through this network, we expect to increase the program effectiveness and sustainability.

End Note

Since the past ten years Indonesia has been substantially improving its economic management policies, starting from monetary, fiscal and trade policies, to procurement of goods and services. The main objective, among others, is to improve the national economy. In the area of foreign aid, the country, through the Office of the Deputy for Development Financing at BAPPENAS, adopts and carries out the Paris Declaration and the Accra Agenda for Action in Indonesia. It has been working closely with international organizations at the national level to strengthen aid for development effectiveness. In January 2009 Indonesia made an agreement—known as Jakarta Commitment—with major multilateral and bilateral organizations on a roadmap to strengthen aid for development effectiveness. Indonesia will do its homeworks, among others, in strengthening country ownership over development, improve Government programs and systems (e.g., procurement, fiscal administration, governance on aid management and instruments), building more effective and inclusive partnership for development, and delivering and accounting for development results. As

⁸ Indonesia has a coalition government. BAPPENAS often asks cabinet members (who usually heads of political parties) to clear up deadlock with the parliament.

development partners, international organizations will gradually align themselves more fully with the Government agenda, programs and systems.

The experience of the Directorate of Poverty Reduction of BAPPENAS is in line with the Jakarta Commitment. The Unit has been successfully receiving close cooperation and strong commitments from international development and financial organizations to support the program. These organizations have agreed to use Government rules, regulations, modalities and indicators in supporting Indonesia's anti-poverty program.



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Paolo de Renzio et. al. (Oxford University/ ODI): “Reforming Foreign Aid
Practices: What country ownership is and what donors can do to support it“



Reforming Foreign Aid Practices: What country ownership is and what donors can do to support it

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What would it take for donors genuinely to support 'country ownership' in aid dependent countries? And what does 'ownership' actually mean? In the last decade there has been a significant shift in the paradigm for foreign aid, embodied in the Paris Declaration on Aid Effectiveness in 2005. At the centre of this paradigm is the idea of *country ownership*. Recipient governments are urged to take ownership of development policies and aid activities in their country, to establish their own systems for coordinating donors, and only to accept aid that suits their needs. A few years down the line, however, the spirit and goals of the Paris Declaration are far from being achieved. There is still a serious gap between the rhetoric of ownership and practices on the ground. In many aid dependent African countries donors still dominate decision-making over which policies are adopted, how aid is spent, and what conditions are attached to its release. This briefing draws on research from eight African countries to analyse the reasons for weak ownership in many African countries, and to outline ways in which donors can bridge the gap between rhetoric and practice in supporting recipient country ownership.

The Negotiating Aid Project

Between 2005 and 2007, the Global Economic Governance Programme carried out research on the factors accounting for the bargaining power in aid negotiations of governments in eight African countries: Ghana, Mali, Mozambique, Rwanda, Tanzania, Zambia, Ethiopia and Botswana. The case studies assessed the degree of control governments are able to secure over their development policies. Through the country cases the project sought to understand complex aid relationships from the viewpoints of recipient governments, investigating what strategies African states have adopted to advance their objectives in aid negotiations and how successful their efforts have been. The case studies developed detailed descriptions of the institutions and processes that make up contemporary donor-recipient relations. They concentrated on the past and present economic, ideological, political and institutional contexts of aid negotiations, and how these conditions shape the balance of negotiating capital between governments and donors. They then used specific cases of aid negotiations to move beyond this general picture. **The research is published as *The Politics of Aid: African Strategies for Dealing with Donors*, (ed.) Lindsay Whitfield, Oxford University Press, forthcoming 2008.** For more details on the project, and copies of a briefing paper with recommendations for African governments, see www.globaleconomicgovernance.org.

What does ‘ownership’ mean?

Ownership is often used by donors to mean *commitment* to policies, regardless of how those policies were chosen. This contrasts with ownership defined as the degree of *control* recipient governments are able to exercise over policy design and implementation. A first finding from our research is that while many aid agency officials start out with a commitment to ownership defined as control over policies, as soon as there is some disagreement over policy choices they tend to fall back on a definition of ownership as commitment to their preferred policies. Our research draws attention to this inconsistency and highlights some of its consequences, arguing that ownership should always be defined as control.

Measuring how much ownership African governments have is difficult. Discerning what is government-owned and what is donor-driven is complicated in aid dependent countries by the ways in which aid relationships have developed over decades, and by how the international aid system has expanded and entrenched itself in many countries. In so many cases donor agencies have been instrumental in preparing, financing and implementing government programmes through the provision of consultants, training and logistical support, and through the use of conditionalities.

From our study of policy-making in eight African countries, we place our results on a scale ranging from

strong to weak ownership. At the strong end of the scale sit Botswana, which has shown the strongest degree of ownership, and Ethiopia. Rwanda is placed in the middle, with medium ownership. Over time, these three countries have managed to preserve some degree of control over policy-making, thanks to some key factors, including:

- the contexts in which these countries negotiated aid were relatively favourable and these countries used their situation effectively to increase their control over the outcomes of aid negotiations;

- good macroeconomic management was crucial, both Botswana and Ethiopia avoided macroeconomic crises in the 1980s, and were therefore able to approach the Bretton Woods institutions with a much less subservient posture;
- strong state institutions were instrumental in these countries’ ability to set the policy agenda and maintain ownership-Botswana and Ethiopia have professional civil services, capable state institutions, strong planning systems, and centralized aid management systems;
- geo-strategic importance reinforced the ability of successive governments in Ethiopia and Rwanda to project an image of non-negotiability in key policy areas;
- clear development visions were expressed by all three governments about where their countries were going, and about the contribution of public policies to achieving those outcomes;
- finally, government confidence was a key factor – the governments of Ethiopia (since 1991) and Rwanda (since 1994) have been confident that donors will not abandon them and are also willing to take the risk, whereas countries in the weak group are not.

At the weak end of the spectrum are the other five countries in our study: Ghana, Zambia, Mali, Tanzania and Mozambique. This is not just because they receive high levels of aid. Aid dependence per se does not necessarily entail a loss of ownership, as the cases of Rwanda and Ethiopia (and Botswana immediately after independence) clearly show. What matters is the history of engagement with donors. Changes in the global economy in the 1970s and early 1980s led to debt and balance of payments crises which marked a critical juncture that set the weaker countries on a different path. Some countries affected by the crises desperately needed foreign exchange and could only get it from one source: the Bretton Woods institutions. In these countries, donors soon expanded their influence from macroeconomic policies in the early structural adjustment period, to almost all policy issues in the 1990s, and then to the process of policymaking itself by the early 2000s. Over two decades of continuous engagement with aid agencies changed the conditions in which aid negotiations took place, providing the backdrop for a loss of ownership.

Mozambique’s Former President Joachim Chissano:

‘...even today many Africans see the relationship with donors as still influenced by the colonial past, where donors “know” what, how much and when recipients need. Thus, in some cases, the priorities of donors and recipients do not match: an example of this is the construction of infrastructure in Africa, viewed by the Africans as a high priority for their sustainable development and systematically dismissed by donors.’

‘Why we should “rethink” aid’, Conference on ‘New Directions in Development Assistance’, University of Oxford, 10 June 2007.

SPECTRUM OF GOVERNMENT CONTROL IN THE COUNTRY STUDIES



How Donors Have Undermined Ownership

Recent donor commitments to respecting and supporting 'ownership' by developing country governments proceeds on two core assumptions. The first is that recipient governments are willing and able to lead. Yet, the evolution of the aid system has often prevented countries from taking the lead or undermined their ability to do so. Second, the new donor rhetoric implies that when recipient governments do take the lead, donors will be willing to trust them and follow suit. Yet our country studies show that in cases where recipient governments asserted particular policies and tried to coordinate donors around them, donor responses have often not been supportive or coherent with the ownership discourse. Four elements of the relationship between donors and recipient governments emerge as corrosive of ownership.

DONORS DOMINATED POLICY-MAKING

In most aid dependent African countries, a permanent and pervasive negotiation process has developed over almost all policies, programs and projects between donors and government. This puts an immense burden on African administrative systems and leads governments to spend most of their time responding to donor initiatives, trying to work their own priorities in or waiting until implementation to steer the policy or project towards their preferences.

DONORS CREATED FRAGMENTED PLANNING PROCESSES

Donor proliferation has led to widely dispersed tasks and a vague division of labour within recipient governments, and to donors negotiating projects directly with specific ministries. Such fragmented aid management structures led to weakened domestic policy-making and budgeting processes, leaving recipient governments in a weak position to coordinate aid according to a national development strategy. Thus, donors often took up the initiative, coordinating aid amongst themselves and creating arenas for 'policy dialogue' with African governments. New aid modalities intended to solve the problem of

parallel and fragmented aid processes (PRSPs, budget support, etc.) have often created additional problems, increasing donor intrusion and merging recipient institutions with donor-driven processes.

AFRICAN GOVERNMENTS RELIED ON AID TO GENERATE POLITICAL SUPPORT

The dependence of African governments on aid – as a way to increase their budgets, and to deliver goods and services or other political promises they have made to their populations – makes these governments unwilling to take stronger policy positions or chart a development strategy outside of the purview of donors. They are often afraid of risking reductions in aid that could undermine their political support and/or cost them the next election.

AID DEPENDENCE HAS PROMOTED SUBSERVIENCE

The fragile domestic political support of governments, combined with their dependence on aid to shore up their political legitimacy, provides strong incentives for governments to remain in a subordinate position to donors. At the same time, the conditions of permanent and pervasive negotiation and of institutional entanglement and aid fragmentation create strong disincentives for politicians and civil servants to alter the terms on which aid is offered to meet their own priorities.

Our research shows that the conception of ownership enshrined in the Paris Declaration is not likely to make a real difference to the sovereignty and policy space enjoyed by aid dependent African countries. Rather than calling for recipient governments to act first, there are changes that donors could make in their approach to giving aid in order to take ownership more seriously and to change the incentives facing African governments in the aid relationship.

Malawi's Minister of Finance

Goodall Gondwe: 'I think it is possible for us to strengthen ownership and still meet donor requirements. One problem is that donors usually tend to be cynical about policies that national governments come up with. On our part, we tend to feel that donors cannot buy into our policies because they do not understand our situation well enough.'

'Ownership and Conditionality: a workable paradox? Insights from Malawi's experiences', presentation at Ownership in Practice Workshop, Paris, 27-28 September 2007.

What Donors Can Do to Respect and Support Ownership

Ownership is not something that will result just from a shift in aid modalities and practices. Respecting country ownership requires a change in the perspective of donors and their role in African countries.

Recognize the right of African governments to choose their policies

The historical trajectories of developed and emerging countries show that successful development processes can take many different paths. Indeed, even within

donor countries, governments make mistakes, and in their aid relations donors themselves have experimented with different conditionalities on aid, making mistakes and then seeking to redress them. However, donors seem unwilling to accept the risk that an aid-receiving government might make its own mistakes. This unwillingness leaves no space for domestic political negotiations and the emergence of national strategies. If donors wish to support ownership, the most useful role they can play is to step back from domestic decision-making arenas and

support a process in which options are put forward and debated domestically.

Do not attempt to transform African economies and societies

In the process of giving aid, donors have begun trying to transform African societies, getting directly involved in mediating state-society relations. But this role for donors has perverse consequences, as civil society organizations in African countries look increasingly to donors to pressure their governments to adopt certain policies or be more democratic, instead of engaging

directly with their governments to build political accountability. Rather, donors should allow recipient governments and societies the time and space to come up with their own solutions. While it is now commonly acknowledged in aid circles that domestic dynamics have to be the basis for successful development processes, this acknowledgement has not yet significantly affected aid practices.

'Political independence is both a promise and a challenge. It is a promise that as free human beings living in an independent country, working together, we can govern ourselves in a manner that will serve our aspirations for personal freedom, economic opportunity and social justice. It is a challenge because the progress and development of our country rests upon our shoulders as citizens of this country and no one else....We can only move forward if we start to see things for ourselves and make our own decisions. We cannot continue to be dependent on formulas and programmes decided by others—who may even be our competitors—for us.'

Editorial, 'Sooner or later Zambia will be successful', The Post, 03/03/08.

Change donor norms and attitudes

Donor officials in recipient countries often doubt the competence and probity of African civil servants and politicians, and are therefore reluctant to let go of their control. Donor country staff are also constrained by the incentive structure within donor agencies compelling them to 'deliver' on targets which are often beyond their influence. Respecting ownership entails donors gaining a

better understanding of the context in which African governments operate, and adjusting their norms and expectations accordingly.

Change the principles, not just the modalities of aid

Rather than focusing on the Paris Declaration target for shifting from project to programme aid modalities, donors should recognize that it is the underlying principles and incentives of aid which really matter for ownership. Budget support is not

the only way for donors to align their support with recipient government plans, and given the degree of intrusiveness it allows, it may not even be the best way in all cases. The study of Botswana shows how project aid can be used very effectively to contribute to development plans and to allow more government control over how aid is used.

Reduce conditionalities and strengthen domestic accountability

Donors should keep conditionalities at a bare minimum, in order to give recipient governments more flexibility and control over the policy agenda. Conditions allowed could include those required by the donor government's laws and regulations, and matters arising from shared values agreed by donor and recipient (such as human rights, transparency, etc.). A breach of these conditions, defined and spelled out ex-ante, would result in the withdrawal of aid. Recipient governments should report to national institutions, such as parliaments and audit institutions, on the use of aid funds. Donors would receive such reports and decide if they want to continue to provide aid or not. This supports government accountability to domestic rather than donor constituencies.

Be more transparent

At the moment, little transparency exists on aid flows at country level. Donors should provide more and better information on what they are giving aid for, how much and with what conditions, creating a better environment for citizens to use such information to hold their governments accountable.

Get serious about supporting institutions and capacity building

Donors often come to recipient countries with their own priorities and projects, in a hurry to meet targets and disburse money. This is at odds with giving enough time to recipient country bureaucracies to initiate and develop policies and plans through national political and administrative processes. Technical assistance is often used by donors to ensure the quality of policies and projects that donors fund, but this undermines the morale of the civil service. Technical assistance should be demand-driven and support what recipient governments say they need. Long-term expatriate staff should be integrated into government structures and accountable through normal authority lines.

The Global Economic Governance Programme

The Global Economic Governance Programme was established by Professor Ngaire Woods at University College in 2003 to foster research and debate into how global markets and institutions can better serve the needs of people in developing countries. The three core objectives of the programme are:

- to conduct and foster research into international organizations and markets as well as new public-private governance regimes
- to create and maintain a network of scholars and policy-makers working on these issues
- to influence debate and policy in both the public and the private sector in developed and developing countries



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Dr. Raquel Gomes (USA-Oxfam): “Aid ownership and U.S. foreign aid:
from theory to policy reform.”

Aid ownership and U.S. foreign aid: From theory to policy reform¹

Raquel Gomes
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March 20, 2009

1. Introduction

“Development is primarily the responsibility of the people of developing countries themselves; US assistance shall be in support of, rather in substitution for, self-help efforts.” – *Foreign Assistance Act of 1961*

If the US foreign aid system were true to the vision set out in the 1961 Foreign Assistance Act, it would look much different than what it’s like today.

The US would be just as generous, but more focused on *how* it delivers aid – how it defines its priorities, how it engages with countries, and how it measures success. As a more customer-driven system, US agencies delivering aid would have more of a *mandate* to engage with and be responsive to country governments and citizens, the *institutional flexibility* to engage in different ways in different country contexts, and the *incentives* to focus on development outcomes (instead of outputs) as measures of success, including the degree to which aid leaves countries more capable of leading their own development efforts.

Underlying this vision for US foreign aid is its embrace of ownership: that recipient countries committed to development decide how foreign aid is used in their countries. The donor community has embraced the concept of ownership along with indicators to capture its implementation, particularly the Paris Declaration indicators.² The U.S. generally performs poorly relative to other donors against these indicators – the US provides less budget support, ties more aid, and uses more parallel implementation units than most other OECD donors.

The US, however, is far from a monolithic donor. Over a dozen USG agencies deliver foreign aid, and even among “the big three” USAID, MCC, and PEPFAR, each agency has its own mandate for delivering aid, affecting how it operates in Washington and in the field. When an USAID field mission wants to engage more closely with particular line ministries or communities, what keeps it from doing so? What makes some Millennium Challenge Corporation compacts more inclusive of local civil society in some countries than USAID or PEPFAR? Or what restrains US agencies from using budget support, pooled funding, or other aid modalities used by other major donors?

¹ This paper is a summary of a longer paper with the same title, still in progress. Comments on this or the longer version would be much appreciated. Please contact the author at rgomes@oxfamamerica.org

² The Paris Declaration indicators emerged out of the Paris Declaration on Aid Effectiveness of 2005, in which donors and countries committed to a set of measurable indicators on, among other things, coordination, alignment, and managing aid for results. The World Bank also has indicators relating to ownership as part of its Comprehensive Development Framework.

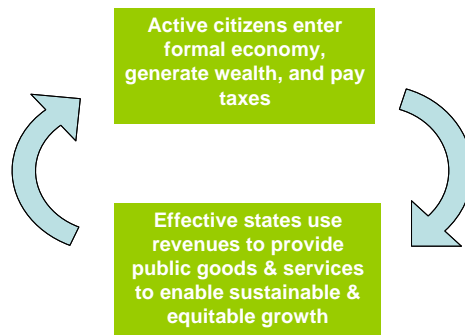
Answers to these questions involve analyzing how individual US agencies put ownership in practice. In particular, how different agencies transfer 1) aid information, 2) capacity building, and 3) control of the aid agenda to country governments and civil society.

This paper briefly discusses why Oxfam America is focusing on aid ownership, presents a framework for analyzing how donor agencies operationalize ownership, and proposes related reforms to US foreign aid.³

2. States, citizens, and donors

Poverty reduction and development relies upon effective economic and political compacts between states and active citizens.⁴ The economic compact is based on social service provision and taxation (Figure 1). As governments rely on taxpayers for continued support in the form of taxes and votes, it is motivated to bargain with taxpayers over how to spend those resources on public goods like supporting a healthy, well educated population. Taxpayers, in turn, are motivated to hold their governments accountable for how it uses their hard-earned tax monies. This “revenue bargaining” around taxes can thus generate a dynamic associated with good governance.⁵

Figure 1. A virtuous economic compact



The political compact depends upon a politically active citizenry that insists upon rights realization, demands accountability and performance from their government, and relies upon democratic processes to realize political aspirations. In turn, the state works to create an enabling environment for citizens to participate fully in their own and their countries development.

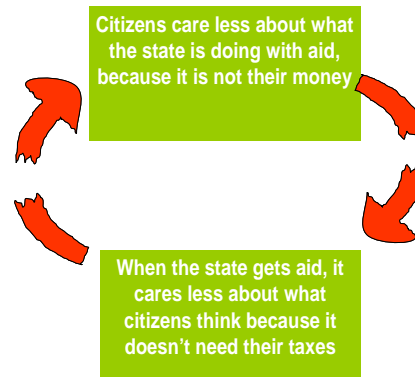
³ Of course, the U.S. provides a good share of foreign aid for purposes other than development. Our concern is guiding reforms of development aid, designed to promote long term development.

⁴ See Duncan Green (2008), *From Poverty to Power: How active citizens and effective states can change the world*, Oxfam International.

⁵ See Mick Moore (2008), “Between coercion and contract: competing narratives on taxation and governance,” in Deborah Brautigam, Odd-Helge Fjeldstad, and Mick Moore (eds), *Taxation and State-Building in Developing Countries*, Cambridge University Press. Moore distinguishes the positive sum game of “revenue bargaining” with “coercive taxation,” where taxation is arbitrary and coercive, with no representation of taxpayers in public policies.

This theory raises a major challenge for foreign aid: aid inherently risks damaging the economic and political compact between citizens and their state (Figure 2). When a state receives aid, it no longer depends upon the tax revenue of citizens for domestic revenues, and therefore may be less accountable to that citizenry.⁶ At the same time, citizens are less concerned with how the state spends aid because it is not their hard earned tax money. We are thus left with the “aids-institutions paradox,” where aid can weaken institutions it aims to strengthen.⁷

Figure 2. Aid risk weakening state-citizen links



How can aid strengthen, rather than undermine, this state-society compact? This is where ownership comes in. If donors want recipient governments to lead their countries responsibly towards peace, economic growth and political stability, then they must allow those governments to lead their own state’s development and hold them accountable. At the same time, they must empower citizens to become more active - taking responsibility to achieve their own economic, social, political, and civil rights, and demanding accountability, transparency and performance from their states.

3. Ownership in practice: it’s all about the customer

Aid cannot generate a state-society compact. Governments themselves must commit to a development agenda, and citizens themselves must demand the forums and means to influence their governments and hold them accountable for the delivery of public goods and services. What donors can do, at a minimum, is to ensure that aid does not weaken the basic incentives and institutions underlying governance.

⁶ Aid, in essence, becomes “strategic rents” for governments, similar to rents from natural resources, which lower the incentives for governments to be legitimate, effective, and accountable. See Mick Moore (2008), “Between coercion and contract: competing narratives on taxation and governance,” in Deborah Brautigam,, Odd-Helge Fjeldstad, and Mick Morre (eds), *Taxation and State-Building in Developing Countries*, Cambridge University Press.

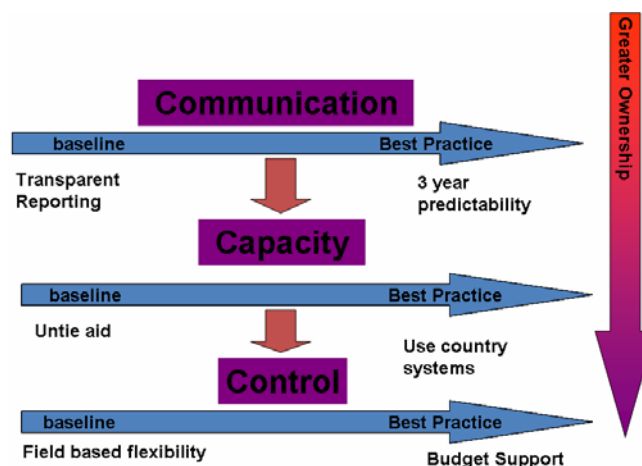
⁷ Todd Moss, Gunilla Petterson, and Nicholas van de Walle (2006), “An Aid-Institutions Paradox? A Review Essay on Aid Dependency and State-Building in Sub-Saharan Africa,” Working Paper 74, Washington, DC: Center for Global Development. <http://www.cgdev.org/content/publications/detail/5646>. See also Richard Joseph and Alexandra Gillies (2009), “Smart Aid: The Search for Transformative Strategies,” in *Smart Aid for African Development*, Rienner Publishers.

At best, donors can provide aid that supports the efforts of effective states and active citizens in strengthening the state-society compact. For states, this may include improving state capacity to develop policies and plans, raise and manage resources, and deliver reliable public services. For citizens, this may include providing aid in ways that are transparent to the public, and directly supporting budget watch groups and community efforts to engage in existing political systems.

In practice, donors can become more country-focused by transferring aid information, the capacity to manage their own development, and control over the development agenda to effective states and active citizens (Figure 4). One can think of a logical progression from information, to capacity, then control (the downward arrows):

- Regardless of a country's fragility or lack of capacity, they have both the right and need to know what donors are funding in their countries: how much, when, by what means, with what aims.
- Meanwhile, countries need to invest in their own capacity to manage their development resources whether its foreign aid or government revenues – having the skilled public workers, the appropriate information systems, the sustainable institutions to govern the country in ways that generate economic development and poverty alleviation. Donors should focus their efforts towards building capacity to the country's own needs.
- Lastly, having the capacity to govern effectively (including having the needed legal and civic oversights), governments should have greater autonomy in how invest donor aid as part of their broader development agenda. Donors should thus gradually adopt aid modalities that allow for greater autonomy by countries and less interference by donors.

FIGURE 4. Proposed ownership framework



4. Ownership in the US foreign aid system

Applying the above framework to the US foreign aid machinery suggests some clear directions for reforming the aid system.

Transferring information

US agencies delivering aid already have what seem are too many reporting requirements. So where's the challenge? The reporting seems to be for the sake of Congress or other donors (in terms of DAC), not recipient countries. The US could improve how it transfers aid information to countries by complying with the calls for aid transparency and predictability in the Accra Agenda for Action, in particular:

- Provide full and timely information on annual commitments and actual disbursements.
- **Provide rolling three- to five-year forward expenditures** and/or implementation plans to countries receiving aid.

Transferring capacity

The US is by far the world's largest provider of aid for technical assistance. The challenge here is the *how* we deliver that aid. The US foreign aid system is highly constrained by its mandate to "Buy American," precluding the options of sourcing goods and services from other countries and of using country systems to implement efforts funded by the US. As a result, the largest provider of aid for capacity building is also the most constrained compared to other major donors. The US foreign aid system needs legislation that allows it more flexibility to:

- **Untie technical assistance**, allowing countries to decide how to best build their own capacity.
- **Use country systems** whenever possible.

Transferring control

Not only is the US severely constrained as to the aid modalities it can use compared to other donors, but (with the exception of the MCC) it's also heavily governed by earmarks and Presidential initiatives. Country missions are left with little room to tailor aid to their specific countries. Even less space is left for countries to define how aid should be used in their countries. Reversing this tendency requires legislation that allow the US to:

- **Better align with national development plans**, as reflected in the PRSPs.
- **Use different modalities of aid**, including the use of pooled funding mechanisms and **budget support** when appropriate.

Broader reforms

Improving how the US puts aid ownership practice presupposes that US agencies on the ground have the personnel, mandate, and capacity to engage with the many dimensions of government and civil society. Yet two tendencies have eroded such a possibility: first, the continuous undercutting and reduction of USAID field capacity, and second, the placement of USAID field missions within compounds. Reversing this scenario means **restoring the USAID field missions** in resources and morale, and **allowing US aid workers to engage more closely with the governments and citizens** as needed beyond the compound.

Conclusions

As the debate on reforming aid continues in Washington, Oxfam hopes policy makers will consider reforms that make foreign aid a better tool for development. Improving how the US engages with countries in deciding how to invest aid and having the flexibility to use different aid modalities are sure steps in the right direction. If the MCC is any indication of what is possible, we're off to a promising start.



Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Susana Erostequi (Bolivia-UNITAS): “Legitimacy and ownership of the national development strategy and its implementation in Bolivia”

Legitimacy and ownership of the national development strategy and its implementation in Bolivia

1. Introduction

UNITAS (National Union of Institutions for Social Action Work) is the national network of NGOs present in rural and urban areas with direct ties to various types of social organisations. Its experience is based on coordinated response to the needs and demands of people's organisations and civil society sectors in Bolivia.

The socio-political, economic and cultural context in Bolivia poses challenges. In the face of these, UNITAS has promoted processes of analysis and collective discussion of local, regional, national and global issues through which the Bolivian people have questioned the neoliberal model and demanded sweeping change to improve the living conditions of the majority of Bolivians, who have historically suffered poverty and exclusion.

On the subject of development and aid effectiveness, the UNITAS network has been involved in monitoring and evaluating the Paris Declaration nationally and internationally since 2006. It has done so with a view to making the voice of civil society heard in the global debate on new forms of participation for aid effectiveness and their establishment.

At national level, space has been made for collective analysis to articulate the action of people's, indigenous, territorial and trade union organisations, strengthening their social control and building their capacity to achieve ownership of the National Development Plan as development players in their own right.

The position and outcome of the various consultations carried out can be summed up as follows: 'the development model and styles implemented in our region contribute to the exacerbation of the environmental crisis, poverty and inequality. In general, Official Development Assistance has been used as a tool for the imposition of this model'.¹

For this reason, it is necessary to 'redefine the fundamental principles of the Paris Declaration regarding ownership, harmonization, alignment, managing for results and mutual accountability, moving beyond governmental dialogue and generating genuine processes of consultation about the needs of populations and their organizations. Within this framework, the Paris Declaration must not be converted into a new tool with which to impose or maintain conditionalities'.²

Many civil society organisations have politically and ideologically fallen into line with the currents of social change driven by the social mobilisations of the past few years. The main social organisations have even announced their almost 'organic' agreement with President Evo Morales' Movement for Socialism (MAS) Government, aligning their expectations with the programmatic proposals. They are nevertheless also aware that the process must be monitored and controlled with a critical eye.

In Bolivia, the Paris Declaration relates to Official Development Assistance (ODA) issues in a context of heightened political activity on the part of civil society, with a legitimate government, although many of its policies are marked by the neoliberal legacy. In this context, the issues raised in the two national consultations gave rise to

¹ Position paper, Regional Workshop of Latin American and the Caribbean, 'The Challenges of Civil Society Organizations with respect to the Effectiveness of Development Aid', Managua, Nicaragua, October 2007, page 16 (http://www.cso-effectiveness.org/IMG/doc/2007-11-28_FINAL_Report_Managua_consultation_-_English.doc).

² *Ibid.*, page 18.

the re-evaluation of State sovereignty regarding external pressure and the need to understand and incorporate the content of national strategies in order to play an active part in their implementation, monitoring and impact evaluation for measures that reduce the poverty that the majority of the Bolivian people experience.

2. Context

The current political context must be taken into account in order to understand the nature of the debate that has sprung up in the past three years on the effectiveness of ODA within the framework of the Paris Declaration.

The fact that the neoliberal model had failed became increasingly obvious in Bolivia in the late 1990s, as social tension grew in the wake of a prolonged and pronounced deterioration in the living and working conditions of large segments of the Bolivian population.

Examination of this process reveals the close link between the condition of the global capitalist economy and the application of the neoliberal model. In this sense, neoliberalism can be understood as a series of public policies and institutional structures designed and applied by dominant segments of society that promote the establishment of the most suitable conditions for the injection of transnational capital into the Bolivian economy.

The expansion of this institutional and legal framework, together with the various economic policies, eventually aggravated social problems. What is more it ended up accelerating the domestic delegitimisation of the capitalist State as a political system that constructed its privileges on the basis of partisan agreements narrowly underpinned by clientelism.

The political action of the social movements was aimed at recovering natural resources, State sovereignty and defence of workers' rights. It cast doubt on the neoliberal model and called for the process of change now underway, which began on 22 January 2006, the day Evo Morales Ayma became President of the Republic. This marked the beginning of a 'democratic and cultural revolution in the country aimed at dismantling colonialism and neoliberalism and replacing them with a multicultural community-based State where inequality and social exclusion can be overcome'.³

The support given to Evo Morales on his rise to power can be seen to express the resolve of the national majority groups to carry out sweeping change in Bolivian society. Nevertheless, his policies, by their nature, have served to consolidate the primary export model of capital accumulation. Thus, in the past three years, the national context has been marked by the development of the MAS government approach, the establishment of the Constituent Assembly and various actions promoted by groups that traditionally hold economic power and that are trying to destabilize the government⁴.

Under the draft New Political Constitution submitted to a referendum on 25 January 2009, a process of decentralization was launched, departmental governments were constituted and new competences and regulatory, economic and administrative characteristics were consequently defined. In addition, the political system was to be

³ MAS government agenda.

⁴ Cochabamba: coca producers beaten by townsmen, three dead; Report by the Inter-American Commission on Human Rights, 13 June 2008: violence by landowners against indigenous Guarani population in the east (Alto Parapetí); May 2008, Sucre: peasant dignity humiliated by townsmen who, paradoxically, are for the most part of the same origin. Public institutions seized in Tarija, Santa Cruz, Pando and Beni, 9 September 2008; Pando massacre, peasants murdered on 11 September in Porvenir, Pando.

partially reformed to include the traditional forms of election and political representation of the indigenous peoples. It is on this aspect that regional struggles have now broken out, with factions of the oligarchy having positioned themselves in the regions with the most natural resources in an attempt to maintain the privileges obtained during more than 20 years of neoliberal policies.

3. The Paris Declaration: points for consideration

The Paris Declaration was not the first indication of international interest in heightening the effectiveness of aid and its contribution to development, although it did mark a milestone in formalising and refocusing efforts to develop an international action plan with unprecedented support. It indirectly provoked the reaction of civil society organisations (CSOs) when they saw that their participation was not reflected. Indeed, although CSOs have played an important role in development for many years, they had had no significant part in the international debate on aid effectiveness. They were not an integral part of the process, and in fact, the role of civil society as a component of international aid framework is barely mentioned in the Paris Declaration.⁵

International agencies, developing countries and countries benefitting from international cooperation recognize that the billions spent worldwide to eradicate poverty have not had a commensurate impact. At the same time, additional initiatives are being carried out by civil society to tackle aid effectiveness issues in an endeavour to define the role played by social organisations **as development players in their own right**, and to broaden the focus in order to recognise the contribution of civil society to development and social change.

The first point to consider is that CSOs have to be properly informed and integrated into the analysis process in order to incorporate development strategies, to be able to offset any side effects that this new format of participation might generate and to benefit as much as possible from the potential advantages. This will enable them to increase development (cooperation) effectiveness in creating civil society and development entities that can help take decisions aimed at eliminating poverty and promoting equitable economic development for the integral development of the country.

The second point is to discuss how Bolivia has experienced similar processes of ownership and harmonisation in the various forms in which multilateral agencies have implemented structural reform, debt alleviation and poverty reduction programmes, in order to prevent the Paris Declaration from giving rise to new conditionalities.

4. Evaluation of the Paris Declaration and the development strategy

4.1 Country-level evaluation

In accordance with the principle of ownership set out in the Paris Declaration, the partner countries pledge to 'exercise leadership in developing and implementing their national development strategies through broad consultative processes'. They must therefore 'take the lead in co-ordinating aid at all levels [...] in dialogue with donors and encouraging the participation of civil society and the private sector'.⁶

According to the country-level evaluation, international cooperation sees the need to break this principle down in order for it to be measured more accurately and better

⁵ OECD Development Assistance Committee (DAC), Working Party on Aid Effectiveness, Concept Paper issued by the Advisory Group on Civil Society and Aid Effectiveness.

⁶ Paris Declaration, Part II, Partnership Commitments, para. 14.

understood.⁷ In terms of its relevance, the report found that having a strategic plan to measure a government administrative activity does not provide an accurate evaluation of the impact of State policies and their continuity. It suggested that this indicator include qualitative aspects, given that the fact that having a development strategy did not necessarily mean that it reflected the positions of subnational bodies and civil society, that it had been drawn up using coordination and dialogue mechanisms or that it was inclusive (gender equality aspects and inclusion of indigenous peoples).

The role of civil society in enacting the National Development Plan should be strengthened by expanding the mechanisms for coordinated and structured participation. This would allow for the exchange of proposals, objectives and responsibilities with common goals benefitting national development, thereby facilitating the discussion and incorporation of CSO proposals in drafting new plans and strategies to take account of lessons learned.

The Paris Declaration initially focused more on a government-donor coordination mechanism to the exclusion of civil society, both organisations and individual citizens. The evaluation therefore analysed the need to reinterpret this text from the CSO perspective and to reconsider its principles in order to facilitate CSO participation in deliberative processes and thereby help expand and enrich democracy and the process of structural change.

4.2 Bases for the National Development Plan

The first steps to change the primary export development plan were to transform the national production model, dismantle neoliberal colonialism, decolonise the State and construct the new Bolivian identity on a foundation of community-based multinational institutionality.⁸

Republic colonialism had institutionalised the inequality and exclusion – not only social but also political and economic – of the main indigenous population, denying them the right to their own the means of production (principally land), access to public education and health services and the ability to influence national decisions.

The State has a role to 'promote and spearhead development that generates capacities to reorient the productive process by transforming the production model, introducing equality in the redistribution of public resources and giving priority support to the most underprivileged producers'. The CSOs therefore stress the need to support activities that generate added value by transforming the economic model to create jobs in the country.

As for the 'ownership of the economic surplus, the use and distribution through re-investment, investment and transfers to other sectors that make up the production model and the socio-community-based model', the analysis suggests that if the first objective (to transform the production model) is not met, it will be very difficult for the transfer to happen. In this sense, there is a real need to allocate the earnings of a group of companies/business sectors, in order to transfer them to other sectors.

It is evident that there is an urgent need for policies promoting rural production in the framework of a development strategy that curbs migration and guarantees food security for the entire population.

In this sense, the people's, indigenous and trade union organisations are demanding greater participation in the definition of ODA and in the implementation of projects and programmes along with effective social control.

Their full participation must take the form of:

⁷ *Primera Fase de la Evaluación de la Implementación de la Declaración de París: Evaluación a nivel país – Bolivia*, page 29.

⁸ National Development Plan.

- a) The authority to decide on ownership of natural resources and land, as a basis for generating economic development to the benefit of us all;
- b) The authority to decide on fair distribution of natural resources, with the recommendation that the resources be distributed through clear mechanisms giving added weight to the independence proposed in the draft Political Constitution;
- c) The direct control of the authorities by people's organisations at all levels of government (national, departmental and municipal).

In order to participate fully, rural and urban civil society demands that their organisations be involved and their social control capacities strengthened in a mutually responsible and accountable context.⁹

State institutionality should be completely in line with national sovereignty, access to and management of natural resources and decision-making on our own development. This relates to participation in drafting national, departmental, municipal, indigenous and other development plans. In this sense, transparency is a lynchpin of State institutionality.¹⁰

On one side of the crisis in Bolivia, the main players are entrenched local groups wielding power in the departmental prefectures of Santa Cruz, Tarija, Beni and Pando as well as the civic committees in those regions, which held economic and political sway for decades thanks to their alliance with the country's national and transnational business sectors (structural reforms implemented by the governments of the 1980s and 1990s under the neoliberal model). The other player is the current government, which draws its political strength from the social organisations and civil society sectors that have defended the constituent process in the face of the reaction of traditional political parties, civic committees and prefectures united under the banner of departmental autonomy and the 'Media Luna', headed by Santa Cruz, which opposed the new Political Constitution. The focal point of the crisis is thus the political arena and the erosion of State institutionality, which leaves the Bolivian people in a state of uncertainty as to the outcome of the political confrontation and the real progress that can be made in the process of transforming the neoliberal model in Bolivia.

4. Civil society challenges for Official Development Assistance and the Paris Declaration in Bolivia

- a) The need for greater dialogue on development.
- b) The international structure of ODA and its effectiveness should be discussed from the perspective of **mutual responsibility** as well as the role and responsibility of developed countries in the North in generating inequality, poverty and environmental damage in the cycle of capital accumulation.
- c) The reconfiguration of the relationship between the multinational State and civil society.
- d) The limits and accomplishments of the Paris Declaration: an opportunity or a new conditionality?
- e) A new form of institutionality is needed as part of a new development proposal. The mechanisms and instruments put forward in the Paris Declaration to improve the effectiveness of ODA should include the values, norms and practices of social organisations: sovereignty, solidarity, environmental sustainability and intercultural focus.
- f) The new institutionality that should emerge from the bottom up, to generate processes of ownership and alignment. It should be adapted to the new State structure and its new levels (regional/departmental and local) and to the new

⁹ II National Forum of Social Organisations, Cochabamba, 2008.

¹⁰ Forum of Bolivia's Social Organisations, Social change and State crisis.

constitution's recognition of the collective rights of indigenous people, the rights of women, etc.

- g)** The Paris Declaration affords opportunities to resume the discussion of State legitimacy in the framework of ownership of ODA and its effectiveness. However, CSOs should not become instruments or means to an end in the construction of this new State legitimacy.
- h)** Better information is needed on the international structure of ODA and CSOs:

 - CSO initiative to generate timely and relevant information in clear and easy-to-understand language
 - Promotion of the use of indicators to evaluate aid effectiveness
 - Creation of alliances and of spaces for dialogue in order have an impact
 - Systematic use of CSO best practices and fostering conditions for mutual accountability
- i)** The organisations' work should focus on identifying the weaknesses of the existing institutionality, recognizing the spaces that are being created and generating capacities for their ownership. The institutionality to be supported must be planned to accommodate new forms of organisation and thinking and not just to serve as a State administrative legal structure.



Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Uwe Mummert (Germany–University of Applied Sciences, Nuremberg):

“Factors for successful development strategies: A pragmatic analysis.”

Factors for successful development strategies: A pragmatic analysis

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Abbreviations

BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit
CDF	Comprehensive Development Framework
DFID ment	United Kingdom Department for International Develop-
HIPC	Heavily Indebted Poor Countries
HIV	Human Immunodeficiency Virus
IDA	International Development Association
ILO	International Labour Organization
I-PRSP	Interim Poverty Reduction Strategy Paper
IMF	International Monetary Fund
M&E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework
NGO	Non-Governmental Organization
OECD	Organisation for Economic Co-operation and Development
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
SWOT-Analysis	Analysis of Strength, Weaknesses, Opportunities and Threats
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

1 Introduction

Development strategies are at the core of international aid relationships today. Though the word ‘strategy’ can mean all kinds of things (e. g. a pattern, a position, a perspective) strategies as a part of reform agendas of states, countries or communities can best be understood as a plan how to shape the development of the respective entity.¹ Development strategies can refer to nation-wide crosscutting issues, like, for instance, poverty reduction (e.g. Poverty Reduction Strategy) or employment promotion (e.g. National Employment Strategy). They may reflect the planned development of a sector (e.g. health or water) or a certain region/community.

The hopes placed in strategic development approaches are high and complex: Strategies are not only supposed to help set priorities under conditions of very limited resources. Moreover, they are supposed to function as a guide for development assistance and donor coordination. Having a strategy is generally viewed as an important step towards solving numerous pressing problems. However, looking at the latest results of the OECD Survey on Monitoring the Paris Declaration, it seems that these high expectations are seldom met. Following the 2008 OECD Survey less than 25% of the analysed countries have functioning national development strategies.²

These actual findings highlight the need of improving national strategic management in developing countries. Moreover, national strategic management challenges not only developing countries. Experiences with national strategic management in developed countries indicate likewise, that establishing sound strategic management systems at the central government level “is a very prolonged and costly venture” (Proeller, 2007: 6) with many difficulties in implementation,.

One reason for the complex nature of strategic management may be that a strategy always remains abstract: it does not automatically lead to individual action, least to say to the appropriate individual action. In order to achieve the envisaged results, a strategy has to reflect an understanding of the essential interrelationship between action of different actors/institutions, environment, and results strived after. Therefore, strategic management entails a lot of information gathering, analysis, communication, decision making, coordination, monitoring, evaluation and adjustment with many people and institutions.

The topic itself is covered by a multitude of different surveys, best practices and the sheer number of success factors identified is overwhelming. In addition, the success factors tend to be too abstract to be of much help for actors in the government and the project managers of development agencies in their day-to-day consulting services.

This paper will present an abstract of (success) factors which have been found to correlated to successful strategy development. It is purely literature-based and does not attempt to make new contributions to the debate on development strategies. From that we attempt to draw

¹ See Proeller, 2007: 8.

² See OECD, 2008: p. 10. Functioning means that they provide a long-term vision, are prioritised, and clearly linked to their national budgets. The degree of functioning national development strategies is used as an indicator (No. 1) for the implementation of the Paris Declaration. The target of this indicator is to reach 75% in 2010.

conclusions that support the work of the practitioner in aid programmes, but most likely further investigations will be necessary to verify the conclusions

In order to pursue the mentioned objectives this paper is structured in the following way:

- Section 2: provides an overview of the factors identified in prominent studies on development strategies
- Section 3: describes the framework for analyzing the success factors of national strategy development. We find it useful to distinguish between the political, technical, capacity and assistance dimensions of the strategic decision process.
- Section 4 - 7: tackle the different aspects of each dimension
- Section 8: summarizes the findings

2 Elements of successful strategy development identified in the literature

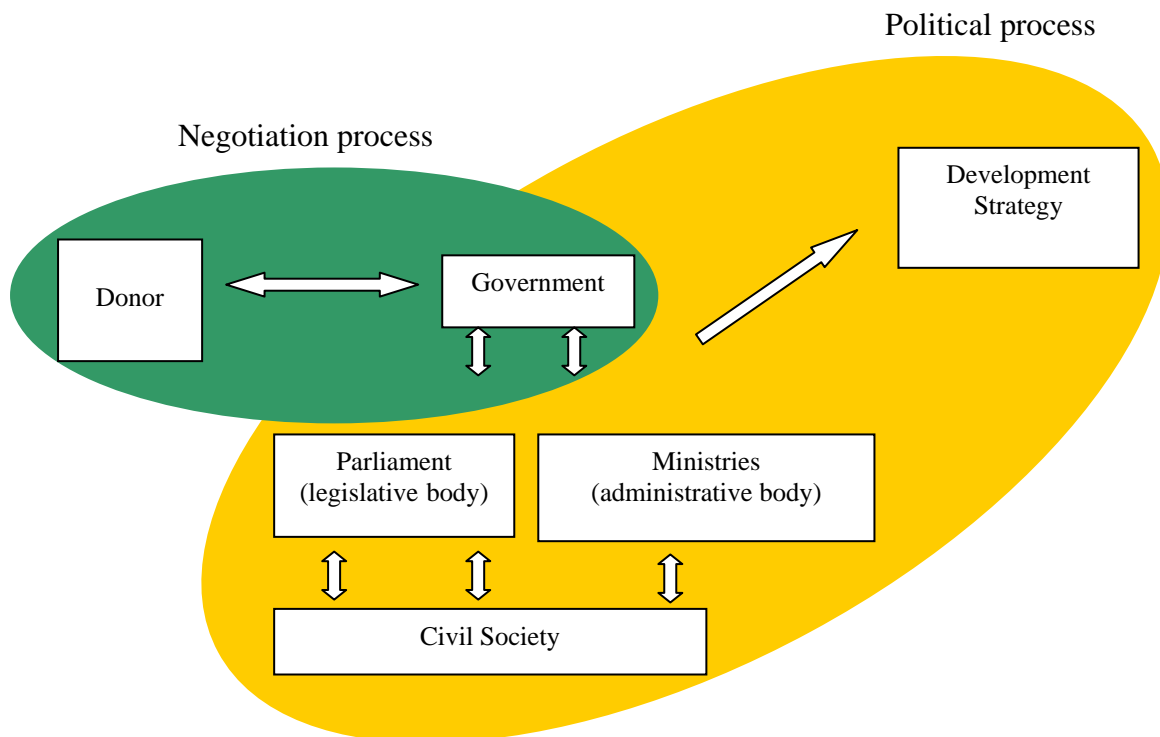
2.1 The influence of the Paris Declaration on Aid Effectiveness

Since the mid 90ties the research efforts shifted from an analysis of the content of development cooperation programs (e.g. which goals of the partner countries should be supported?) to an analysis with respect to the mode of delivery of aid. With the Paris Declaration on Aid Effectiveness of 2.03.2005 an international consensus was reached: Ownership, Participation, Alignment, Donor Harmonisation, Managing for Results and Mutual Accountability are the current standards for the design of development cooperation projects.

Looking at the literature on success factors for development strategies the standards of the Paris Declaration seem also to be implicitly considered as factors enhancing the effectiveness of development strategies. Especially the terms ‘ownership’ and ‘participation’ are emphasized as important success factors for the formulation and implementation of development strategies and have become “buzzword” to a very large extent.

However, what is good in the realm of aid needs not necessarily to be of high relevance for the formulation of development strategies. This is because the aid relation between the donor and the recipient partner government are different compared to the relations between the actors of the political and administrative sphere in the country itself (see chart 1). The framework that shapes the provision of aid (which is generally a negotiation process) is different to the framework that forms the outcome of the political process in the supported country.

Chart 1: The interaction between negotiation and political processes



Source: Own illustration.

This means, it is important to clearly distinguish between factors enhancing the success of external assistance and factors enhancing the success of development strategies of a developing country. It is the latter category which is of interest here.³

2.2 A cut out from the literature on strategy development

With the emphasis on program-oriented development projects a **strategy** – be it national, regional, sector-wide or even only for one project within a sector - has become a necessary precondition for development assistance. Hence a developing country without any national strategy for development may run the danger of being cut off from important development assistance programs, e.g. HIPC (Heavily Indebted Poor Countries) initiative by IMF and World Bank with PRSP (Poverty Reduction Strategy Paper), direct budget support, trust funds, TA-pools, financial or technical assistance etc. Therefore donors and members of development countries likewise focus their research on identifying elements which turn a strategy into success.

Due to an overwhelming multiplicity of studies we had to start with a selection of studies. We believe that the following four prominent studies give a rather representative picture of the relevant literature:

- CDF Progress Report: According to the World Bank the Comprehensive Development Framework (CDF) principles “have been underpinning the PRS process since

³ Of course both processes are highly interrelated (as already indicated by the intersection in the chart). The knowledge which factors are important for successful strategy formulation can be used by the aid project manager and the government likewise to actively influence the political process of strategic management. It is precisely the motivation for this research paper to shed more light in this regard.

inception.” (World Bank 2005, p.ix). In their 2005 CDF Progress Report the World Bank comes up with a list of elements the World Bank assesses to play a key role in this respect.

- Also in the World Bank context, Entwistle and Cavassini 2005⁴ come up with a “checklist of good practices” to establish ownership in the context of PRS.
- The OECD published in 2006 their study on good practices in national sustainable development strategies⁵. Their recommendations are much in line with key recommendations by UNDP.
- In 2004 the International Institute for Sustainable Development (iisd) together with GTZ and BMZ published the study “National Strategies for Sustainable Development” coming up with a list of recommendations based on the analysis of strategy development in 19 different countries.

If we just take these four studies we end up already with a multitude of elements considered to be of relevance for strategy development in developing countries. The recommendations range from coherent long-term vision, people-centred approach, comprehensive and reliable analysis, capacity to formulate strategy, targets with clear budgetary priorities, linking national, regional and local levels to learning and adaptation and good governance (see also table 1 in the appendix):

- Even though most individual recommendations are intuitively accessible, we feel that the sheer number of factors is overwhelming and that a structure is missing.
- Many of the recommendations are too abstract to be of any concrete help. For example ‘people-centred approach’ ‘good governance’, ‘learning and adaptation’ or ‘linking national, regional and local levels’: Though at first sight these recommendation seem to be obvious, the devil is in the details. It remains unclear how they should be realised in practice, e.g. how can national, regional and local levels be linked if – as it is often the case in developing countries – decentralised governmental structures are missing? Do we have to wait until such structures exist and are sufficiently working or should those linkages be ‘artificially’ built up (again how?) and thus would only be valid for the special strategy development purpose?
- The research is heavily dominated by the discussion about ownership. It appears that ownership has become a kind of “new mantra” of aid. It is interesting to note, that the literature on sustainable development strategies which applies also to developed countries rarely uses the term ‘ownership’. In the aid discussion however it seems that the research view has narrowed only to this factor, leaving possible important other factors aside. This tendency has to be seen in the light of the efforts to improve aid effectiveness and – as argued above – the tendency to implicitly equate factors enhancing external assistance with factors leading to a success of national development strategies.
- Another problem is that buzzwords are used inconsistently. Entwistle and Cavassini (2005) for example title their long list “good practices of assessing ownership”, yet, most of the categories refer to technical aspects of doing proper strategic formulating

⁴ Analysis and Implications; Vol. I, An operational approach to assessing country ownership of poverty reduction strategies, Washington, World Bank

⁵ OECD (2006): Good Practices in the National Sustainable Development Strategies of OECD Countries, Paris.

and implementation. If terms are used like this they are likely to become empty of content and thus meaningless weasel words. As a result of this, the individual project manager may not see the wood for the trees. Why are in particular these factors of relevance? How are they connected? What are the underlying reasons? And which of them are of most striking importance under what conditions?

3 A framework for analyzing the success factors of national strategy development

3.1 Elements of a strategic decision process

In order to distinguish between important and irrelevant empirical data one has to have certain hypotheses in mind which help sorting the data. What factors might lead to “best practices” and what factors are more likely to be a hindrance for the success of strategy development? Looking at the outcome of the studies presented in chapter 2 it seems that some implicit assumptions have been made, like e.g. ownership, participation etc. are of relevance. Where do these assumptions come from? Why do we believe, that a certain process of decision making is preferable to another? What makes the quality of ownership so special for a successful strategy development?

The easiest way to shed some more light on the analysis structure implicitly used in those studies is to explain different elements of a strategic decision process of only one person: If we look at only one person who has to formulate a strategy and thereafter act on that strategy it is obvious that (1) this person should know what she wants (long term vision, goals, preferences) (2) should be informed about her capacities and restrictions, (3) should be able to formulate an adequate strategy on that ground, (4) act as fixed in the strategy and finally (5) check whether the expected outcome has been realised. This is the basis of (successful) rational behaviour.

In general, these elements of a strategic decision process are always the same: They hold for strategic decision processes of an individual as well as of a business enterprise or even a government. Thus formulating development strategies is essentially not different from general strategic management. The goal is to identify targets and policy measures how to accomplish them. Therefore, in order to structure the recommendations of the different studies and to put things in context we are using the methodology of strategic management.

According to literature regarding strategic management systems the success of a strategy generally depends on how the elements (1) contents, (2) actors, (3) processes, and (4) instruments are defined, coordinated, and integrated.⁶

1. Contents

What is the object of strategic development?

2. Actors

Actors participating in the strategic development have to be identified.

⁶ See Proeller, 2007: 9 – 10.

3. Process

The strategy is realised through a process of formulation, implementation and monitoring.

4. Instruments

For the different tasks and challenges a number of instruments have emerged which help getting through the process. “Distinctions can be made between instruments for analysis (e.g. SWOT analysis, portfolio analysis, evaluations), for conception (e.g. mission, vision, planning, goals, indicators) and implementation (e.g. performance and target agreements, budgeting, monitoring)” (Proeller, 2007: 10).

In order to simplify the characterization of strategic management systems we take the third element (or success factor) “process” as a framework for our analysis and pose the question, what the necessary requirements for each phase of a strategic management process are in order to turn the strategy into a success. Not surprisingly, it turns out that the most important factors for the different phases of a strategic management process refer to the remaining three elements mentioned above, that is “contents, actors and instruments” (see table 2).

Table 2: Phases of a strategic management process

1. Developing a strategic, long-term vision	The first step is to develop a vision where the journey is to go (contents). In order to increase the legitimacy of this vision but also to make use of dispersed information it is necessary in this phase to integrate the different stakeholders (actors).
2. Strategic analysis of the status quo	Apart from developing a vision it is important to analyse the status quo. Typically this may be done via a SWOT-Analysis by which an organisation (strengths, weaknesses) and its environment (opportunities, threats) are analysed. However, other types of analysis may be appropriate, as well (instruments, actors).
3. Developing a strategy	Based on the prior analysis of the point of departure in the next step strategies are developed how to accomplish the long term vision (contents, instruments, actors).
4. Implementing a strategy	In the next step the strategies have to been implemented on the operative level (instruments, actors).
5. Monitoring	Constant monitoring is required to make sure that everything is on track (instruments, actors).

3.2 A new structure of the recommendations

If the different recommendations for how to develop national strategies are assigned to the different phases in the process of strategic management we get the following picture:

Table 2: Recommendations assigned to phases of strategic management processes

Formulating strategic objectives	<ul style="list-style-type: none"> – Coherent long-term vision^(a) – Integrate different objectives to ensure comprehensive strategy^(b) – Realistic and flexible targets^(b, c) – Comprehensive and integrated^(c) – Holistic, balanced and well-sequenced strategy^(a) – Country-specific development targets^(a) – Develop consensus on long-term vision^(b) – Government initiative^(a) – Institutional mechanisms for stakeholder involvement^(a) – Civil society, private sector and parliamentary involvement^(a) – Government leadership of coordination^(a) – Stakeholder access to development information^(a) – Link national and local levels^(b) – Ensure effective participation^(b) – Develop a people-centred strategy^(b) – People centred^(b) – Strong political commitment^(b) – Good governance^(b) – Shared vision^(b) – Country led and owned^(b) – Strong institutions or group of institutions heading the process^(b) – People-centred approach^(c) – Strong political commitment^(c) – Consensus and long term vision^(c) – Sound leadership and good governance^(c) – Shared strategic and pragmatism. Vision^(c) – Country led and nationally owned^(c) – Effective participation^(c) – Strong institutions or group of institutions heading the process^(c) – Linking national, regional and local levels^(c) – Country ownership and commitment^(c) – Broad Participation and effective partnerships^(c) – Government and stakeholders have a mechanism for systematic consultations with mutually agreed objectives and timetable^(d) – Umbrella CSOs and business associations consult with members before engaging the government on the PRS^(d)
Strategic Analysis	<ul style="list-style-type: none"> – Quality of development information^(a) – Comprehensive and reliable analysis^(b) – Build on existing processes and strategies^(b) – Embedded strategy in high level government commitment and influential lead institutions^(b) – Building on existing mechanisms and strategies, and on existing knowledge and expertise^(b) – Develop and build on existing capacity^(b) – Comprehensive and reliable analysis^(c) – Parliamentary committees contribute to PRS formulation and monitoring^(d)

Strategy Development	<ul style="list-style-type: none"> – Medium-term strategy derived from vision^(a) – Targets with clear budgetary priorities^(b) – Linking short to medium to long term^(c) – Coherence between budgets and strategy priorities^(c)
Strategy Implementation	<ul style="list-style-type: none"> – Responsibility^(c) – Financing^(c) – Policy Mix^(c) .. – PRS has a clear role vis-à-vis other national development strategies^(d) – Finance and planning functions are clearly aligned, and the PRS coordination function is backed by high-level leadership^(d) – PRS formulation and implementation are embedded in interministerial coordination mechanisms and linked to a MTEF and national budget processes^(d) – Line ministries systematically align sector action plans with PRS priorities^(d) – Local development plans are compatible with PRS priorities^(d) – Communication strategies includes translating PRS ... into local languages^(d)
Strategy Evaluation	<ul style="list-style-type: none"> – Coordinated county-level monitoring and evaluation^(a) – Incorporate monitoring, learning and improvement^(b) – Process Monitoring^(c) – Monitoring Outcomes^(c) – Learning and Adaptation^(c) – PRS M&E system integrated into existing systems^(d) – M&E system incorporates information exchange between government and stakeholders to inform strategy refinements^(d)
Other aspects that cannot be assigned to the different phases and refer to more cross cutting issues	<ul style="list-style-type: none"> – Capacity and resources for implementation^(a) – Capacity to formulate strategy^(a) – Develop and build on existing capacities^(c) – Capacity building ...^(d) – Partners' assistance strategy alignment^(a) – Financial and analytical partnership^(a) – Coherent and coordinated capacity support^(a) – Harmonization with country systems^(a) – Partnership organization^(a) – Coordination^(c) – Financing and TA are tailored to country circumstances^(d) – Assistance strategies are aligned with PRS priorities and PRS business processes match the country's systems^(d) – Consultations for assistance strategies are tied to PRS participatory structures^(d) – Consultative meetings are held on a regular basis in the country..^(d)

After having structured the numerous recommendations of four prominent studies in this way, it seems that the research was implicitly guided by a process-oriented approach of strategic management. However, looking at table 3 the following characteristics of the recommendations in the realm of development strategies are visible:

1. Some aspects do not match with the phases of strategic management as stated in the management literature (see column 'other aspects that cannot be assigned to the different stages and refer to more cross cutting issues' in table 3). But these unassigned recommendations are

particular to the realm of development strategies: these are capacity and assistance issues. They usually do not come up as important subjects in the area of strategic management.

2. Comparing the sheer number of assigned recommendations for each phase it seems that most emphasis is put on the first step “developing a strategic vision”.

3. By contrast, we find only few recommendations for the third phase “developing a strategy”. This is surprising, because instruments or methods used in order to set up a strategy play an important role in strategic management systems of the business world. For a practitioner who advises the government in strategic management detailed information about the “handicraft” of defining a strategy would help much, indeed. However, it is questionable whether this gap in the literature will be closed in the future. In the context of a study concerning experiences with national employment strategies we had the impression that leading developing agencies (e.g. ILO) hold back too detailed information on how to develop a strategy (see Mummert, 2008). The reason for this behavior can be seen in the competition between different development agencies. Handing out detailed information would give the competitors a blue print for consulting services, and thus weaken ones own position.⁷

3.3 Peculiarities of national strategic management

One reason for the unclear picture the literature on factors enhancing national strategic management lies in the complexity of the subject. Indeed the complexity is the striking difference between an individual strategic decision process, strategic management on business level and on national level: It gets much more complicated the more people are involved in the strategic decision process. If we have only one person to decide it is quite save to assume that this person not only perfectly knows what she wants (preference aggregation) but also realises her capacities (skills, resources) and restrictions (regulations). Already with two persons we get the necessity of collecting information about the preferences and capacities the other has and restrictions the two face, communicating these and upon that formulating an approved strategy. In addition an agreement regarding the implementation and monitoring of the strategy has to be reached.

There are also striking differences between strategic management for an organisation and strategic management for a society. Among others the following points have to be kept in mind:

Multiple and conflicting targets

Companies basically pursue only one goal that is to maximize profits. Of course, in organisations we find different organized interests, as well. Nevertheless, competition is a force that in most cases will subordinate these interests to the goal of profit realization. Formulating development strategies by contrast requires bundling diverse and often conflicting goals of the members of a society.

Higher Complexity

Compared to an organisation the environment in which decisions are made is much more complex. There are much more stakeholders involved, much more levels on which decisions

⁷ However, ILO recently provided in the internet a relatively detailed manual for ILO-staff and constituents of how to embed the decent work agenda in PRSP (see ILO, 2005). As World Bank and IMF are the leading donors regarding PRSP-processes it is in the interest of ILO to disseminate information which might improve the consulting ability of ILO field staff and constituents and thus weaken the comparative advantage of World Bank and IMF in PRSP-consulting services.

have effects. In addition, the indicators for progress measurement are much more difficult to identify because of many interlinkages and multiple effects which you can not measure with a „monetary“ –based assessment method.

Bad governance and corruption

Governments and public bureaucracy may have narrow interests different to their constituents (exploitation of rents, corruption) and interests groups may attempt to capture the process of strategy formulation for their individual but not the society's interest.

Problems of preference aggregation

Arrow 1951 has shown that there exists no perfect rule that allows to aggregate divergent individual preferences into a consistent collective preference. Furthermore, even with benevolent governments and public bureaucracies often social dilemmas exist. Thus, inferior Nash-Equilibria may be the consequences. Similarly, development strategies leading to economic or political reforms may not come into existence stuck because the involved parties are stuck in a “war of attrition” over who bears which consequences and costs (see e.g. Alesina/Drazen 1991).

Capacities

While companies usually have sufficient capacities for strategic management, societies may lack these.

3.4 Focal points for the analysis of recommendations

Though we get a clearer picture of the recommendations if we assign them to the different phases of strategic management processes the problem still exists, that (1) we often do not know what is exactly meant by certain key words (like e.g. ‘good governance’ or ‘ownership’) and (2) the relative weight of each factor of success in comparison to the other is unclear. For example with respect to the first phase ‘Developing strategic vision’ is ‘government initiative’ as important as ‘effective participation’ (see table 3)?

In other words, we need to identify the most relevant points and important connections between the recommendations stated in the literature. However, it would exceed the limits of the present study by far, if we refer to each recommendation in detail. In the following we will rather concentrate on the (from our point of view) most important aspects.

As argued before, the striking characteristic of national strategic management is the complexity compared to strategic management in the business world. But the more complex a strategic decision process is the higher are the requirements for each phase of the process. With respect to development strategies we find it useful to distinguish between the following dimensions of the strategic decision process: Political, technical, capacity and assistance dimension. For each dimension certain requirements have to be met. Otherwise the chances are high that the development strategy turns out to be a failure.

Political dimension

This dimension refers to the political decision process. In order to come up with a strategy a society has to use its own mechanism of political decision making. The quality of this political decision process highly influences the outcome of the strategy.

Technical dimension

The process of a development strategy for a whole economy (or society) entails complex tasks like gathering relevant information, to bundle and prioritise different goals with the help of various instruments and to use different government bodies and actors through the implementation process. The quality of these technical aspects influences the success of a strategy, as well.

Since we are talking about development strategies in the development context in addition to the a.m. political and technical dimension two more dimensions appear to be of special relevance for the success of development strategies: the capacity and assistance dimension. Both dimensions encompass specific requirements which exist due to the special situation developing countries face.

Capacity dimension

The relevance of capacity for the success of strategic decisions can be highlighted by looking again at the individual strategic decision process: If we have, for example, to decide which profession we would want to exercise we not only need the knowledge and methodology to formulate an adequate strategy but also the skills needed for doing the chosen job. Without those capacities our decision likely would turn out to be a failure. For example, any person who decides to start a business as a carpenter despite the fact that he is all thumbs is likely to turn out without any business contracts.

Because one of the major development problems in developing countries is exactly the lacking of capacities, we will analyse in more detail how the capacity dimension should be treated. With our little example of the “want to be carpenter’s” decision in mind it seems crucial (1) that the existing capacities are known (capacity assessment) and (2) that the strategy is tied to the given capacities. However, especially the latter condition is often neglected. Experiences with PRSP or sector-wide strategies show that a lot of strategies tend to be too ambitious.⁸ In the end the responsible actors of the government are kept in an endless circle of reforming the strategy instead of getting to the implementation and monitoring phase. Even more problematic, a strategy which is regularly adapted to different goals is deprived of her main function: providing a long-term decision framework.

Assistance dimension

Another peculiarity of national strategic management in developing countries is development assistance. Generally, assistance can influence the process of national strategy development in a positive, but also in a negative way: On the one hand assistance may improve the process of strategy formulation and implementation (e.g. through capacity building). On the other hand any assistance alters the incentive structure of the actors involved and in that course may lead to ineffective strategies.

While the former argument is common knowledge, the latter is not so much elaborated and therefore needs more attention here. We want to explain the problem of this latter argument by looking again at the strategy decision process of an individual: Suppose someone offers our clumsy “want to be carpenter” who has to decide over his career the possibility of learning to be a carpenter. Even if he can apply the needed procedures for rational strategy formulation and is aware of his “capacity” problem he might still be tempted to accept the offer just because other training offers are costly. In this example the resources spent in order to train him as a carpenter are very likely wasted just because this person lacks the necessary basic skills. Thus the given assistance is at least ineffective. Other persons who have the basic

⁸ See e.g. ILO, 2005 or Mummert, 2008 regarding National Employment Strategies.

skills cannot be trained. It even may have a negative effect if we take the opportunity costs of the trained person into account. He spends years of his lifetime for a fruitless training instead of developing his other more promising basic skills.

In the following chapters we will focus on these four dimensions and discuss the most important success factors for each dimension. Of course, the dimensions being a conceptual construct are highly interrelated. Therefore, whenever appropriate we will comment also on the most important linkages.

4 The political dimension of national strategic management

4.1 Leadership and Participation as ingredients of successful strategy development

If we take the different recommendations of the mentioned studies tackling the political dimension they condense more or less into a mix of leadership and participation (see following table 4):

Table 4: Recommendations with respect to leadership and participation

Leadership:	Participation:
– Government initiative and leadership ^(a)	– Develop consensus ^(b, c) , Shared vision ^(b) Ensure effective participation ^(b) , people-centred strategy ^(b, c)
– Sound leadership and good governance ^(b, c)	– Broad participation and effective partnerships ^(c)
– Strong political commitment ^(b, c)	– Civil society, private sector and parliamentary involvement ^(a) ,
– Strong institutions or group of institutions heading the process ^(b, c)	– Institutional mechanisms for stakeholder involvement ^(a) – Government and stakeholders have a mechanism for systematic consultations with mutually agreed objectives and timetable ^(d)
– Problem-solving leadership style → identification of finding the best bundle of service provision matching most urgent needs of the population → multi-level integration	– Stakeholder access to development information ^(a)
	– Link national and local levels ^(b, c)
	– Umbrella CSOs and business associations consult with members before engaging the government on the PRS(d)

It seems that this mix of leadership and participation is meant by the buzzword “ownership”. Indeed, in the Paris Declaration on Aid Effectiveness of 2005 is stated that country ownership will be achieved when partner countries “exercise *leadership* in developing and implementing their national development strategies through *broad consultative processes*”.⁹ According to the World Bank “country ownership requires that the government has achieved sufficient support for the strategy among stakeholders within and outside of the government. This likely includes line ministries, parliament, sub-national governments, civil society organizations, and private sector groups. The participatory processes needed to build country ownership will be unique to the country’s political culture and circumstances. ... Country ownership does not require full consensus within a country. It means that the government can

⁹ See Paris Declaration on Aid Effectiveness.

mobilize and sustain sufficient political support to adopt and implement the desired programs and policies even in the presence of some opposition.”¹⁰ And section 4.1 of The European Consensus on Development indicates that “ownership and partnership” are among its common principles and that “the EU supports the broad participation of all stakeholders in countries’ development and encourages all parts of society to take part.” (Section 4.3)¹¹¹²

Thus, leadership and participation are proposed as essential prerequisites for developing a successful national strategy. So far, so nice, but the practitioner may ask what mix precisely? What matters more, government ownership or truly country-wide ownership? To give the answer right away: We do not and can not give a generally valid answer to this question. The ideal mixture of leadership and participation always depends on the respective national context!

4.2 The political process is inevitably a process of conflict

Most studies implicitly equate the term “ownership” with an idealised situation of broad participation and consensus. However, for our further analysis it is important to stress that the political process is inevitably a process of conflict. If e.g. the decision process of a family over the plans for the weekend can easily cause severe conflicts why should the decision process in a society be less explosive? It is evident that in the political process conflicting views and interests may clash and of course this creates a challenge to the concept of ownership as Buiter (2007) argues: “The range of views and interests in the country may be so wide [...] that not even the representatives of the legitimate government and of the worlds of work and business can claim to speak for ‘the country’ whose ownership is sought for a programme” (p. 648).

Different to Buiter’s point it is less straightforward that even with identical interests the political process is prone to conflicts because the problem of collective action is underlying common interests. All members of society benefit from benevolent policies, but often the individual actor is even better off if she receives additional privileges or exceptions from the rule. This problem is often modelled as a prisoner’s dilemma, in which out of individual rational action a suboptimal outcome results. This outcome is not necessarily the case, if the assumption of a single shot game is dropped. The simple two actor interaction of the prisoner’s dilemma can be used as an analogy to explain the problems existing with respect to many fundamental policy issues:

- Generally, a society benefits from market competition (efficient resource allocation, low prices, higher rate of innovation, stable economic growth, more employment etc.). However, the individual member of society is even better off, if he is exempted from competition, while all others face it. As a result all actors have an interest to engage in lobbying in order to be exempted from competition (Olson 1982). If the state follows such sectional interests the result will be a highly regulated economy with inefficient resource allocation, higher price levels, little innovations, low growth and less employment.

¹⁰ See <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/STRATEGIES/CDF/0,,contentMDK:20072933~menuPK:140843~pagePK:139301~piPK:139306~theSitePK:140576,00.html>.

¹¹ See <http://www.dfid.gov.uk/eupresidency2005/eu-consensus-development.pdf>.

¹² Also Boughton and Mourmouras 2002.

- Similarly, poverty reduction via social redistribution policies leads to less social conflict and unrest and thus more internal security. All actors with higher incomes will benefit thus from the redistribution of their taxes. However, again the individual actor is even better off if all others finance such redistribution policies except herself. If only one individual is exempted from the tax obligation this will not have any significant effect. But as all actors have an incentive to strive for such exception and if government gives in, eventually no effective redistribution can take place.
- Every constituent benefits from an effective private law. However, those are even better off which are exempted from the general rule. The best of all worlds for a thief is one, in which everybody complies to the protection of private property rights except himself. Again as a result everybody strives for exceptions from the rule. If the state does not prevent this, a rule of law state ceases to exist.
- Employment neutral public sector reforms that make the public bureaucracy more efficient increase the productivity of the individual members which in the long run may allow for higher salaries. However, the individual public agent has an interest in keeping his special privileges.

There is extensive literature in institutional economics and political science on this type of dilemma. Ideally there are two different ways how this dilemma between individual and collective rationality can be solved:

- Type 1 Societies

Ethic values, norms or other mechanisms may exist in societies that support cooperation. In such societies problems of collective action are solved in a way that individuals refrain from pursuing their sectional interests at the expense of the rest of society. Irrespective of what particular values/norms or other mechanisms exist, in such societies the individual more or less can trust that other actors keep to the rules. Often this scenario of mutual trust is discussed under the heading “social capital”. E.g. Putnam defines social capital as “social networks and the norms of reciprocity and trustworthiness that arise from them (Putnam 2000, p. 19). What makes the concept of social capital difficult to deal with is its reverse causality. Social capital is both a prerequisite for effective public policy and in part a consequence of it (Putnam 2004). Thus, people cooperate because of high social capital and there is the right social capital because people cooperate (for a general overview on the concept of social capital see e.g. OECD 2001).

- Type 2 Societies

In the other extreme it is also possible, that a society or large parts of it are not or not any longer able to solve such dilemmas of collective action. Such societies are stuck in sub-optimal equilibria. In these societies no universal norms of reciprocity exist. They may exist within subgroups of society like families, kin or tribes as e.g. described by Banfield (1958) for southern Italy but not beyond (see Mummert 2002: pp. 128 – 132).. What matters for a society is not only whether it has much or little social capital but in particular what type of social capital exists. In the literature typically bonding and bridging social capital are distinguished. Bonding social capital refers to links among people e.g. of the same family, tribe, ethnicity or social class. In contrast, bridging social capital refers to links that cut across various lines of social cleavage. What a society needs is the right mix of social capital. A society with high levels of bonding social capital but no or only little bridging social capital will consist of isolated groups or gangs that do not cooperate with each other. In such a scenario, a solution of such collective dilemmas may be possible only

from above. A strong, benevolent state may force the members of society to cooperation by pursuing a benevolent public policy.¹³ In this case the right social capital may emerge as the constituents observe that the chosen policies yield positive outcomes for society as a whole.

Of course things are much more complex in the real world. The a.m. two types are reflecting the extreme poles on a scale, in most cases we will find hybrid societies. Furthermore, as societies are complex it is difficult to assess which type is more dominant. Which type of society, for example, do we find in China? Is the Chinese norm of Guanxi bonding or bridging social capital? Is it a virtue or just another form of corruption (see e.g. Huang 2003; Cai et al. 2005; and Schramm/Taube 2001)?

Although it is difficult to impossible in reality to define exactly which type of society exists, this typology allows highlighting that the mixture of leadership and participation depends strongly on the respective type of society:

In a type 1-Society widespread participation is possible and with little risk. Here widespread participation may support the political dedication to development strategies. By contrast, in a Type 2 - society democratic participation is likely to be detrimental, if no values/ norms or other mechanisms exist that tame sectional interests. In this case widespread participation may allow politically influential actors to abuse the political process for their sectional interest. An example may be the case of Russia after the break down of the Soviet Union. A political opening did not lead to more democratic decision but a nepotistic oligarchy. In such a scenario a benevolent leadership without participation may lead to better political outcomes than participative approaches.

Thus, how a vision is developed must take the cohesion of society into account and consequently “ownership”, i.e. the mix of leadership and participation, can take very different forms depending on a country’s context:

In type 1 – societies widespread political participation can have positive consequences. Here indeed country ownership is likely to enhance the chances for success because widespread participation can increase the identification of the people with a strategy. The more actors are committed to a strategy, the higher the chances for realization.

By contrast, in type 2 societies participation is likely to lead to detrimental consequences. In this scenario government ownership may be preferable to country ownership. Under the premise – of course - that the government is pursuing benevolent policies. If instead it is evident that the government is pursuing its sectional interests at the expense of the population ownership is per se not any longer a meaningful concept. Given a malevolent government, leadership is clearly more of a problem than a solution.

To sum up, what precise mix of leadership and participation is likely to enhance successful development strategy formulation depends on different local conditions like:

- the type of social cohesion in a society
- the preferences of the government
- to what extent interest groups representing the different groups in society exist
- the preferences of the different interest groups.

¹³ Such a view, however, ignores that the benevolent state itself again is subject to a problem of collective action.

Hence, we find that already in such a simple illustration the right mix of leadership and participation depends on quite diverse factors. In reality things are much more complex. To start with, how to assess whether the different party's involved have malevolent or benevolent interests? When Robert Mugabe came to power, international donors were convinced of his benevolent interests. By contrast, Uganda's donors were quite sceptical about Yoweri Museveni, today Uganda is cited as a success story of PRS and participation of civil society (see World Bank CDF Progress Report 2005).

Furthermore, in reality we find many different interest groups like the public bureaucracy, parliament, business interests, religious interests, social interests, environmental interests, civil society groups, academic research staff, the media. Now which of these groups represent civil society and which represent the perspective of the respective target group like for example the poor? And again how to assess whether they pursue malevolent or benevolent interests? Thus, in reality the picture is much more complicated.

The same critical view regarding wide spread participation (or 'national ownership') is presented by the United Nations Development Policy and Analysis Division 2007 (p.4-5): "Yet to achieve true nation-wide ownership is an impossible objective; for one thing, there is not enough time; for another, there may well be no consensus, so some groups will have ownership, others not, and who is to say which are legitimate. Moreover, in practice, the processes are flawed from this perspective (although some are better than others). Many use only the official language (sometimes only English – in Cambodia only the final draft was translated into Khmer), so consultation with those speaking local languages is not realistic; in many cases major groups are left out (often Trade Unionists for example); the poor themselves are typically represented by some civil society claiming to speak in their name, and who knows whether they really do; sometimes the consultation occurs in less than a week, sometimes less (in Ethiopia consultations of 100 districts took place in three days)".

Stressing the importance of participation rests on the assumption that political participation is indeed a universally shared value. In the next section we will critically challenge this view in the development context.

4.3 Is political participation at all a necessary ingredient for successful strategy development?

a) The issue of legitimacy

Economic welfare theory shows that even with benevolent actors it is not possible to aggregate individual preferences into social preferences. In this view the goal of democratic participation is not to aggregate individual preferences but to create legitimacy. It is believed that if a development strategy is the outcome of a participative process people will identify themselves with this strategy and this will increase the chances of realization. "Country ownership of a poverty reduction strategy is paramount. Broad-based participation of civil society in the adoption and monitoring of the poverty reduction strategy tailored to country circumstances will enhance its sustained implementation" (World Bank quoted by Mc Gee 2000).

Unfortunately what creates legitimacy is again a controversial issue in the political sciences. Just a short glance at three papers on legitimacy yields the following list of diverse sources of legitimacy (Rothstein 2007, Schimmelpfennig 1996, Scharpf 2004):

- tradition

- charisma of political leaders
- competence of political leaders
- benefits political leaders create (common interest or narrow majority or large segments of powerful interests)
- leaders have been selected in some procedural way that people perceive as legitimate
- impartiality in how the public administration treats people
- capacity to achieve the citizens' goals and solve their
- problems effectively and efficiently
- social homogeneity of society
- collective identity.

Furthermore and even more important there is little evidence that democratic participation is a necessary prerequisite for legitimacy. As Bo Rothstein so nicely puts it: “the Bush administration’s efforts to create a legitimate political authority in Iraq by introducing electoral mass democracy has failed miserably. Even though the Iraqi people have cast their votes several times in surprisingly large numbers, and even though the elections were carried out in a reasonably orderly and - for this part of the world - surprisingly fair manner, the Iraqi government has been unable to establish itself as the legitimate political authority in the country” (Rothstein 2007, p. 3). However, what we can conclude from this and other example is that legitimacy is affected by the extent to which policies are perceived as being results of domestic political processes instead of being externally imposed.

Thus, what mix of leadership and participation will increase the legitimacy of a development strategy depends strongly on the respective societal context. Extensive participation may not only pave the floor for sectional interests (see chapter 4.2 above) but it may also not yield legitimacy. Additionally even in a benevolent context strong leadership may be able to substitute for participation. The German Agenda 2010 is an illustrative example for this. The German case is one of a more or less benevolent government with more or less benevolent interest groups which would suggest a high level of participation in strategy development. Nevertheless, the German Agenda 2010 has been the outcome of strong leadership with very little participation by the parliament or civil society.

We find many other prominent examples outside of the development realm where leadership and not participation was the main driver for strategic projects that rank from the German rail way reform to the process of European Integration which never was much an issue of participation by the constituents. On the contrary, strong participation (e.g. direct democratic participation) might never have paved the way for the European Integration, which is generally seen as a beneficial development.

To conclude, instead of focusing on leadership and participation, perhaps it is more crucial to focus on political commitment (see Morrissey and Verschoor 2006 for a similar argument). Political commitment can be the result of quite diverse leadership/participation settings but it appears that leadership may be more important in this respect than political participation.

b) What type of participation?

Apart from the questions whether participation is indeed a necessary prerequisite it is important to acknowledge that participation can have quite different faces. Generally, due to the problems with ‘nation-wide’ participation democratic participation might be a more realistic approach: “Democratically elected governments are supposed to provide a solution to these problems, although there are problems here too, in deeply divided societies especially. However, government-ownership is probably a more realistic objective and one with more legitimacy, in

democracies, than ‘national’ ownership” (United Nations Development Policy and Analysis Division 2007: p. 5).

However, as argued above, democracies have also quite different faces and it is not easy to assess which kind of democracy is legitimate and which not. Hence, participation must not necessarily mean democratic participation.

A good example for illustration is the case of Vietnam, which is a mix of authoritarian leadership and controlled participation. In Vietnam the communist government started systematic attempts to reduce poverty already at the beginning of the 90s. Being a socialist economy this approach will certainly have been reflected in national planning. This commitment led to a fall of the total number of people living below the poverty line from 57% in 1993 to 37% in 1998 (DFID 2000a, 20). This poverty orientation of domestic policies was dressed into a PRSP not before 2001.

The case of Vietnam is clearly quite distant to democratic participation. As DFID puts it in 2000 “The Communist Party, which establishes the policy framework within which the Government operates, sets policy goals. The most important avenues for participation for the majority of people are local government structures and the mass organisations (MO). These structures are all tied in closely with the Communist Party and debate on policy options outside the confines of the Party and Government are unusual. ..There are also a number of non-governmental organisations, both local and international, involved in community development and poverty related work. .. Few of these bodies have had any exposure to the PRSP (since this has not until recently been a formal subject matter within government) before the middle of 2000. There is, however, significant involvement on the issues of poverty and social welfare throughout society. The principal mass organisations – women, youth, labour and farmers – are the major social institutions in Vietnam, involving million of citizens. The mass organisations are closely integrated with the Government and Party” (DFID 2000a, p. 22).

Although there has been some further progress with respect to civil society in Vietnam over the past years, the civil society remains at the margin: “There are two broad trends that one notices over the past decade. Firstly there has been the growth of development NGOs essentially different from the organisations that emerged as a product of the retrenchment process¹⁴ during the late 1980s. Secondly, there has been a mushrooming of associations – voluntary, non-profit, non-Governmental, community based, grassroots and cooperative. These associations fulfil a variety of roles ranging from organising activities, to income generation to disseminating knowledge. These new associational forms together with the mass organisations provide material assistance to the poor but do not engage in public debates about policy. The current interplay between government and civil society groupings in terms of Community Based Organisations (CBOs) and NGOs, or “institutional environment”, appears to be shifting from a total state domination of development activity, to an acceptance of the contribution that other players may bring” (Sabharwal and Than Thi Thien Huong 2005, p.2). Still, in spite of this progress Vietnam’s civil society is at an “embryonic stage” (p. 5).

¹⁴ Administrative decentralisation and consolidation reduced the size of the state apparatus by some 50,000 with many of the cuts falling on scientific and technical institutes and professional interest groups. The NGOs that emerged were largely descendants of Government Institutes and staffed by retrenched Government staff. In other words they have emerged from the political mainstream of Party-State organisation and that different organisations vary in the degree of independence that they desire. Thus they are always closer to the state than their counterparts in other countries.

Thus, Vietnam is more a case of strong high-level commitment and leadership with some controlled participation and some recent trends to allow for more non- state controlled participation. It comes as a surprise that nevertheless the World Bank's CDF-Progress Report assesses the "civil society involvement" and "institutional mechanisms for stakeholder involvement" as to be "largely developed" (World Bank, CDF-Progress Report 2005, p. 40).¹⁵ If we interpret this in a well-meaning way, it tells us that the World Bank itself takes a more pragmatic approach to participation rather than a dogmatic one.

4.4 Preliminary Conclusions

With respect to the political dimension of strategy development we discussed what role leadership and participation play in order to initiate a process of change. We have come up with the following arguments:

First, the concept of "ownership" comprises a mix of leadership and participation. We argue that there is no universal optimal mix of leadership and participation. The required mix depends on the respective country conditions.

Second, what matters for the success of development strategies is first and foremost that there is a strong benevolent political commitment irrespective of what mix of leadership and/or participation has led to this.

Third, political participation can enhance the chances for success. Given political participation actors will identify themselves more with a strategy. In consequence they will probably put more effort in its realization. The more actors behave correspondingly, the higher are the chances for success.

Fourth, unfortunately political participation comes with the risk to open the door for sectional interests. The extent to which this is likely depends on the ability of a society to solve the dilemma between individual and collective choice. In order to make the argument understandable we introduced two extreme types of societies: type 1 societies with mutual trust (or sufficient bridging social capital) and type 2 societies with just the opposite situation: trust only exists in subgroups. Though type 2 societies may have bonding social capital, this social capital is limited to each group and does not extend to members of other groups. Hence, type 2 societies are fragmented. They consist of isolated groups or gangs that do not cooperate. In type 1 societies widespread participation comes with little risk. By contrast, in type 2 societies participation may be detrimental. Without mutual trust actors very likely will abuse the political process for their sectional interests. Here a benevolent actor that sets a strategy may be preferable to widespread participation. However, why should the government be different from society? If the state itself is pursuing sectional interests such leadership will also lead to perverse results. In such a setting ownership is not any longer a meaningful concept.

¹⁵ Similarly DFID gets to a different assessment of the involvement of civil society for Ghana than the World Bank: „Large sections of civil society, therefore, expressed doubts about the Government's commitment seriously to involve civil society structures in the design and implementation of poverty reduction strategies. This finding is at odds with the generally received view within the World Bank and elsewhere, that participation in the development of Ghana's CDF has been exemplary. Traditionally, economic policy and government expenditure has been hostage to a highly adversarial approach to politics. This is even more the case in regard to poverty. In the view of many, a new commitment would be required to alter this situation – amounting to little less than a change in political culture.“ (DFID 2000a, p. 18-19.)

Unfortunately, the government is rarely an actor external to the system. Thus, in a type 1 society governments are much more likely to pursue benevolent interests than in a type 2 society. In an extremely fragmented society the government is likely to pursue sectional interests as well. This leads to a dilemma of the following kind:

- In a type 1 society political participation is without risk but actually not that much needed as the government pursues the general interest. In an ideal type 1 society constituents will be aware of that and thus face no need for participation. Within limits they trust that the government is attempting to do best for society.
- In a type 2 society participation is a risky endeavour. Here, a benevolent government that knows what is best for society could be preferable. However, in such a society the chances that the respective government is indeed benevolent are very small. Instead it is likely that the government is pursuing sectional interests itself. The question here is to what extent participation in such a setting makes outcomes better or worse. Is widespread political participation in such a setting able to limit the government in abusing its discretionary power for its sectional interests or will participation be dominated by other sectional interests so that outcomes are even more perverse? One may draw an analogy to economic competition and argue that in such a setting the competition between self interested interest groups or actors may yield overall positive results. However, this optimism may not be justified. The results of economic competition depends crucially on the frame conditions for competition (the market order). Additionally, there are many differences between economic and political competition (Wohlgemuth 2008 forthcoming).

Even though we have no solution to offer for this problem we have to be aware of this problem. In a type 1 society government initiatives are likely to be benevolent irrespective of whether they are backed up by actual or only potential participation. In a type 2 society by contrast it should be clear that participation is not in place just because a member of government has signed a development strategy.

Fifth, participation can come at different faces. The example of the political situation in Vietnam shows that participation does not necessarily have to be democratic participation. Despite the fact that Vietnam is more a case of strong high-level commitment and leadership with some controlled participation and some recent trends to allow for more non-state controlled participation the World Bank still assesses Vietnam a largely developed civil society involvement. That means again, that the adequate form of participation depends on a country's context.

Sixth, nation wide participation is difficult to accomplish. In addition, experiences with participation processes in the past point to severe problems of organizing the processes (e.g. time, language, selecting the representatives of different groups).

5 The technical dimension of national strategic management

Apart from the political momentum, successful strategy development requires that the different phases of strategic management are carried out in a technically correct way. This implies to distinguish at least on a conceptual level the different steps of strategic management (even

though in practice the different steps may take place at the same time and the process may be more of a clock wise type then of linear shape) and to carry out each step appropriately.

5.1 Technical elements for successful national strategic management

We will not elaborate here extensively on the technical aspects of strategy formulation and instead refer to the extensive literature on strategy development in developed and developing countries. The literature is quite specific on technical aspects that are required for a sound strategic management (see table 5 below).

Table 5: Technical elements for strategy development¹⁶

1. The strategic vision must	<ul style="list-style-type: none"> – be coherent and long-term^(a, c) – integrate different objectives to ensure a comprehensive strategy^(b, c) – lead to realistic and flexible targets^(b, c)
2. The strategic analysis must	<ul style="list-style-type: none"> – be comprehensive and reliable^(b, c) – be developed and built on existing capacity^(b) – rest on high quality information^(a)
3. In order to develop a strategy it requires	<ul style="list-style-type: none"> – a medium-term strategy derived from vision lining short to medium to long term (a, c) – targets with clear budgetary priorities^(b) – coherence between budgets and strategy priorities^(c) – a holistic, balanced and well-sequenced strategy^(a) – country-specific development targets^(a)
4. Implementing a strategy requires	<ul style="list-style-type: none"> – Responsibility for implementing strategies is clearly assigned, to bodies with the appropriate authority (Cherp et al. 2004). – embedded strategy in high level government commitment and influential lead institutions^(b) – a clear role vis-à-vis other national development strategies^(d) – building on existing mechanisms and strategies, and on existing knowledge and expertise^(b) – responsibility^(c) – financing^(c) – policy Mix^(c) .. – finance and planning functions are clearly aligned, and the strategy coordination function is backed by high-level leadership^(d) – PRS formulation and implementation are embedded in interministerial coordination mechanisms and linked to a MTEF and national budget processes^(d) – Line ministries systematically align sector action plans with PRS priorities^(d) – Local development plans are compatible with PRS priorities^(d) – Communication strategies includes translating PRS ... into local languages^(d) – Realistic and flex. Targets^(b, c) – Build on existing processes and strategies^(b) – Indicators and targets – strategies should be based on structured indicator systems (enumerated in national plans and reports) to assist in monitoring progress and to serve as quantitative targets^(b)
5. Monitoring	<ul style="list-style-type: none"> – Coordinated county-level monitoring and evaluation^(a) – Incorporate monitoring, learning and improvement^(b) – Process Monitoring^(c) – Monitoring Outcomes^(c) – Learning and Adaptation^(c)

¹⁶ Table 5 comprises all elements of table 3 which have a technical connotation.

	<ul style="list-style-type: none"> – PRS M&E system integrated into existing systems^(d) – M&E system incorporates information exchange between government and stakeholders to inform strategy refinements^(d) – Independent bodies or processes should be established to act as watchdogs monitoring implementation of national strategies and providing recommendations for their improvement^(b)
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Looking at the different technical requirements listed in table 5 the targets of a strategy should be

- based upon high quality information,
- realistic (means to be developed and built on existing capacities),
- coherent,
- prioritised (which also means being divided into medium and long-term goals) and
- supplemented by indicators (otherwise monitoring and evaluation would be much more difficult).

With respect to the implementation phase the recommendations in the literature refer to the needed tasks and abilities of the different involved governmental institutions. It seems important that

- the responsibilities are clearly assigned to bodies with appropriate authorities. For example it would be of no help if a ministry is responsible for the implementation but lacks the necessary authority to do so.
- the strategies are based on existing resources (see recommendation ‘building on existing mechanisms and strategies, and on existing knowledge and expertise’). Otherwise the failure of the strategy would become obvious during the implementation process. We will come to this aspect again by looking at the capacity dimension in the next chapter.
- with respect to national strategies subsidiary strategies are aligned. In other words if sector plans do not take up the relevant targets of the respective national strategy it will remain ineffective.
- financing arrangements need to be secured (otherwise the actions derived out of the strategy could not be financed). This generally means that the strategy has to be linked to the budget circle.¹⁷ A financing arrangement outside the national budget is generally not advisable. It could only be justified with severe deficiencies in the expenditure management of the country. However, such severe deficiencies would question the whole ability of a government to manage political decision processes and thus also the decision to develop complex strategies.
- monitoring and evaluation is possible. This presupposes among others (1) that independent bodies (in ideal cases using the existing supreme audit institutions of the country) are executing the M&E functions and (2) publicising the outcomes of M&E (especially to parliament and civil society), so that learning and adaptation are possible. M&E, however, is not only a decisive but also a rather difficult topic mainly because of the difficulties of measurement and the problem of attribution gaps regarding the impact of an isolated project or programme. Hence one should not expect that it is an easy task to draw up indicators like in a mathematical equation and to see immediately if a project deviates from its expected target.

¹⁷ The national budget is not just about numbers. In effect it is the most important instrument of states to plan, execute and control their chosen politics. Regarding the importance of public finance see for instance GTZ, 2007: Capacity Development in Public Finance Institutions, http://www.gtz.de/en/dokumente/en-cap-dev-in_public-finance-reforms.pdf

Functioning M&E is crucial for the whole strategic management. Learning and adaptation only occur if possible deviances between expected and achieved outcomes and impacts are measured and the results publicised. Furthermore, this feedback to the political decision process can only function sufficiently if ownership has been achieved. The more ownership has been reached during the formulation phase of the strategy the more likely are critical reactions of the legislative body and / or civil society if they observe failures of the executive body to implement the strategy (e.g. deliberately not attending to the time frame). This public pressure may reduce the chances of staying in power. Hence, the responsible actors in parliament and/ or government have an additional incentive to improve the implementation process of the development strategy.

5.2 Participation for technical reasons

Here we will focus once more on participation. However, this time not from a political but from a technical point of view: As argued before there are no strong arguments that participation is in all cases a necessary ingredient with respect to the political dimension of strategic management for societies. Regarding the technical aspects of strategic management we will argue that participation is an ambiguous concept with pro and cons, as well.

As stated above, one important success factor of strategy development is that the defined targets rest on high quality information. This requirement is intuitively accessible. For example, how can we define a strategy to combat HIV if we do not know (1) the extent of this disease problem in our country (e.g. areas of high infection rates, patient structure) (2) the underlying causes (e.g. lacking medical supply), (3) what the government already is doing in this respect and (4) whether corresponding assistance measures exist. The better the information the higher are the chances that the defined targets really cover the problem.

However, due to their sheer number of members societies generally have a tremendous information problem. In developed countries with effective public administration and special governmental institutions for data collection (e.g. information systems) we are able at least to reduce this information problem. But in developing countries these necessary public services often are either non existent or quite ineffective. A lot of line ministries rather live an independent existence. Communication between different governmental institutions often is only possible at the central level leaving local authorities and their administrations totally uncontrolled (but also unassisted). In Kenya, for example, it is impossible for the Public Procurement Oversight Authority to reconstruct whether medical acquisitions of the Kenya Medical Supplies Agency really have reached hospitals in certain districts (see World Bank, 2006). So the crucial question is how to get access to relevant information. The answer is participation.

Successful national strategic management is impossible without involving many other actors on very different levels:

- Strategic analysis requires the collection of information on the relevant subject in order to fit it to the existing needs. With respect to many issues the information is usually widely dispersed. Private sector and civil society will often have much more knowledge or better access to information than government agencies. Such micro-level information needs to be transferred to the policymaking process (Altenburg 2007, p. 7).

- Developing a strategy requires the collection of dispersed information about other strategies or policies pursued in order to coordinate activities and avoid contradictory actions (see also iisd et al.). Thus, developing a strategy must always be multilevel.
- Implementing a strategy requires widespread compliance and joint actions by different levels of public bureaucracy and private actors. It's easy to set up a strategy but it is much more of a challenge to implement the respective policies. The government faces multiple agency problems in this respect (see e.g. Murrell 2002, Mummert 2002). In order to implement strategies governments need to involve public bureaucracy as well as private sector and civil society.
- Finally, monitoring again requires widespread collection of information. Furthermore, in order to avoid that information becomes one-sided filtered, monitoring needs to be carried out by different actors.

Thus, strategic management requires widespread and multilevel participation for simple technical reasons. This may appear as a contradiction to our argument above that participation is not a necessary ingredient with respect to the political dimension. Both arguments can easily be reconciled if we acknowledge that participation can have quite different faces depending on their purpose.

DFID and McGee and Norton (2000) refer to a 'ladder of participation' ranking from information sharing, to consultation, to joint decision making and finally, initiation and control by stakeholders. Information sharing and consultations are quite different to joint decision making or initiation and control by stakeholders. The first two types of participation are technical ingredients into national strategic management while the latter two refer to the political dimension. Thus, according to our analysis above the former two are much more of relevance for strategy success because of technical reasons than the latter two. McGee and Norton appear to share a similar view because they argue that "information sharing should happen throughout" and "consultation opportunities will arise throughout analysis and strategy development". They are also quite distinctive about what consultation entails: "The boundaries between [consultation, UM] and joint decision-making may be blurry in some cases; an important difference between them is that consultation does not imply any obligation to incorporate into the final product all perspectives expressed." Different to information sharing and consultation they are much more selective with regard to the other two types of participation: "[j]oint decision-making is possible at some points of the PRS process". Similarly there may be "opportunities at limited but significant points in the PRS process" for initiation and control by stake holders (McGee and Norton 2000, p. 14-15).

Thus, with respect to the technical dimension participation in the form of information sharing and consultation is a necessary input into successful national strategic management in order to collect and distribute relevant information (see also for similar arguments iisd et al., 32ff.). In order to develop a successful strategy it is necessary to have as much relevant information as possible. The awareness is needed that knowledge is dispersed and communication is necessary to collect this information (see box 1 below). In this context it has to be noted that "real consultation is a multifaceted process taking place over a number of years, and not a series of ad hoc workshops." (DFID 2000a, 32)¹⁸

¹⁸ The aspect of time will be further discussed in the next two chapters (capacity and assistance dimension), because (1) time is an important capacity and (2) the planning horizon of aid projects often opposes long-term engagements. In addition, due to the conditionality of strategies partner countries are also interested in getting this precondition organised in a rather short period of time.

Box 1: Sector Advisory Groups -Creating special consulting institutions

In 2003 the Zambian government decided to create *Sectory Advisory Groups (SAG)* with members from the line ministries, civil society, private (business) sector etc. Originally their function was to advise the government in the PRSP process. Realising, (1) that such a multi-faceted strategy process takes time and (2) that to make PRSP effective the targets have to be broken down to sector strategies, SAG still exist with slightly altered functions. Currently they advise the sector ministries in the development of strategies as well as monitor whether these strategies have been correctly incorporated into the budget process.

Source: Project information of the GTZ-project "Support to the Ministry of Finance in Linking the Poverty Reduction Strategy to the Budget Process, Zambia"

To condense the message: Participation in strategic analysis, development, implementation and monitoring matters for technical reasons. This type of participation however is different from political participation. For successful strategic management, participation in the form of information sharing and consultation is of high relevance but not necessarily joint decision making and initiation and control by stake holders.

In addition, interlinkages between the technical and political dimension are likely to exist. Participation in the form of information sharing and consultation may also lead to political identification with a strategy and may help to create trust (see iisd et al. 2004, p. 34-35 but also McGee and Norton, 2000, 41). This holds for the relationship between members of the civil society and government as well as between e.g. different line ministries or between the central and local level. Higher levels of trust facilitate effective coordination during the development phase of strategies which means that processes within the political dimension are eased. Thus, in type 2 societies where – as pointed out in chapter 5 - political participation is risky, technical participation may be a device to enhance the commitment to a strategy. The same of course applies to type 1 societies.

To put the arguments from this and the former chapter together: participation matters, yet not necessarily in the form of joint decision making but definitely in the form of information sharing and consultation:

- In a type 1 society, political participation takes largely place via the given political process. The constituents can more or less trust that their government is pursuing the general interest. Thus, direct involvement of society may not be necessary for political reasons. It is necessary, however, for technical reasons.
- In a type 2 society, political participation in the form of joint decision making or control by stakeholders is a highly risky endeavour. Yet, like in type 1 societies for technical reasons information sharing and consultation are required. The advantage is that this kind of technical participation does not bear the risks of political participation. At the same time technical participation may be an entry point to increase identification with a strategy and general trust.

However these positive effects of participation in strategic analysis, development and implementation may be opposed by the following negative effects:

- First of all, it is questionable, whether the distinction between ‘consultation’ and ‘information sharing’ on the one side and ‘joint decision making’ on the other side can be clearly communicated to the potential participants of the process. Stakeholders generally are willing to participate in the strategy development, because they want their interests included in the document. If they are aware of their ‘minor’ role of just providing information they may not engage themselves properly. Also, they may use their knowledge strategically, e.g. by giving only one-sided information, which support their interests.
- The more people participate in the process of strategy formulation, the more interests have to be included in the document. However, the main function of a strategy is to help set priorities under conditions of limited resources. That means, prioritization is vital to the success of a strategy. Consequently it has to be decided which interests should be served first. But whose priorities count – parliamentarians, finance ministries, donors, civil society and/or constituents (s. ILO, 2005: 1:23 – 24)? Hence, a high participation level inevitably causes the problem of either receiving a desire list without any prioritisation (which turns the strategy ineffective) or having an effective strategy due to prioritisation but turning down many interests.
- Finally, the aggregation of information is the more problematic the more information comes up (which is probably contradictory as well). Hence, in order to gain from higher participation levels it is important to assess beforehand, whether the existing government bodies are able to take up so many information and coordinate them.

The apparent importance of capacity leads us to an analysis of the capacity dimension.

6 The Capacity Dimension of national strategic management

Looking at the success factors of the technical dimension reveals that capacity issues are closely linked to technical aspects. Sometimes it is even hard to conceptually distinguish between these two dimensions. For example, the success factor ‘coherent target definition’ may refer to a certain approach or technology of strategy definition. However without the knowledge (or capacity) about such an approach this success factor cannot be realised.

Capacity Development is a large and intricate agenda in itself. Therefore we will look at the issue of capacity from the viewpoint of development strategies only. We will ask which capacities in particular are needed for successful national strategic management in developing countries.

If we look at definitions of the term “capacity” we find that it has a strong strategic management connotation per se. GTZ, OECD and UNDP define capacity quite similar “as the ability of individuals, organisations and societies to manage their own development sustainably (GTZ 2007, p. 34, own emphasis). Similarly capacity development is “the process of strengthening the abilities or capacities of individuals, organisations and societies to make effective and efficient use of resources, in order to achieve their own goals on a sustainable basis. This is done by investing in: people, organisations and institutions and policies (GTZ 2003, p. 3; see also UNDP 2008, p.4). Thus, it is widely acknowledged that strategic management requires capacities.

Above we have distinguished between a political and a technical dimension of strategic management in the development context. Capacities are required with respect to both dimensions.

6.1 Capacity for the political dimension

We argued before, that depending on the country context benevolent leadership may be more important than widespread participation. Benevolent leadership, however, requires extensive capacities. With low capacity the chances that a well intended strategy leads to adverse results are high. Similarly political participation requires capacity. The higher the degree of participation the more capacity is required both inside and outside of the government. With high levels of participation the government needs capacity to engage stakeholders, in order to e.g.:

- identify, motivate and mobilise stakeholders
- create partnerships and networks
- promote the engagement of civil society and the private sector
- manage large group processes and open dialogue
- mediate divergent interests
- establish collaborative mechanisms (UNDP 2008, p.8)

Similarly, in order to accomplish widespread participation as many members of the civil society and private sector as possible have to be capable to use the participative process for their interests. DFID 2000a (p. 34f.) points in this respect in particular to the understanding of the policy formation and budget process within government, to access to the information on which policy positions and budget skills in particular are being developed.¹⁹ As argued before, if civil society is not sufficiently enabled, participation bears the risk that interest groups abuse the process for their own sectional interests at the expense of others even if there are sufficient capacities available.

6.2 Capacity for the technical dimension

To perform management in a strategic way requires extensive capacities on the technical level as well. The following table provides a general overview what types of capacity are needed at the different phases of strategic management (see UNDP 2008).

Table 6: Capacities regarding the formulation and implementation of strategies

1. Strategic vision and 2. Strategic Analysis	Capacity to assess a situation and define a vision and mandate, e.g. abilities : a. to access, gather and disaggregate data and information b. to analyse and synthesise data and information c. to articulate assets and needs d. to translate information into a vision and/or a mandate
3. Strategy development	Capacity to formulate policies and strategies, e.g. abilities to: a. explore different perspectives b. set objectives c. elaborate sectoral and cross-sectoral policies d. manage mechanisms for prioritisation
4. Strategy im-	Capacity to budget, manage and implement, e.g. abilities to :

¹⁹ "Budget skills – there is a discernable effort, especially in such countries as Ghana, Uganda, South Africa, to develop a local capacity for analysis and advocacy on budget issues. In Zambia civil society budget monitoring⁴⁸ is just beginning to gain status. Such a capacity, however, takes a long time to build" (DFID 2000a, p. 34).

plementation	a. formulate, plan and manage projects and programmes, including the capacity to prepare a budget and to cost capacity development b. manage human and financial resources and procurement c. set indicators for monitoring and monitor progress
5. Monitoring	Capacity to monitor, e.g. abilities to a. measure results and collect feedback to adjust policies b. codify lessons and promote learning c. ensure accountability to all relevant stakeholders

In order to produce visible results government or an administration should not only have capacities with respect to the strategy process itself (see table 6). In addition, the following sub-tasks are essential: government needs especially (1) to align other strategies (or plans) to the newly developed strategy (2) to embed the defined competencies of the strategy into the existing procedures between different administrative units (3) to link the strategy process with the budget circle and (4) to enable the audit system (internal and external audit) to monitor and evaluate the strategy. Hence, the success of development strategies not only depends on the capacities needed for the strategy process itself, but also on the capacities of the entire administrative and financial system. These secondary tasks (or capacities) can be described by the notion ‘Good Financial Governance’.²⁰ In other words: if a government (probably encouraged by donors) decides to develop a national strategy, it is not enough to organize workshops with different actors, discuss targets and come up with a strategy. The real challenge will be to embody the strategy in the public finance system.

Furthermore, it has to be stressed that the success factors of the political dimension are strongly interrelated with capacity issues. As argued in chapter 4 with respect to the political dimension, what matters for the success of development strategies is first and foremost that there is a strong political commitment. Political commitment means that the government uses its whole energy on realising its political promises such as national strategies. Given this motivation the chances are high that political commitment will lead to visible results. However, if a government tries to eat more than it can swallow (which means it does not stick to its capacities) the outcome will not only be that visible results (e.g. poverty reduction) are missing. In addition, the government will have problems with its legitimacy.

To sum up: Regarding the political dimension, the more participation the more capacity is needed. However, the more a society resembles a “type 2” society, the higher the risk that more participation will be detrimental and therefore additional capacity might not be of much use in such cases. (Further research needed) With respect to the technical dimension we have argued that not only the strategic management process itself requires extensive capacities on all levels. In addition, a successful implementation of the strategy can only be reached if sufficient capacities of the public finance system exist. Furthermore, government representatives should be aware that their legitimacy may suffer from the adoption of strategies which are too ambitious compared to the capacities and the potential available.

²⁰ See GTZ 2006: Good Financial Governance – Good Governance in public finance, Fiscal Studies No. 3, <http://www.gtz.de/de/dokumente/de-good-governance-in-den-oeffentlichen-finanzen.pdf>. With respect to the importance of the public finance system see e.g. OECD-DAC, 2004.

7 The Assistance Dimension of national strategic management

Development strategies are considered to be of relevance for sustainable development progress. Based on the analysis above here some conclusions will be drawn how donors can support national strategic management and what donors have to keep in mind in order to reduce possible negative effects of their assistance. As assistance is a cross cutting issue we will argue along the other three dimensions.

7.1 *Assisting the political decision process*

Looking at the literature it becomes apparent that the chosen development publications put the strongest emphasis on the first phase of strategic planning, i.e. developing a vision. We believe that this is representative for the general aid literature in this respect. Why is it, that in the development literature so much emphasis is put on this aspect? First of all, it parallels the management literature's emphasis that it is crucial for success that the members of an organisation are identifying themselves with the vision. However, in the case of national strategic management the problem induced by the conditionality of external assistance might be a more suitable explanation – the negative effect of assistance on ownership simply has to be compensated. If, for example, a country needs a PRSP in order to have access to the HIPC initiative, the motivation for strategy development is imposed externally.²¹ Under other circumstances the government might have decided against the development of such a comprehensive national strategy. Hence, conditionality causes an incentive problem. However, the more the representatives of a DC want this strategy for serving their own self interest, the higher are the chances that the formulated strategy will be implemented.

Now, how should donors assist the political decision process? In case of pathological societies where we find little bridging social capital, bad institutions, bad political leadership and bad policies donors have to accept that ownership can not be a meaningful concept. In this case the effective choice they face is “between not having a programme and having one that is not ‘country owned’” (Buiter 2007, p. 650). In less pathologic cases, ownership may yield positive effects with respect to the political dimension.

In order to accomplish this, however, the following needs to be acknowledged:

Strategy development is foremost a relationship between a country's constituents and its government and neither between donors and governments and even less between donors and civil society (see DFID 2000a p. 32). This implies that donors have to accept the given participative structure in a country even if it may be different to Western democratic understanding. Donors should refrain from forcing ownership as a means to spread western democratic values into recipient societies. Instead they should purely see it as a means to create broad political support for a development strategy. To link strategy development with normative views about how political processes should take place is likely to hinder than rather support the chances for success. DFID (2000b: p. 26) concludes with respect to the experiences of the PRSP process in Vietnam: “The merits or demerits of greater formal role for local NGOs/CBOs in the system of governance, is a long term political question for Vietnam. It is

²¹ See also ILO (2005: 1:4): „Key among these [challenges to achieve ownership] is the requirement that each I-PRSP, PRS paper and Annual Progress Report be endorsed by the World Bank and IMF Boards. Can national ownership be established for a process which depends so heavily on external endorsement?”

clear, however, that in the short run (PRSP timescale), the application of any externally designed methodology may be counterproductive – both to the quality of the PRSP and the long term interests of civil society. In fact, the only hiccup in the Vietnam process was when the form of involvement of the local NGOs followed a traditional representational model. In the end, perspectives from poor people and Vietnamese NGOs have been included successfully, but without creating parallel channels to those of the mass organisations, Party, and governance structures.“

ODI (2004, p. 34) comes up with a similar conclusion in this respect: “The importance of a country’s starting point and the political dynamics behind processes of change suggests that donors, rather than denying or resisting domestic political processes, need to understand them better and factor them into the design of their support behind the PRSP approach.” They point in particular to the overwhelming importance of long term historical and political context. “Donors need to be continuously updating their knowledge about the specificities of recipient politics and political processes at country level. ... This implies that donor agencies need to develop and sustain a capacity for high quality political analysis over a long period, and create the necessary institutional incentives to ensure that such knowledge is retained and continually improved (pp.34-35).”

Experiences with the PRSP process in various countries have led to the general agreement among donors that PRSP should be built on and extend existing government processes (DFID, 2000a: p. 34pp). This presupposes that donors are willing to ‘let go’ and allow developing countries to take the driver’s seat and to consider alternative policy options that may arise through the process, even those which challenge current orthodoxy.

Developing countries usually face not one or a few different donors, but many. Due to the Creditor Reporting System for 2004 the average size of donor funded activities in developing countries is about \$1.5 million and total number of interventions/activities has reached almost 60,000 (see IDA, 2007: 21-22). The level reached by 2004 (i.e., over 20,000 free standing TA activities) was equivalent, on average, to almost one free standing TA activity – normally of very limited financial size – started each working day in each developing country. The assistance is usually split up into different areas, so that e.g. one ministry has to deal with ‘only’ a smaller number of donors. However, regarding the management of development strategies on a national level with many cross-cutting issues, the number of assistance projects being touched by the strategy is expected to be high. In this case different opinions of donors lead to high transaction costs (e.g. binding resources of time and intellect in endless consultations rounds, later on multiple reporting requirements of multiple donors etc.). Therefore, in order to enable an effective assistance donors should commit themselves to co-ordinate, streamline and simplify their procedures (DFID, 2000a: p.34pp).

However, though this recommendation of donor harmonisation is intuitively accessible and internationally accepted (see Paris Declaration) in reality many donors still cling to their own procedures. ILO (2005: 1:23) states with respect to donor harmonization in the PRSP-process: “Verbal recognition of the need for development-agency coordination is prevalent, but putting it into practice is proving tough. There has been minimal progress in removing agency flags”. With the exception of some countries regular information about the assistance policy (e.g. what kind of conditionality, intentions regarding future project/program engage-

ments etc.) as well as open discussions least to say co-ordination of different donor approaches are rather rare.²²

This behaviour of donors contrary to the standards of Paris Declaration can be explained if we analyse the complicated chain of relationships between tax payers in developed countries, who are financing the assistance, and the politicians as their representatives, donor agencies and the actors of the recipient government. Each of them has different interests, so it is no matter of surprise that the assistance is not designed solely according to the interests of the recipient society. From the perspective of donors using their own structures has the advantage of better fiduciary risk management. Furthermore, out of consideration for their constituents (and tax payers) donors are interested in short-term results with a tendency to input-orientation and visibility of their approach (see Martens, 2002). Hence, it is not sufficient to recommend 'harmonization with country systems' or 'coordination' as has been done in the cited studies of chapter 2 if the reality speaks a different language.

But how can harmonization be improved? Interestingly, experiences with donor harmonization so far point to the importance of ownership: in those countries, where the national government is committed to be in the driver's seat regarding development issues, progress in donor harmonization has been made.²³ Therefore, political commitment is not only an important ingredient for the success of national strategy management. The commitment of partner countries to lead the efforts and correspondingly force donors to come to harmonised practices may also enhance the effectiveness of national strategic management.

7.2 Technically and capacity oriented assistance

Donors can support countries by providing the technical knowledge how to manage projects and programmes in a strategic way.. "Donors are in a key position to help both government and civil society to work effectively together, first and foremost by building **capacity**, through the provision of advice, encouragement, funds and as also as partners in assessing the appropriate criteria for civil society participation." (DFID 2000a, p. 34ff.) Technical assistance in this aspect is crucial. What donors have to assist is not only in building up capacity but also to enable a correct type of participation. A multitude of relevant actors on multiple levels need to be involved. However, it needs to be acknowledged that widespread involvement of actors does not imply necessarily joint decision making. Even more important, it must be ascertained that technical participation is not abused for political sectional purposes. This finding is also in line with ODI (2004, p-35): "The case studies point to a range of interpretations of the 'participation' element in the PRSP process that require further understanding by donors seeking to constructively support the process."

²² This is the impression of many GTZ project managers, as well. They are regularly frustrated by the blocking mentality of donors like USAID, World Bank, IMF etc., who usually have more influence due to their role as key donors. The problem of lacking donor harmonization was also addressed at the third High Level Forum on Aid Effectiveness in Accra this year. In the Accra Agenda for Action donors agreed among others to provide more forward information and to use partner-country systems as first option (see High Level Forum in Accra, 2008: Press Release, <http://siteresources.worldbank.org/ACCRAEXT/Resources/Closing-Press-Release-English2.pdf>).

²³ "By now it is well understood that development efforts in a country can be successful only if the country itself owns, and its government leads, the efforts. For this reason, a prerequisite to establishing a harmonization pilot in a country has been evidence that the government is fully committed to lead the process" (High Level Forum Harmonization, 2003: Country-Level Harmonization: Emerging Implementation Lessons, <http://www1.worldbank.org/harmonization/romehlf/Documents/Harmonization%20-%20Country%20Implementation%20Experience.pdf>: p. 2)..

As argued in the former chapter, a successful implementation of a development strategy implies also that strategies and especially their implementation elements are properly budgeted (or: anchored in) within the national budget framework. That is, the strategy should be embedded in the public finance system with its subsystems budget planning and execution, revenues, internal and external audit, parliamentary oversight and intergovernmental fiscal relations. Hence, a capacity assessment of this system is needed. This assessment is usually supported or even carried out by donors, who have developed many different diagnostic tools²⁴ The problem many developing countries face is that the public finance system is not working effectively (see for instance Witt and Mueller, 2006: Implementing the Paris Declaration in Public Finance – Challenges by Capacity Development, GTZ (editor), Eschborn. or Sjölander et al. 2007: Public Finance Management in Development Co-operation, Sida (edt.)).

We refer to an entire system in which capacities obviously cannot be developed over night. So what should a developing country with e.g. serious problems in public expenditure management, lacking coordination between ministries and without a functioning external audit agency do? In order to be able to develop a strategy despite severe capacity problems in the public finance system it may be forced to circumvent these problems by introducing special procedures and management units. For example, the a.m. *Sectory Advisory Groups* in Zambia can be viewed as such a special solution for the management of strategies. Also, the outsourcing of M & E to external aid agencies happens frequently, because actually less than 10% of countries have sound frameworks to monitor and assess development results (see OECD 2008: p. 11).

However, alignment (using the existing institutions of developing countries) is preferred over building up parallel structures (see Paris Declaration on Aid Effectiveness). Though ‘second-best’ solutions enable the implementation of strategies at short notice, due to their ‘ad-hoc’ and ‘artificial’ character they tend to be not sustainable. Moreover, the danger exists that they even negatively influence the whole public finance system by blocking more effective administration structures. They tie scarce capacities with respect to personnel and procedures which could otherwise be used to build up the public finance system. In addition, donors may invest in those structures instead of assisting capacity development of the public finance system. So, if ‘artificial’ procedures or institutions are needed in order to manage development strategies the government and donors likewise should try to transfer these into a sustainable long-term structure. Also, donors should be willing to provide long term support in strengthening the core functions of the public finance system parallel to the management process of the strategy (see also DFID 2000a: pp. 34).

8 Summary and outlook

Partner countries and donors likewise are more and more interested in using national strategic management as a mean to make development efforts more effective. Consequently, project managers of GTZ are often asked to advise governments in this respect. It is this situation which motivated the present analysis of factors leading to successful formulation and implementation of development strategies. We tried in this analysis to identify frame factors that appear to be correlated to successful strategy development. Below we will summarize the findings and give an outlook of the tasks still lying ahead.

²⁴ For an overview regarding the different diagnostic tools see Sjölander et al. 2007: pp.61.

Again, it has to be stressed that every attempt to reduce complexity automatically means to look at only some selected causal relationships (otherwise we would not reduce complexity). This selection inevitably is highly subjective. Hence, we do not claim that the following list of success factors covers all relevant aspects.

Table 7: Summary of the main success factors for national strategic management

Political dimension	Ownership comprises a mix of leadership and participation. The required mix depends on the respective country context (degree of democratic decision making, type of society with respect to bridging social capital). In type-1 societies widespread political participation can have positive consequences. In type-2 societies participation is likely to lead to detrimental consequences.
	A functioning democratic system sufficiently guarantees participation in the sense of a mechanism to aggregate different interests and to create legitimacy. However, as the example of Vietnam shows participation does not necessarily have to be democratic participation.
	The broader the participation the more problems in organizing the processes (e.g. time, language, selecting the representatives of different groups) occur.
	Strong benevolent political commitment is more important than participation. However, in a state where the government itself is pursuing sectional interests leadership will very likely lead to perverse results. In such a setting ownership is not any longer a meaningful concept.
	The strategic analysis rests on high quality information.
	Strategy development has to meet certain requirements: <ul style="list-style-type: none"> ▪ Strategy is based on thorough analysis of the situation with comprehensive and reliable data ▪ Realistic targets (to be developed and built on existing capacities) ▪ Coherent (<u>not</u> an unedited desire list with contradictory targets) ▪ Prioritised and divided into medium and long-term goals ▪ Targets are supplemented with realistic and operational indicators
Technical dimension	The responsibilities for implementation are clearly assigned to bodies with appropriate authority.
	The strategy is based on existing mechanisms, procedures, knowledge, expertise and other resources.
	The strategy is embedded into the policy framework.
	Cost of the strategy are known and included in some official budget.
	Monitoring and evaluation takes place with country institutions (supreme audit offices) being involved and regularly publicising the outcome.
	Participation in the sense of information sharing and consultation of different levels of bureaucracy as well as of private sector and civil society helps collecting and distributing dispersed information (e.g. micro-level information). It may also lead to political identification and may help to create trust.
	However, there are also technical limits to participation: <ul style="list-style-type: none"> ▪ Due to incentive effects information may not be given easily or only distorted. ▪ High participation levels inevitably cause the problem of either receiving a desire list without any prioritisation (which turns the strategy ineffective) or having an effective strategy due to prioritisation but turning down many interests.

	<ul style="list-style-type: none"> ▪ To gain from higher participation levels presupposes that the capacities for organizing participation and processing the information are present.
Capacity dimension	The government is able to engage stakeholders (e.g. identify, motivate and mobilise stakeholders, manage large group processes and open dialogue, mediate divergent interests etc.).
	Members of the civil society and private sector have sufficient knowledge regarding the policy formation and budget process, the task of the strategy itself, how policy positions are developed and how to develop a strategy (otherwise participation bears a higher risk of interest groups abusing the process for their own sectional interests at the expense of others).
	The stakeholder and the government need sufficient strategic management capacities (e.g. capacity to access, gather, disaggregate, analyse data or the capacities to explore different perspectives and to manage mechanisms for prioritisation).
	<p>The government needs also capacities</p> <ol style="list-style-type: none"> (1) to align other strategies (or plans) to the newly developed strategy (2) to embed the defined competencies of the strategy into the existing procedures between different public bureaucracies (3) to link the strategy process with the budget circle and (4) to enable the audit system (internal and external audit) to monitor and evaluate the strategy. <p>Hence, the success of development strategies not only depends on the capacities needed for the strategy process itself, but also on the capacities of the whole public financial system.</p>
	The strategy is built on existing capacities.
Assistance dimension	Donors should recognize the incentive problem on ownership induced by open and/or hidden conditionalities. Therefore, assisting the strategy development process (e.g. with capacity development) is important.
	Donors have to accept the given participative structure that exists in a country even if it may be different to Western democratic understanding.
	In order to adequately assist domestic political processes, donors need to understand them better and factor them into the design of their support.
	Donors should commit themselves to co-ordinate, streamline, and simplify their procedures.
	Improvements in donor harmonization occur most likely in countries where the government is fully committed (and able) to lead the process.
	Capacity Development is important not only with respect to the management of the strategy, but also regarding the public finance system (long-term support in strengthening the core functions, e.g. public expenditure, audit system).

The challenge of this study is how to make our cursory literature review manageable. As argued throughout the paper national strategic management is not only a complex task. Moreover, the factors of success identified highly depend on the respective country context. There is no universal “one fits all” approach of participation and leadership to strategy development. Societies are open and complex systems. In the words of Adam Ferguson the outcomes “are the result of human action but not of human design” (Ferguson 1767). This implies that there are no blue prints and no best practices. What seems to have worked at one time in one country does not necessarily work at another time or in another country, as well. And any constructive approach or belief into the power of interventions are – in the words of Friedrich

August von Hayek – nothing but the “pretence of knowledge” (for similar conclusions see e.g. World Bank 2005, p. viii and in particular McGee and Norton 2000, p. 25 and DFID 2000a, p. 30). We are aware that this conclusion – so academically correct it may be - is of limited value to the practitioner who still is confronted with the problem of assisting national strategic management in her day to day work. The previously listed different success factors need to be adapted to the country context. Are all aspects relevant to the concrete situation/needs in the country or only some? In addition, instruments for the assessment of the situation regarding the national strategic management as well as for guidance of how best to proceed are needed.

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Appendix Table 1: Elements of successful strategy development

(a) World Bank 2005a	(b) OECD 2006	(c) IISD/GTZ/BMZ 2004	(d) World Bank 2005b
<ul style="list-style-type: none"> – Coherent long-term vision – Medium-term strategy derived from vision – Country-specific development targets – Holistic, balanced and well-sequenced strategy – Capacity and resources for implementation – Government initiative – Institutional mechanisms for stakeholder involvement – Civil society, private sector and parliamentary involvement – Capacity to formulate strategy – Government leadership of coordination – Partners' assistance strategy alignment – Financial and analytical partnership – Coherent and coordinated capacity support – Harmonization with country systems – Partnership organization – Quality of development information – Stakeholder access to development information – Coordinated county-level monitoring and evaluation 	<ul style="list-style-type: none"> – Integrate different objectives to ensure comprehensive strategy – Develop consensus on long-term vision – Comprehensive and reliable analysis – Build on existing processes and strategies – Embedded strategy in high level government commitment and influential lead institutions – Link national and local levels – Ensure effective participation – Develop a people-centred strategy – Targets with clear budgetary priorities – Incorporate monitoring, learning and improvement – People centered – Strong political commitment – Good governance – Shared vision – Country led and owned – Realistic and flex. Targets – Strong institutions or group of institutions heading the process – Building on existing mechanisms and strategies, and on existing knowledge and expertise – Develop and build on existing capacity 	<ul style="list-style-type: none"> – People-centered approach – Strong political commitment – Consensus and long term vision – sound leadership and good governance – Comprehensive and integrated – Shared strategic and pragmatic Vision – Comprehensive and reliable analysis – Linking short to medium to long term – Country led and nationally owned – Effective participation – Realistic and flex. Targets – Strong institutions or group of institutions heading the process – Linking national, regional and local levels – Comprehensive and reliable analysis – Coherence between budgets and strategy priorities – Building on existing mechanisms and strategies, and on existing knowledge and expertise – Develop and build on existing capacity – Effective participation – Responsibility – Financing – Policy Mix – Process Monitoring – Monitoring Outcomes – Learning and Adaptation – Coordination – Country led and nationally owned – Country ownership and commitment – Effective participation – Broad Participation and effective partnerships 	<ul style="list-style-type: none"> – PRS has a clear role vis-à-vis other national development strategies – Finance and planning functions are clearly aligned, and the PRS coordination function is backed by high-level leadership – PRS formulation and implementation are embedded in interministerial coordination mechanisms and linked to a MTEF and national budget processes – Line ministries systematically align sector action plans with PRS priorities – PRS M&E system integrated into existing systems – Parliamentary committees contribute to PRS formulation and monitoring – Local development plans are compatible with PRS priorities – Government and stakeholders have a mechanism for systematic consultations with mutually agreed objectives and timetable – Capacity building ... – Communication strategies includes translating PRS ... into local languages – M&E system incorporates information exchange between government and stakeholders to inform strategy refinements – Umbrella CSOs and business associations consult with members before engaging the government on the PRS – Financing and TA are tailored to country circumstances – Assistance strategies are aligned with PRS priorities and PRS business processes match the country's systems – Consultations for assistance strategies are tied to PRS participatory structures – Consultative meetings are held on a regular basis in the country..



Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Agbota Codjo Ambroise (Benin-National Expert) and **Helen Haile** (Benin-GTZ): “Citizens control of public services in the education sector using SILP: A tool/methodology for participatory local impact monitoring.”

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DEVELOPMENT AND EVALUATION OF PUBLIC
ACTIONS



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OBSERVATORY OF SOCIAL CHANGE

GERMAN TECHNICAL DEVELOPMENT
COOPERATION

Citizens control of public services in the education sector using SILP: A tool/methodology for participatory local impact monitoring

London, April 2009

1. Context and demand for the SILP approach in the light of Benin's PRS

According to its first and second Poverty Reduction Strategy (PRS) adopted between 2003-2005, and between 2005-2007 respectively, the Beninese government designed a national system for monitoring and evaluation which aims to measure periodically the extent and the depth of poverty and the progress in poverty reduction made as well as the relevance, the efficacy, the efficiency and the sustainability the impact of actions implemented in the PRS setting. The development of result indicators has been an important advance from the point of view of monitoring the performance of sector strategies. The impact on poverty is measured by surveys of household living standards and by monitoring various poverty indicators. In other words, the system does not only provide an insight into living condition, but tracks also the results and impacts of policies, programs and projects implemented in the setting of PRS in order to allow regular adjustment of poverty reduction strategies and programs.

However, the system does not provide policymakers with adequate information in order to explain why an increase in resources does not always bring about positive changes regarding indicators and impacts. Even though, the resources allocated to social sectors have been increased, some poverty indicators (such as standards of living in rural environments, maternal and infant mortality and the number of children reaching the required level at the end of primary education) have not improved.

In parallel, budgetary reforms have been implemented in the governments priority sectors; mostly social sectors such as health, access to drinking water and education. These reforms have made it possible to strengthen medium-term budgetary planning and to introduce planned budgets. These are helping to consolidate the link between the budgetary procedure and development planning geared towards poverty reduction.

Finally, it was one of the requirements of the PRSP to involve civil actors in the design, implementation and M&E process, so that the PRS has been elaborated in a participative consultation process with civil actors, development partners and the government. Consequently, the PRS-M&E process should also take into account citizens' perception about their own living condition. But such qualitative information is often difficult to collect, as the sectoral surveys and reviews organized by the sector ministries use M&E mechanisms and methods that especially focus on data available on the national level. The various civil actors in Benin have often pointed out that the participatory element of the PRSP process exists only on paper. However, there had been no direct demand from school communities for an M&E instrument, largely because they were unaware that such a strategy existed.

It is in this context of strengthening the PRSP M&E system by collecting overall qualitative information and in order to monitor local impact that the **Participatory Local Monitoring Methodology (Suivi d'Impact Local Participatif; SILP)** was implemented in Benin.

2. SILP Methodology

The SILP is a multi-level approach that follows an iterative process of consultation and exchange, involving: the municipal, departmental and national level as well as various other groups of actors (citizen, state services, parents' associations, central institutions, development partners, etc.). Focus is given to two major aspects of the public spending cycle: **tracing the resources allocated** and **evaluating service quality**, which are jointly reviewed by public and community service users and providers, using self-developed criteria. Thereby the SILP allows:

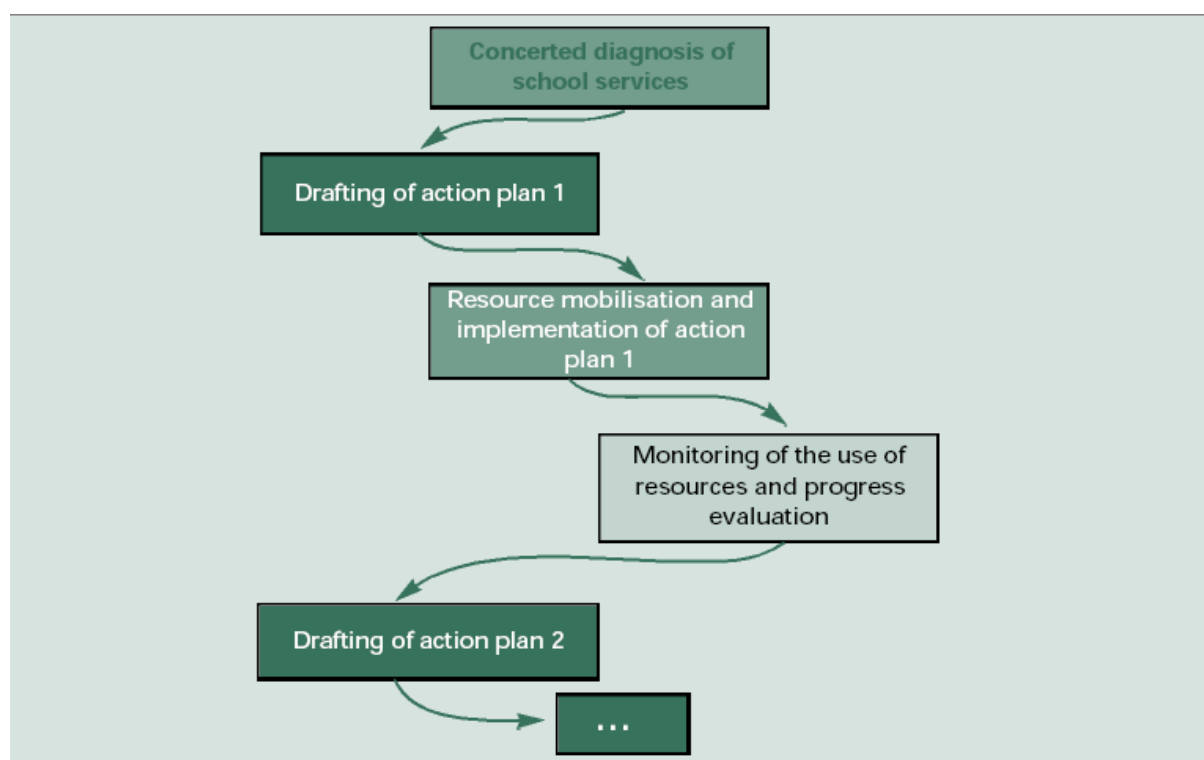
- analysis of households' satisfaction as recipients of the services offered and analysis of the effects and impacts of these services on their living standard ;
- monitoring of the financial, material and human resources allocated to the realization of these services and
- evaluation of institutions' performances involved in providing these services

Stages of the SILP and their content

A first experience to develop a Participatory Local Monitoring Methodology of the PRS has been driven from January 2003 to June 2004. Various actors from the education sector on the local and departmental level together with actors on the national level responsible for PRS implementation designed a pilot phase in the field of the primary education. Then from March 2005 to March 2006 the pilot phase was rolled out in fifteen (15) schools of the Atacora department. This first experience produced not only interesting results regarding the feasibility of this method, but identified also the potentials of SILP with regard to detecting problems that hamper proper realisation of decentralised public services and developing approaches of corrective measures. The SILP intends therefore to provide supplementary information about factors that hinder achievement of poverty reduction objectives of sector strategies and proposes appropriate corrective measures.

Following stages are taken into account in the SILP approach:

- i. Analysis of the institutional context and the identification of the carriers of the method,
- ii. Preparation and conduct of workshops to evaluate the performances of the public services,
- iii. Follow-up of the activities stipulated in the action plans on the local level and advance the information to the municipal and national levels of decisions.



The analysis of the institutional context consists of, amongst others, identifying concerned actors, processes, decisions makers and in analysing the information/-, monitoring/- and evaluation systems in use in the PRS setting. During this institutional analysis the team of facilitators plans and organizes ex-ante the expansion of information according to the SILP process towards the decision-makers and other concerned actors in the sector. The stake here is that the SILP process is integrated in the usual decision making mechanisms and that the generated information are used to this effect.

The preparation stage of the workshops that take place in order to evaluate the public services consists of explaining the objectives of the SILP to all the actors involved in the school system at departmental and municipal level as well as of sampling together the regional focus, communities and units of services delivery. In a next step, community evaluation based on simple questions had led each interest group in the school community (pupils, representatives of the parents' association (APE, Association des Parents d'Élèves), teachers, canteen workers, parents who were not APE members) to discuss the school performance and to draw up a list of criteria for evaluating. A number of aspects were evaluated: infrastructure, teaching staff, parents, school performance in relation to criteria other than children's educational results, quality and availability of teaching materials, etc. The team of facilitators then obtained a monograph of the public services in question and proposals for corrective measures, while an action plan and a list of the people responsible were also developed.

Parallel to the work with communities, the SILP team analysed the public resources allocated to schools (teachers, infrastructure, furnishings, teaching materials, operating subsidies, etc.) from the source to the beneficiaries. The tracing of the public expenses constitutes an inseparable part of the SILP insofar as it allows one: to identify the public resources affected to provide service,

to verify their efficient transfer at the schools level, to question the mechanisms of their affectation and to debate their strengths and insufficiencies. This made it possible to evaluate allocation and planning methods, as well as the routes through which these resources passed.

Some time after this, a further collective assessment workshop made it possible to measure the progress that had been made on the local level and to plan new measures, since a lack of supervision often meant that some of these undertakings had come to nothing. The information produced locally for the national level through the SILP is then forwarded nationally. This makes it possible to adapt national policies and programmes to the needs of municipalities and local users. Parallel to this, the SILP encourages better transfer of information from the national and departmental levels to municipalities. For instance, publishing planned transfers of resources from the national or departmental level to municipalities and schools makes it possible for the information to circulate properly and ensures greater transparency in what resources are available.

3. What is the finality of the SILP?

The process of the SILP is a participative method implying the actors of the offer so much (beneficiaries of services) that those of the use of the public services (users). Its finality is of three orders:

- to increase the allowance efficiency and the use of resources attributed to provide these services (extrants) to reach some results to the level of the users,
- to associate these users with the monitoring and control of the public expenses and
- to increase the relevance of the public services benefits for an efficient improvement of the living conditions of the users.

The SILP puts the users and the public services providers and communal services in the situation to value the quality of these services, to follow the progress of the affected public and communal resources to these services and to propose corrective measures to the dysfunctions and deficits noted.

The SILP allows for analysis regarding the production of goods and public services and therefore proposes measures to achieve the poverty reduction objectives. The methodology permits valuing the performances of the system at the time of the allowance and the distribution of resources (tracing of the expenses), as well as the level of the school after the effects of the resources.

After this the activities indicators, and usually the results used for the monitoring, are added to other data; e.g. to the indicators of the effects and impact jointly elaborated by the different categories of actors concerning the production and the use of the services in question. The requisite corrective measures are identified, as well as the actors responsible for their implementation and the chronogram of their setting in work is established.

Finally, the SILP is not a simple method of assessment and monitoring. It is an iterative process combining assessment, scheduling and implemented work of actions.

4. Main results of the pilot experience in the sector of education

The SILP method has been tested in the pilot phase in fifteen (15) schools of Atacora department, more precisely in the municipalities of Natitingou, Tanguiéta and Kouandé. It took place from March 2005 to March 2006 after a preparation phase with the concerned actors. The work setting of this pilot phase allowed for the tracking of the following main results:

- In the most schools important measures concluded in the action plans have been put into practice.
- As regards to the infrastructures, three of in total fifteen schools each benefitted from a module of three classes in definitive materials.
- Regarding energy and purification it can be noted that one urban school has access to electricity, the boring of a pump in a farming school and other schools are in contact with the administrations responsible for the hydraulics.
- For some farming schools teacher's accommodation is being taken charge of by the communities, either through the construction of communal teacher's accommodation, or by accommodation constructed by private people.
- Some considerable measures have been negotiated for the cut-off and planning of trees plantation and school orchards.

5. Extension of the SILP approach in Benin

After the pilot phase the SILP approach has been scaled up national wide in seven of in total 12 departments. Thus, ninety primary schools in six other departments (outside of the Atacora) benefited from the SILP approach between February 2008 and February 2009. Currently, the SILP method is put into practice in 105 schools. Furthermore, after a feasibility study of the SILP approach in two other key sectors, the SILP is also planned to be implemented in the health sector in 2009 and later in the field of drinking water supply.



Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Tilman Altenburg (Germany-German Development Institute) and
Kathrin Seelige (Mozambique-GTZ): “Ownership and development
paths in the Indian biodiesel sector”

Ownership and development paths in the Indian biodiesel sector¹

1.1 The emerging biodiesel sector in India: Chances for sustainable development and market failures justify policy intervention

The foreseeable scarcity of fossil fuels in the near future and their negative impact on the world's climate actuate – in India like in many other countries – the search for alternative energy sources. Among those resides the so called 'biodiesel', a diesel substitute which can be obtained from any kind of vegetable oil. Unlike the leading biodiesel production countries like Germany, France, the USA and Brazil that use mainly rapeseed and soya oil, India's emerging biodiesel industry builds on tree-borne oil seeds (TBOs). In the Indian case, the raw material for biodiesel is extracted from the seeds of oil-bearing trees, namely the species of *Jatropha curcas* and *Pongamia pinnata*. However, so far, the development of the Indian biodiesel sector is not taking off by itself, but relies on support from the outside. Two features of the sectors justify such support in the form of policy intervention:

1. Indian biodiesel production can have positive implications for rural development and the economy in general; and policies can channel the emerging sector into this direction.²
2. There are a number of market failures that hinder the economic development of a biodiesel industry in India; and those can be corrected through respective policies.

First, biodiesel production based on TBOs can be designed in a sustainable way – leading to positive impacts on rural development and the national economy – and does not necessarily have to bear a risk to the environment and to food security. *Jatropha* and *Pongamia* grow on nutrient-poor soils, therefore not necessarily competing with food crops for fertile agricultural land. They also do not need much fertilizer and irrigation and, instead of replacing valuable forests, can contribute to afforestation. Furthermore, the oil of TBOs is non-edible and does not enter into competition with edible oils.

Furthermore, oilseed cultivation and decentralized biodiesel production can trigger sustainable public and private investment into rural areas. More investment in agriculture, creating employment and income in the countryside, is urgently needed in India. The agricultural sector is decoupled from India's fast developing other economic sectors (see Roy, 2007) While growth in the industrial and the service sector amounted to 11% in 2006/07, the agricultural sector grew by only 2.7%. At the same time, around two-thirds of the Indian population lives on agriculture (see World Bank, 2007).

Additionally, the use of biodiesel coming from India's own production reduces the country's trade deficit. Because of a continuous economic and population growth, the Indian demand for energy keeps rising. India consumed about 300% more

¹ This conference discussion paper is an extract from a Working Paper titled „Ownership in Indian Biodiesel Policies: An Analysis of the States of Uttarakhand, Chhattisgarh and Tamil Nadu“ by Kathrin Seelige.

² This study does not want to enter into the discussion about the positive and negative impacts of biofuel production in general. The author is of the opinion that impacts highly depend on the mode of value chain organization and specific local circumstances. However, concerning the Indian biodiesel sector, a sustainable development is regarded as possible (see Altenburg et al., 2008).

primary energy in 2002 than in 1970, and an increase of another 300-400% is predicted until 2031 (See Srivastava/Mathur, 2007, p. 2ff). At the moment, crude oil constitutes 45% of India's imports and is to a large amount responsible for the trade deficit of about 5-6% of the GDP (See Ministry of Petroleum and Natural Gas, s.a., p.12 and World Bank, 2008). Any substitution of fossil diesel through biodiesel would therefore help to reduce India's trade deficit. It is, moreover, estimated that every ton of biodiesel reduces CO₂ emissions by three tons (GTZ/TERI, 2005, p. 56), and the emitted particulate matter of biodiesel is less toxic than of fossil diesel (Morris et al., 2003). The health of especially India's growing urban population would therefore benefit from the use of biodiesel.

All these potential benefits can be realized only if biodiesel production and consumption is organized in an economically, ecologically and socially sustainable way. Therefore, policy intervention makes sense in order to strengthen sustainable development trends and prevent unsustainable exploitation of people and resources.

However, even though a number of potential benefits of biodiesel production and consumption exist, the Indian biodiesel sector is still in a nascent stage. There is only a small amount of biodiesel produced yet, and neither the Ministry of Petroleum nor the Ministry of New and Renewable Energy mention biodiesel in their statistics. In the current situation, the sector's development is not taking off by itself. A couple of market failures are to blame for this, above all the distortion of competition between biodiesel and conventional diesel. Not only are negative environmental externalities of fossil diesel not reflected in the price, the Indian central government even heavily subsidizes fossil fuel. Entrepreneurs state that currently biodiesel production is only viable at a price of Rs. 45-50/litre, but in order to have a competitive advantage to fossil diesel, the price would have to be around Rs. 25/litre (Int. Gulati, BDA). The difference in price is not only due to high subsidies for conventional diesel, but also to comparatively low productivity of oil-bearing trees at present, especially if grown under very unfavorable nutrient-poor conditions. Research and development in more productive varieties is going on, but has not yet reached people at grass-roots level. This lack of access to appropriate raw material is accompanied by another important market failure that hinders the take-off of the sector: Often, the access to accurate information is lacking in rural areas, especially in remote regions. People are not well-informed about cultivation practices and required inputs on the one hand, and potential benefits of TBO cultivation on the other hand. Vertical and horizontal coordination failures furthermore hamper the biodiesel sector development. The linkages between cultivators and processors are not yet established and prevent people from investing into the sector.

These market failures also justify and call for state intervention. However, the risk of government failure should not be underestimated in the Indian context. Until the early 1990s, for example, India relied on centralized policy planning and implementation and on strong regulation of the private sector, all of which was to correct real or perceived market failures. Inefficiencies, market distortions and rent-seeking activities were the consequence of such policy-making. Although since then, the country has undergone some reforms, especially in deregulation and decentralization, the problem of government failure should be kept in mind.

1.2 Policy-making on national level:

A comprehensive policy strategy is lacking until very recently

The federal system of India implies that policy-making takes place both on central and on state level. However, regarding the issue of biodiesel, responsibilities are not clear-cut. The development course of biodiesel production is currently set on state level. Until very recently, the central ministries could not agree upon a comprehensive national policy strategy. So a few states, that discovered the issue of TBO-based biodiesel as a change for rural and economic development, formulated respective policies on state level. The landscape of biodiesel production chains became quite complex. Coordination and knowledge transfer between the states or on national level hardly takes place (see Altenburg et al., 2008)

Even after finally releasing a National Policy on Biofuels (see below), it can be expected that those states that took a specific direction will continue to follow their directions already taken. The ownership of the National Policy on Biofuels lies with technocrats of several central-level ministries, but the last years have shown that ownership in *implementation* of most central-level policies is weak, simply because those policies are often designed by parliamentarians far from agricultural and industrial realities on the ground. Participation workshops during the elaboration of national policy documents involving civil society groups usually take place, but those groups involved do not seem to represent majority views of society, since the developed policies are often much too ambitious and implementation becomes unrealistic. This is shown through the two main biodiesel policies on the national level: the Biodiesel Purchase Policy and the National Biodiesel Mission³.

Biodiesel Purchase Policy

The national biodiesel purchase policy came into effect in January 2006 and obliges the national oil marketing companies⁴ to purchase biodiesel for blending, if it is available at a price of now Rs. 26.5/l (see Ministry of Petroleum and Natural Gas, 2005). The idea behind the policy was to enhance demand and correct the market failure that biodiesel is so far not competitive to conventional diesel. However, although ownership in the formulation of the policy on national policy-making level is indisputable, a misjudgment of realities hampers implementation. Ownership of the implementing agencies – in this case the state-owned oil companies as well as the biodiesel producers – could not be created. Selling biodiesel for such a low price as Rs. 26.5/l is not economically viable, so – besides a few purchase centers of the state-owned oil companies that were technically prepared for biodiesel blending due to the policy – no actor adhered to the national purchase policy (Int. Choudhary, IOC). Theoretically, the Biodiesel Purchase Policy holds true for the whole country of India, but in practice, no biodiesel has been purchased under this policy so far (Int. Choudhary, IOC).

³ A 'mission' in the Indian context is a policy document on the national level, formulating guidelines and concrete policy directions in a certain domain.

⁴ State-owned enterprises dominate the Indian oil sector. Several private enterprises entered into oil marketing during recent years, but state-owned companies remain to hold the largest share in the oil marketing market.

National Biodiesel Mission/Policy

Ownership and implementation problems also occurred in the process of formulating an overall national policy strategy on biodiesel. A few years ago in 2002, the Government of India set up a committee on the development of biofuels under the chairmanship of the central-level Planning Commission. At that time, the issue of biofuels was not yet negatively afflicted with discussions about food security and environmental sustainability. The Planning Commission presented a draft National Biofuel/ Biodiesel Mission to the Prime Minister's office. The objectives of the policy were well-intentioned with regard to rural development and national energy security, but overambitious (see Box 1), utterly misconceiving realities on the ground. The National Mission was never officially launched by the Government of India, but this was not due to the fact that politicians recognized that it would be difficult to create ownership of the various stakeholders needed for implementation. Rather, the Indian government lost interest in the topic of biodiesel due to the upcoming international and also national debate on risks of biofuel production to food security. Some money was transferred from central ministries to state level ministries in the name of the draft National Biodiesel Mission. However, no serious attempt was made to implement the demonstration phase (see Box 1) – not astonishing considering the fact that the mission was never officially launched.

Box 1: Objectives of the draft National Biodiesel Mission (July 2003)

The draft National Biodiesel Mission of July 2003 foresaw a replacement of 5% of India's fossil diesel consumption by 2006 and even 20% by 2012. It was estimated that an area of about 11 million ha must be cultivated with *Jatropha* to reach this objective.

The document proposed a two-phase implementation of the Mission: During a first demonstration phase until 2007, 400,000 ha should be cultivated (identifying best cultivation practices), and then in a second phase, the area under cultivation should be expanded to 11 million ha until 2012. Funds from the government were budgeted to get the whole sector going.

The draft Biodiesel Mission focussed on *Jatropha curcas* as raw material, assuming much higher yields than – especially under harsh conditions – are actually possible to reach with the current plant material. Other tree species, like the promising *Pongamia pinnata*, were not taken into account (See Planning Commission, 2003).

A few years later, the Government of India decided to take up the issue again in early 2007 and started negotiations for a National Policy on Biofuels – eliminating the term 'mission' which, in the Indian context, suggests an extraordinary policy effort. According to several interviewees, the Ministries of Agriculture and Rural Development suddenly both developed strong ownership in the issue – probably

Box 2: Objectives of the National Policy on Biofuels (September 2007)

The recently adopted National Biofuel Policy sets the aims of reaching a 20% blending of fossil transport fuels with biofuels in the year 2017. Government estimates that 13.4 million ha of underutilized land can be made available for *Jatropha* cultivation in order to reach this target.

Furthermore, the policy foresees the setting up of a National Biofuel Coordination Committee and a Biofuel Steering Committee.

It also calls for 'declared goods' status for biofuels which would unify the VAT tax rates that, at the moment, still lie in the responsibility of the different State Governments (see Padma, 2008; The Financial Express, 2008).

because of the large amount of funds that the program adhered – and internal disputes about responsibilities paralyzed further discussions (Int. Uppal, Center for Alternate Energy Research; Int. Ramakrishna, Samagra Vikas). Finally, in September 2008, the central government approved a National Policy on Biofuels. The policy document is not yet accessible, but newspaper articles state that the target of 20% blending is postponed by five years to

2017 (see Box 2). However, it remains to be seen whether the objectives of this new policy will be realized. According to several interviewees, no civil society stakeholders were officially involved in the elaboration of this second policy document (Int. Uppal, Center for Alternate Energy Research; Int. Ramakrishna, Samagra Vikas). Ownership structures in the National Policy on Biofuels are therefore bewildering, and it is questionable if ownership in implementation can be created.

The missing comprehensive national strategy and the previous handling of the issue reveal that there is not yet a solid consensus about the support of biodiesel production on central level. National politics are influenced by various – rather unspecific – national demands, like the call for more investment in the rural economy and national energy security, as well as international pressure, e.g. in climate change questions. Creating comprehensive ownership in the implementation of the national strategy is therefore difficult, especially in such a large country like India. It remains to be seen what the new policy document actually contains and whether it directly interferes with the efforts states have undertaken on the issue of TBO cultivation. Central-level policies are, of course, superior to state-level policies, but the National Policy on Biofuels most probably just aims at providing a national framework, giving support to TBO-based biodiesel in general and mainly through transferring funds, but leaving the realization of the targets to local and state actors.



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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

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Conference Discussion Paper

Jörg Faust (Germany–German Development Institute): “In Support of the Encompassing Interest– Policy-Experiments, Limited Ownership and Development Assistance.”

In Support of the Encompassing Interest?

Policy-Experiments, Limited Ownership and Development Assistance

Jörg Faust, German Development Institute:

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Abstract: Recent reform efforts in international development assistance have attempted at solving some of the most pressing problems of the donor-recipient-relation in order to enhance the systemic impact of development cooperation. Firstly, recipients are called to provide sufficient “ownership” for development enhancing strategies. Secondly, donors are called to transparently harmonize their interventions by aligning their actions according to ownership-guided strategies of partner countries. In this regard, ownership is broadly understood as an encompassing consensus among the recipient country’s crucial political actors about the content and implementation process of a development enhancing set of policy strategies. Based on well-established political economy arguments, this essay points at two major shortcomings of such a perspective. First, broad policy ownership is the exception rather than the rule, even in consolidated democracies, where policy processes are mostly open, iterative and experimental in nature, at best reflecting procedural ownership on the institutions that guide inclusive and transparent political competition. Second, not only do most autocracies but also most emerging democracies – and thus the overwhelming majority of developing countries – face a lack of such procedural ownership. Therefore, supporting a broad procedural consensus on the institutional criteria that orient governments towards the encompassing interests of society should be perceived as a principal goal of and not as precondition for successful development cooperation.

1. Introduction:

In principal, development cooperation is concerned about the under provision of public goods in poor countries. Thus, beyond humanitarian assistance, development promotion increasingly has aimed at supporting the emergence of societal structures that endorse the provision of public goods (such as an inclusive educational and health system, the rule of law or an institutional environment for the sustainable management of natural resources).

The realization of such systemic goals is not an easy task. Supporting the creation of societal structures that promote public good provision directly tackles formal and informal institutions of political order, which define, how political rights and economic resources are distributed among the members of a society. Unfortunately, statistical evidence up to now has not provided robust evidence in support of development policy's effects on systemic development in partner countries: neither with regard to overall growth or poverty alleviation nor with regard to significantly promoting the emergence of political institutions conducive for the provision of public goods.¹ During the last years, this sobering evidence resulted in a mounting pressure on development assistance to increase its effectiveness. In an attempt to respond to such criticism, several initiatives in recent years aspired at reorganizing the relationship between donor agencies on the one hand and recipient governments' respectively societies' on the other hand. At the center of these reform efforts are two issues, which are to solve some of the most pressing problems of the donor-recipient-relation and to enhance the systemic impact of development cooperation. First, recipients are called to provide sufficient "ownership" for development strategies that promote the provision of public goods. Second, donors are called to transparently harmonize their interventions by aligning their actions according to the ownership-guided strategies of partner countries.

In fact, both recommendations aim at alleviating two ills, which have obstructed the effectiveness of international development assistance during the last decades, namely special interest politics on both sides of the aid delivery chain: First, the limited political commitment of many governments in developing countries to invest sufficient political resources in endogenous development; second, the increasingly fragmented donor scene, where donor governments and aid agencies often subordinated the original goals of the field to bureaucratic, economic or diplomatic interests of their respective organizations. In this regard, the concept of ownership refers to both challenges. Ownership is thus understood as a broad consensus among the

¹ see Easterly et al. Knack 2001, Faust/Leiderer 2008

recipient country's crucial political actors from state and society about the content and implementation of a development enhancing set of policy strategies.

On the one hand, the core issues of development assistance's current reform agenda pictures a normative desirable situation: A diversity of economic and political groups in recipient societies develop a common, long-term oriented and democratically legitimized strategy to overcome development barriers and then systematically integrate donor agencies into the successive implementation of such a plan. On the other hand, this vision most prominently articulated in the principles of the Paris Agenda has systemic shortcomings by assuming overly simplistic processes of coordination and policy reform. While the aid reform agenda has resulted from the well-identified political origins of limited aid effectiveness, current implementation strategies design a process, which reflects a merely – and sometimes even naïve – technocratic approach neglecting the political and experimental character of policy reform. One (potential) consequence of this one-sidedness is that donor agencies following the ambitious coordination plans are often ill prepared, when confronted with the reality of political conflict and volatility.

Given this background, this paper attempts to carve out basic conceptual problems of the existent aid reform agenda from a political economy perspective and, hereafter, deduces some recommendations for donor strategies in hybrid regimes and emerging democracies.

Most importantly, the current notion of best practices in donor-recipient relations reflect a misunderstanding where democratic ownership is based on a political order that has erased conflicts over the distribution of resources. At its best, democratic governance is characterized by inclusive political competition, where politicians regularly compete for support of their programs. If democratic institutions are installed correctly, the policy process is guided by incentives that drive governments towards serving the encompassing interest of society instead of narrow interest group. However, the pursuit of such an encompassing interests is generally not achieved by the implementation of long-term oriented government plans. Instead, experimental and iterative processes continuously redesign the pursuit of the encompassing interests. Thus, the linear understanding of how huge reform projects are to be organized and implemented by recipients and donors represents a rather traditional vision of a policy-cycle, which has little to do with often short-term oriented trial and error processes characterizing policy reforms in democratic settings. Thus, policy experiments in an institutional environment that promotes societal self-organization are an essential part of political processes aiming at an improvement of public good provision.

The latter trial and error process is even more pronounced in settings of deep political transformation towards democracy, where governments face short time horizons, are involved in serious political struggles and have incentives to recur to populist adhocism. Therefore, in typical settings of emerging democracies, encompassing ownership is not the precondition for but instead the result of successful intervention. This is because encompassing ownership, even in consolidated democracy, is the exception rather than the rule due to the competitive character of democratic processes. From such a perspective donor strategies have to accept iterative and experimental policy reforms as long as it is assured, that those experiments are embedded in an institutional framework that guarantee transparency and participation. What donor agencies should do instead, is to partially shift their attention away from designing huge policy plans towards process oriented assistance that attempts to promoting a sufficient degree of ownership in politically fragmented settings.

To fully develop these arguments, the paper proceeds as follows. Chapter two starts with a well-established model on how to differentiate between institutional incentives for public good provision, namely in autocracies and democracies. Furthermore, this chapter develops the argument, that the systemic advantage of democratic settings produces complex, iterative and experimental policy processes, which reflect the open character of inclusive competition, where the encompassing interest society is continuously redefined. Chapter three than expands the argument to emerging democracies, which, on average, are characterized by low levels of procedural and policy ownership. Chapter four than discusses the implications of the former findings for development policy. Finally, chapter five recapitulates the basic findings and gives an outlook for further research.

2. Between Order & Self-Organization – In Pursuit of the Encompassing Interest

2.1 Democracy's Dividend

Public Good Provision vs. Rent Distribution: To explain the peculiarities of democratic policy-making and the experimental character of policy reform, one can start by referring to a well-established assumption of the political economy literature with regard to governments' varying incentives to provide public goods.² In general, governments are interested to stay in charge and will change political support for policy contents. Departing from this assumption,

² Among others, this differentiation has been made prominent by authors such as Olson (1993) and Mesquita et al. (2003).

governments as self-interested actors can decide, which share of their limited resources they will invest in providing public goods respectively in the distribution of rents in privileges to narrow interest groups. If their survival depends on the support of a rather small fraction of societal groups such as the military or mighty oligarchs, it is efficient for governments to provide these fractions with rents (privileges, which take the form of private or club goods). Instead, when governments depend on the support of a huge part of the society, the distribution of privileges increasingly turns out to be inefficient and it becomes rational for incumbents to substitute the provision of rents with the provision of public goods.

Democracy vs Autocracy: From this basic differentiation one can deduce a fundamental difference of the policy process in different kind of political orders, namely in autocracies and democracies. Autocracies tend to be more exclusive than democracies. Autocratic regimes, which repress part of the population and prohibit free press and free assembly, usually are based on smaller fractions of society than democratic regimes. Consequently, it is rational for autocratic governments to invest more in well-targeted rent-distribution than in the creation of public goods.³ In contrast, democratic regimes are characterized by free and fair elections as well as by free press and assembly. The resulting process of inclusive political competition makes it necessary for governments to gain the support of a much larger part of the population than in autocratic settings. As incumbents have to offer political programs attractive for a majority of citizens, it will be rationale for them to exchange political support for the provision of public goods. Thus, on average, democratic leaders will have a stronger inclination towards the encompassing interests of society than autocrats and increasing levels of democracy will orient governments towards public good provision instead of rent-distribution. While there is no empirical evidence that democratic order has an advantage with regard to overall economic growth, there is evidence from cross-country studies, which supports the hypothesis on democracy's positive impact on public good provision. Indeed, higher levels of democracies

³ Here, it is worthwhile to note that there is room for variation among autocratic regimes. On the one hand, highly institutionalized, corporatist autocracies have a rather complex basis. For instance, the ancient Mexican PRI-regime like China's current autocracy are based one party dominant structures, which do attempt to integrate the interests of different sectors of society into the policy-making. As a consequence, governments of such autocracies generally provide more public goods than dictatorships with low levels of institutionalization and a reduced number of supporters.

have come along with higher levels of productivity-enhancing regulation (Faust 2007) as well as with in regard to public services in health and education (Lake/Baum 2001).⁴

2.2 Democratic Governance as an Experimental Process

Unfortunately, as societies are complex assemblages, the concrete contents of the encompassing interest as well as adequate measures to satisfy such an encompassing interest, are difficult to be determined *ex ante*. The reasons for this phenomenon are twofold.

First, think of an autocratic government that primarily is supported by one interest group, for instance the military. In such a context characterized by a comparatively low level of complexity, it is relatively easy for the government to identify the interests of this group and to develop a detailed policy plan on how to feed this group with rents. Now, think of a government, whose support rests on a huge majority of the population, which nevertheless is compromised by a diversity of societal groups. While in such a situation, the government will find it more rational to increase the level of public good provision, it faces the task of aggregating very different interests of society into policy programs that satisfy such an encompassing set of individual interests. Therefore, as the governments' support groups become more encompassing, the policy process will become more complex, iterative and experimental.

On the input side of the policy process, governments will be permanently seeking for feedback from a large number of interest groups. On the output side of the policy process the uncertainty of whether policy implementation really has the intended outcomes steadily increases with the complexity of the programs. Thus, if policy strategies attempt at representing a more encompassing set of societal interests, the uncertainty about the extent to which the outcomes satisfy the needs of the complex setting of target groups will increase. On the one hand, such a setting requires planning, communication and evaluation capacities in order to respond to the increasing complexity of the government's environment. On the other hand, however, given the increasing level of uncertainty about outcomes, the need for iterative feedback loops and experimental policy-making increases. Paradoxically, when a government depends on a more encompassing set of societal groups, policy processes will not only become more complex with regard to planning, but also will show stronger elements of short-term, iterative and experimental policy design. In fact, the increasingly eclectic research on

⁴ Some scholars even argue, that very high levels of democracy give incentives for governments to over invest in public goods, thereby directing too much investment into the public sector (Plümper/ Martin 2001).

multilevel governance and policy networks, originating from the analysis of OECD societies, prominently focuses this complexity of – frequently non-hierarchical – linkages between state and private actors in policy processes.⁵ Interestingly, a proactive approach towards iterative and experimental policy reforms has been recently identified for the case of China, an authoritarian regime, which through its highly institutionalized party is based on a – at least for autocracies – comparatively broad support base (Heilmann 2008).

Second, while democracies already inhibit strong elements of iterative and experimental policy-making because of their relatively broad support basis, there is an additional element of democratic order, which brings even more uncertainty into policy-making: inclusive political competition. Robert Dahl's classical and frequently quoted definition of polyarchy (1971: 5) points precisely to this core feature of procedural democracy. Dahl refers to representative democracy as a process of inclusive and participatory competition. Consequently, there is an analogy between inclusive democratic and inclusive economic competition. What Joseph Schumpeter has called a creative process of destruction, Friedrich von Hayek has named an open process of discovery.⁶ These, probably most prominent definitions of economic competition have in common, that the core advantage of open and transparent markets produces innovative results, which are foreseeable only to a very limited extent. In fact, *ordo-liberalism* defines (sustainable) economic competition as the core advantage of capitalism because it generates knowledge and innovation and thus works as compensating mechanism for firms' limited if not insufficient capacities of anticipating future outcomes by planning mechanisms.

A similar virtue can be attached to inclusive and transparent democratic contestation. Governments have very limited capacities to develop a long-term oriented plan that produces the "correct" mixture of different public goods. In democratic settings, this unpredictability about the "right" policy mix that satisfies a sufficient number of voters leads to a competition of political parties respectively entrepreneurs, which offer different policy mix to the constituency. Furthermore, the results of a democratic government's policy measures will be regularly "evaluated" by an encompassing electorate. Therefore, one central feature of democratic policy-making consists in its iterative and experimental character, which compensates for the uncertainty and limited planning capabilities of governments that have to respond to encompassing majorities of citizens.

⁵ Sources: Renate Mayntz, Dirk Messner

⁶ Sources: Hayek, Schumpeter

As a consequence, the advantage of democracy for the provision of public goods is not visible in terms of big plans and immediate results. Instead, the advantage consists in the long-term results of incremental political processes, which are experimental and iterative in the short-term but guided by procedural criteria that ensure transparent and inclusive political competition.⁷ Thus, the advantage of democratic consists of specific *solution for the tension between the virtues of societal order respectively societal self-organization*. On the one hand, the democratic “Rechtsstaat” sets the institutional framework, which defines the rule of the politically game. This institutional framework principally works as safeguards against a permanent capture of policy processes by small elites and ensures the orientation towards more encompassing interests of society. On the other hand, however, policy processes within this framework, are competitive, open and experimental and do reflect interest groups’ attempts to promote their special interest within this framework. This makes democratic policy processes a nightmare for bureaucratic planners because planning processes have to frequently updated.

For conceptions of ownership, such a perspective on democratic governance has far reaching implications. In current definitions, such as the one of the World Bank, ownership is regarded as a broad commitment of the government and an encompassing set of actors behind a well-defined, long-term oriented development strategy consisting of a series of policy reform programs⁸. Unfortunately, such a conception does not fit the realities of democratic policy procedures. Ownership in democratic settings normally will be reduced to the common acceptance on the basic principles and institutional features that should guide policy reforms but not so much in the content of such reforms. In some cases, there also might be a broader consensus on priorities of certain policy areas (education, health, land reform, etc.) and – in the case of constitutional reform – on how to reform some institutional features of political order. But to expect a broad consensus on the content of a series of policy reforms would be to neglect the competitive and open nature of democratic governance.

⁷ In his concept of polyarchy, Robert Dahl (1971) defines seven core features of a democracy: Freedom to form and join organizations; 2. Freedom of expression; The right to vote; Eligibility for public office; The right of political leaders to compete for support; Alternative sources of information; Free and fair elections.

⁸ www.worldbank.org

3. The Encompassing Interest and Ownership in Emerging Democracies

We have started with the assumption that governments choose their level of public provision according to the size of their support groups, on which their survival depends. For the purpose of analytical clarity this distinction was made for a comparison between stable political orders, which differ with regard to the size of their support basis. For the purpose of analyzing ownership and policy-making in emerging democracies and hybrid regimes, the assumption of institutional stability has to be relaxed. Governments will choose their policy strategies not only with regard to their specific support basis but also depending on their time horizon respectively the stability of the existent order. When governments are situated in a highly unstable context, they act under high levels of incertitude and are continuously threatened by displacement. In such an environment, it is thus of no surprise that they will turn to rather short-term policy measures. Dependent on the size of their support group, such (fiscally often unsustainable measures) will either be focused on rent-maximizing for a small distribution coalition or populist measures for broader segments of the population. For instance, unstable autocracies based on a narrow support basis tend to maximize rent-seeking, while an autocrat with longer time horizons has an incentive to provide growth enhancing public goods in order to maximize his long-term rents (Olson 1993, Clague et al, "Aid & Autocrats").

Many of the developing countries are emerging democracies or hybrid regimes, where several of democracy's institutional criteria have only been partially established. For instance, their might be free elections but the electoral system systematically disadvantages certain groups or regions. Often, free and substantial flow of information is partially constrained as could be free assembly. Many emerging democracies exhibit high levels of intransparency and corruption. These deficiencies of democratic procedures have led to denominate such democracies as defect or illiberal (Merkel/Croissant 2000, Zakaria 1997).

Most of these shortcomings stem from the enormous collective action problems involved in the process of democratization. Unfortunately, the above described virtues of democracy for public good provision makes democratization such a difficult undertaking. Democratization like decentralization consists of profound institutional changes that redistribute political rights among the population and have enormous effects on the distribution of economic resources: the latter because democratization threatens the rents of a former autocratic coalition and promises an increase in public good provision for those who have been excluded from political participation (Acemoglu/Robinson 2005). In such a context of distributional conflict, gov-

ernments are often caught in trap, which promotes policy volatility and instability often observed in political systems during deep transformation.⁹ On the one hand, democratic elections provide incentives for governments to focus their policy on those, who select them via elections. On the other hand, traditional elites such as the military or influential economic groups often still have the power to threaten a government's stability (Mesquita et al 2003).

Beyond, however, democratization provokes more complex challenges, than the above mentioned division in just two segments of society, namely the broad group of formerly marginalized and the traditional elite. In fact, democratization opens up the political process and easily can lead to the division of the apparent homogenous group of previously politically excluded into a whole set of new political actors and interest groups; ranging from poor peasants and urban workers to ethnic minorities to diverse segments of the middle class. This emergence of political pluralism in an environment of distributional conflict due to institutional change creates serious coordination problems for incumbents. Not only have they to signal credibility in times of institutional insecurity but they also have to prioritize their policies with regard to the variety of expectations.

A particular pressing problem in such a setting is that emerging democracies are generally ill equipped with organizers of the encompassing interest, namely political parties and a vivid, cooperative. Whereas consolidated democracies generally organize the complex governance process via the interplay between government and the plurality of societal interest groups via political parties and a vivid civil society, such organizations are rare in emerging democracies. The nonexistence of political parties that are not merely hierarchical organizations to distribute rents towards narrow interest groups creates further insecurity for the government because it lacks of a mechanism that organizes the iterative process between state and societal interest group. What follows, is that even if governments in emerging democracies might be willing to serve the more encompassing interests of society, the lack of making themselves credible through communication mechanisms such as political parties gives them incentives to focus on gaining support via rent distribution for more narrow societal groups (Keefer/Vlaicu 2005, Keefer 2005). As consequence, the policy process turns out to be overly volatile, guided by either short term populist measures or the ad hoc distribution of privileges to special interest groups. This further perpetuates the lack of consensus with regard to the institutional procedures of democracy.

⁹ See work on the process of democratisation by Mansfield/ Snyder 2005)

These challenges of political transformation help to explain the recently increasing discomfort with an overly simplistic conception of the term ownership.¹⁰ Terms such as *governance ownership*, *country ownership*, *democratic ownership* respectively the of *ownership with adjectives* (Meyer/Schulz 2008) reflect the mounting unease with which the policy community perceives. Much of this discomfort might stem from the fact that ownership, as originally defined, is more an ideal goal at the end of a successful development process but not a precondition for successful intervention. This is the case with regard to emerging democracies, which mostly neither possess high levels of procedural nor of policy ownership. In fact, if considering ownership as a broad consensus among political actors on the basic principles of selecting the government and policy-making, emerging democracies mostly face a lack of such procedural ownership because of the distributional implications of democratization. Democratic procedures securing inclusive and transparent political competition are not accepted principles of political organizations by all players. Furthermore, policy ownership with regard to the content of public good providing reform strategies are neither commonplace because emerging democracies often do not have the governance mechanisms necessary for building stable and broad policy coalitions. Thus, exceptional high levels of volatility and insecurity normally characterize the policy process in periods of political transformation, because the rising complexity of actors and distributional conflicts difficult the creation of broad coalitions.

4. Development Assistance, Ownership and Experimental Governance

What follows from the last chapter is that procedural ownership is a major challenge of deep political transformation. As the prerequisites for ownership are more challenging in emerging democracies, ownership turns out to be the result of successful development and not as the precondition. Such a perspective on political change, however, starkly contrasts with the assumptions of the current aid reform agenda expressed most prominently in the Paris Agenda and its follow up process, where donors are supposed to align with partner strategies resulting from an encompassing domestic ownership. The World Bank, for instance, defines ownership as follows:

“Country ownership means that there is sufficient political support within a country to implement its developmental strategy (...). Country ownership requires that the government has achieved sufficient support for the strategy among stakeholders within and outside of the gov-

¹⁰ Among several recent studies attempting to differentiate ownership are De Renzi et al 2008; Meyer/Schulz 2008; Müller et al. 2008.

ernment. This likely includes line ministries, parliament, subnational governments, civil society organizations, and private sector groups. The participatory processes needed to build country ownership will be unique to the country's political culture and circumstances. Ownership requires that a country has sufficient institutional capacity for defining and implementing a national development strategy.”¹¹

On the one hand, such a definition of ownership has probably been the result of the increasing awareness of donors that, at least in the long run, the driving forces behind successful development are domestic and thus endogenous to a given recipient country. Development assistance thus can play a role as a facilitator of development but not as the driving force behind increasing prosperity. While this notion is in principal correct, the described perception of encompassing ownership is simply too static and too ambitious and neither meets the reality of political processes in developed nor in developing countries.

Taking the U.S. as an example for a developed and stable democracy, it seems fairly unrealistic assume, that for instance health and education policies during the past ten or twenty years were a result of a broad coalition the government, parliament, state governors, mayors and civil society groups. Health and education policies have not followed a long-term oriented plan developed by an encompassing coalition embracing the diversity of political and societal actors in this country. Instead, these policies have been characterized by a constant political dispute between different fractions of society and evolved from an iterative process of changing political coalitions of the federal governments, congress, governors and civil society (Source, Nitsan). In the consolidated democracy of Germany, there has been a relatively broad consensus among political parties to reform the incentive structures of German federalism in order to spur economic development. Yet, this common perception of a given challenge of national importance has not automatically led to the implementation of a big reform plan. Even in the case of such a relatively consensus with regard to a given challenge, an intense political dispute about the direction and the implementation of such reforms emerged. As a result, while important reforms have taken place during the last decade, they were the result of an open-ended, politically disputed and iterative bargaining process.

In emerging democracies, the political search for the encompassing interests will be even more experimental and conflictive because of the distributional conflicts and coordination problems endogenous to democratization. Like in developed countries, in many emerging democracies, institutional features of the electoral system or an increasingly decentralized

¹¹ www.worldbank.org

state structure have led to checks & balances, which easily lead to coalition governments or force governments to engage in coalition building with congress or subnational actors.

Given the conflictive, iterative and experimental process endogenous to democratic policy-making, which is further exacerbated in emerging democracies, the basic content of reforming the donor-recipient relation is plagued by serious conceptual flaws with severe empirical implications.

1) Firstly, the idea of taking encompassing procedural ownership as a precondition for a harmonized donor engagement seriously reduces the application of such an approach to only a handful of recipient countries, where the most serious conflicts of political transformation have already been solved. Thus, development assistance would be reduced to the “easy cases”. Such a focus would not only exclude the most needy “bottom billion”¹² countries struggling with state failure. It also would exclude less vulnerable emerging democracies, where procedural ownership with regard to inclusive and democratic-policy making has not been achieved respectively consolidated.

2) Secondly, accepting the obvious lack of encompassing ownership in many countries has led to a so-called ownership paradox. This paradox consists of the fact that despite donor agencies rhetorically requiring substantial ownership, they continue to condition their assistance to policy requirements. With regard to technical assistance and even more with regard to program based financial assistance, transfers from development assistance are still characterized by conditionality. Thus, political dialogue between a – sometimes collectively acting – set of donor agencies and a recipient government is not simply characterized by a non conflictive consultancy process but includes strong components of tough negotiations, where donor agencies attempt to condition their assistance to the fulfillment of certain policy reforms. While the continuous existence of conditionality seems necessary to constrain the misuse of transfers, it reflects a varying degree of distrust of donor agencies with regard to existence of encompassing ownership in partner countries.

3) Thirdly, if donor agencies working in emerging democracies with a lack of procedural and policy ownership are obliged to set a framework (firewall?) of conditionalities to prevent special interest politics of the recipient government, they have to organize harmonized interventions without being “aligned” by the partner country. Thus, taking the phenomenon of limited ownership in emerging democracies seriously implies that donor agencies are somehow left

¹² See Paul Collier „The Bottom Billion“

alone with their coordination and harmonization problems. In fact, delegating the responsibility of alignment to the partner side is an ill-suited approach, when the partner country lacks the technical and political capacity to effectively align donors according to development plan. Instead, limited ownership on the partner side can easily result in an excuse for donor agencies, who are unable to harmonize their interventions due to their own special interest politics. One could even argue that as conditionality becomes more important in contexts of limited procedural ownership, donor harmonization will become important, no matter which of the two following scenarios are existent.

First, when ownership for public good enhancing reforms is limited due to veto players outside the government, a reform-oriented government might be interested in being sustained by a harmonized donor strategy that strengthens the government position vis á vis domestic opponents of reform.

Second, when ownership for public good enhancing reforms is restricted due to the government's limited interest in reforms, conditionality oriented negotiations become more important. However, non-reform oriented governments in such contexts will attempt to divide donors in order to weaken their negotiation position. In such an environment, donors have to overcome their own collective action problems, if they are interested in effective conditionality.

4) Fourthly, limited ownership in emerging democracies substantially reduces the value of long-term oriented reform plans, either developed by donors or by recipient governments.

5) Finally, even if aid agencies located in the partner country are willing to accept limited procedural ownership and a even more frequent lack of encompassing policy ownership, headquarters and political decision-makers have strong reservations to make the resulting consequences public. In fact, most donor agencies and political decision-makers communicate to the average taxpayer, that development assistance's effectiveness is mostly a result of increasing inputs and that technical and financial transfer in general follow well-elaborated plans. This is at odd with empirical evidence that development assistance, if it is to go beyond the small group of best-performing countries, consists of risky investments in volatile political environments.

Recommendations

1) Therefore, supporting a broad procedural consensus on the institutional criteria that orient governments towards the encompassing interests of society should be perceived as a principal

goal of and not as precondition for successful development cooperation. Priority should be to promote continuity and inclusiveness of political processes and not so much defining specific long-term oriented-reform contents.

2) Accept own political role and be aware that process oriented honest brokerage is often not a viable strategy. Support the potential organizers of the Encompassing Interest

3) Accept the experimental and iterative character of democratic political processes. Accept limited knowledge, even if context know how is important. In periods of deep institutional change, even most political actors in the partner country act under the constraints of high levels of uncertainty. Thus, external actors from donor agencies, must be aware of the fact that they also will act under high levels of uncertainty, no matter how good is there country know how. Require flexibility – consultancy has to deal with frequent changes

➔ Coordinate less with regard to contents of long term oriented plans but instead coordinate how to react to flexibility ➔ Scenario analysis

➔ Focus on creating harmonized behavior in situations of limited ownership

➔ Pro-actively communicate that development assistance invests money in uncertain environment. Accept that development is a risky undertaking with insecure outcomes if it is willing to act in countries that do not belong to the narrow group of best performers.

➔ Focus on process but give stronger weight to evaluation (what are the results of experiments and how to evaluate process)

➔ Accept that partners will learn during the process and draw their own, politically influenced conclusions from reform processes.

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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

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Conference Discussion Paper

Rogério Rodrigues Mororó (Brazil- Tübingen University): “Participatory budgets as a means of promoting more equitable distribution of public resources: potential and contradictions”

Participatory budgets as a means of promoting more equitable distribution of public resources: potential and contradictions

Rogério Rodrigues Mororó¹

Summary

This article holds that some of the main generally accepted assumptions on the participatory budget (PB) of the city of Porto Alegre hardly correspond to the public policies the city actually implements. It also argues that the Porto Alegre PB has been shaped into a political discourse and even into a myth. For this and other reasons outlined, it is extremely difficult to gauge the true impact this process has had on public policy. Even though each PB process has distinct characteristics, it is understood that all PBs share certain features. It is assumed therefore that some of the observations made with regard to the Porto Alegre PB can also be applied to other municipalities with PBs. Given the empirical knowledge available on the Porto Alegre PB and the difficulties encountered in identifying its real effects, this paper also acknowledges how difficult it is to identify possible interfaces between PB processes and the concept of ownership.

Introduction

Participatory budgets were first conceived in a few Brazilian cities in the second half of the 1980s, and they became better known especially after their implementation in the city of Porto Alegre in 1989. During the 1990s, the use of PBs spread rapidly in Brazil, Latin America and other countries around the world. They have been and are being implemented in governments of various scales, from small towns like Icapuí (north-eastern Brazil) and Cotacachi (Ecuador) to huge metropolises like São Paulo and Buenos Aires, and even at national level, as in Peru. In 2004, there were about 250 PB processes worldwide, approximately 200 of which were in Brazil (Pires 2008; Cabannes 2004a; Cabannes 2005).

PBs are one of today's best known instruments for democratic management. They are deployed in particular in the process of planning and executing public finances, but also overlap with various other public policy management and planning processes at the municipal level. Some authors consider PBs to be spaces of democratic governance (Cornwall et al 2008). PBs may be one of the democratic instruments that is most likely to intensify citizen participation in public policy dialogue, especially financial implementation policies. It can therefore be said that PBs no doubt somehow correlate to the concept of ownership.²

International agencies promoting development cooperation and many authors currently view PBs as instruments for promoting effectiveness in public policy and at the same time for allowing for fairer distribution of public services, particularly for the poorest social groups (see for example: Marquetti 2003 and 2008; Núñez et al 2003; Baierle 2008; Pires 2008)³.

Despite their rapid spread throughout Brazil and the world and their broad acceptance, there is some evidence that 'knowledge' of the real effects of PBs remains incomplete and, in some instances, inconsistent. Some of the claims made and assumptions regarding PB processes need to be re-assessed. For example, most of the existing literature on PBs seems to be based more on theoretical concepts than on close scrutiny of the processes. Unsurprisingly, some evaluations conducted tend to confuse fantastical and ideological ideas with reality. In addition, some researchers have at times used a faulty or strongly biased set of data and have therefore reached incongruent conclusions⁴.

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² On the concept of ownership see, *inter alia*, the Paris Declaration on Aid Effectiveness (<http://www.oecd.org/dataoecd/11/41/34428351.pdf>, downloaded on 3 January 2009). This article ends by considering the possible interfaces between PB processes and the concept of ownership. Some of the ideas it contains were developed in the context of a conference on ownership.

³ The author of this article has analysed statements of this kind very carefully. As he understands, PBs probably have the potential to attain the above, but the question requires further research. To date, statements of this kind remain unconfirmed by any indicator, concrete data and/or reliable method.

⁴ Some of the publications that follow the 'romantic', uncritical mainstream of PB analysis and that are based on the theory of direct democracy are mentioned in this article. Others have been considered in two other publications by the same author (see Mororó 2009a and 2009b).

Today, the real political and social impact of PBs has been outstripped by their reputation. This is one of the most significant conclusions of several recent empirical studies by scholars who have stepped back from the romantic and ideological point of view that influences many of those who have written or are writing about PBs.⁵ In recent years, observers from international organisations themselves, which promoted PB experiences, have warned of the risk of considering PBs a panacea or a cure-all (Cabannes 2004b, p. 8). Other, more sceptical observers have gone even further than Cabannes (*op. cit.*). For example, as early as 2000, geographer Marcelo Lopes de Souza, an enthusiastic investigator of PB processes, noted that many PBs analyses contained no critical questioning, and he rightly proclaimed that 'the panegyric tone [of certain publications on PBs] hardly concords with the many challenges that remain to be overcome' (Souza 2000, p. 2).

Indeed, many publications on PBs are fulsome in their praise – a feature they share with other publications on processes of citizen participation. This is an observation made by Jones 2003, for instance. It is no coincidence that the author himself describes his publication as:

'a call for a research and policy debate characterised by a greater degree of honesty and maturity concerning participation' (Jones 2003, p. 581).

In a very similar context Cornwall et al (2008, p. 40) warn:

'It is a leap of faith to assume that the inclusion of civil society organisations in governance is in itself sufficient to break with old patterns of political privilege, clientelism and the culture of favours in Brazil.'

In their most recent studies, these authors note that, in some cases, civil society has been seen as a mere extension of the State in the implementation of programmes and policies, while in others, citizen participation has been limited to lending legitimacy to government policy, without influencing the decision-making process (see Cornwall et al 2008, p. 15).

The myth of the Porto Alegre PB

One of the most frequently investigated PBs to date is that of Porto Alegre. Many of the studies so far on this PB recount its reputed (positive) effects, but in many cases those effects cannot be proven as having been truly brought about by the PB. By conducting a more detailed analysis of the process and comparison of certain empirical data with the information in the existing literature and with the claims of certain local political authorities many contradictions are brought to light.

The empirical research conducted by the author of this article and an analysis of the literature on the Porto Alegre PB reveal that the latter has not only been transformed into a *political discourse*⁶ in the sense suggested by the theoretical concept of 'discourse analysis' (Atkinson 1999; Nonhoff 2005). It has also become a myth, as defined by Perlman (2002, p. 290):

'Myth is simply a widespread ideology (...) that emerges in the "collective conscience" of a group or class (...). It comprises a system of beliefs, a methodical distortion of reality (...) and a specific system of ideas that suit the purposes of the interests of a particular group.'

What political discourse and myths have in common is that they both foster distortion (almost always ideological) of reality. At the same time, they can be used and manipulated for political and ideological purposes (more on this in Cunha 2005).

⁵ Some of the most recent empirical studies distancing themselves from the romantic mainstream include, Silva 2004 and Rizek 2004. See also Jones 2003 and Cornwall et al 2008. The author of this article also provides a critical analysis of the Porto Alegre PB (along with other participatory processes) in his doctoral dissertation, which he is currently writing at the Tübingen University Geography Department. He believes that realistic analysis based on concrete data is more likely to help further participatory processes than exaggerated praise. Only by identifying shortcomings can measures be proposed to help correct weaknesses and enhance processes such as PBs.

⁶ According to Atkinson (1999, p. 60), '[D]iscourse (...) means: a group of statements which provide a language for talking about - a way of representing the knowledge about - a particular topic at a particular historical moment (...) Discourse is about the production of knowledge through language (...). Discourse determines what can be legitimately included in and what is excluded from debates. A discourse produces its own "regime of truth" in which knowledge and power are inextricably bound together'. See also the definition of political discourse presented by Nonhoff 2005, pp. 3-4.

The Porto Alegre PB has many features that allow us to consider it a political discourse and a myth in the sense described above (more on this in Mororó 2009b). This is why the author of this article is convinced that today, the potential and limits of participatory processes can only be realistically analysed once the myths built up around the concept of direct democracy, particularly concerning the PB process have been deconstructed. This article, along with the author's other publications (Mororó 2009a and 2009b), represents a small contribution to this effort. The following section contains accepted statements about the Porto Alegre PB that reaffirm these claims.

A more detailed evaluation of the Porto Alegre experience is needed for two reasons. First, the city of Porto Alegre has been a source of inspiration in recent years for many other municipalities that wish to introduce PB processes. Secondly, from many theoretical points of view⁷, PB processes have enormous potential to entrench democracy, by promoting civic participation in public policy. However, in order to prevent the spread of illusions and myths concerning the potential and effects of the PB process and more importantly, to allow the past experience of several municipalities to serve as inspiration for others (and even for other levels of government), more realistic empirical research is needed than that carried out to date.

The assumptions on the Porto Alegre PB and a few contradictions

One of the widely held assumptions on the reputed effects of the Porto Alegre PB is that of an *inversion of priorities*. According to this idea, when the municipality or state invests public resources, it gives priority to zones inhabited by people with the lower incomes. This, it is believed, is the opposite of what is done by traditional and conservative governments, which tend to favour investing public monies in sectors that are not priorities for the poorest and in areas that have a more complete urban infrastructure and are generally inhabited by groups belonging to the middle and/or upper classes (see *inter alia* Daniel 1994, pp. 296-297, and Gret and Sintomer 2002, p. 30).

Some writers hold that the Porto Alegre PB led to priorities being inversed (Núñez et al 2003, p. 18). One of the writers who is most convinced of this is Aldamir Marquetti, an economics professor at the Catholic University of the State of Rio Grande do Sul, who has conducted empirical studies on the Porto Alegre PB (see Marquetti 2003 and 2008).

In one of his publications (Mororó 2009a), the author of this article casts serious doubt on the viability of the inversion of priorities idea, criticising in particular the methods and indicators used by Marquetti to evaluate the PB's supposed (redistributive) effects. He argues that the set of data used by Marquetti (2003 and 2008) does not allow one to conclude that the Porto Alegre authorities invested public funds more heavily in areas inhabited by the underprivileged than in areas whose population had a higher purchasing power. Data and evidence are cited, which supports the argument that the public policies implemented in Porto Alegre in the past 20 years (in contrast to the idea of an inversion of priorities) have followed a very similar path to that of the investment strategy of other Brazilian cities. It is the major urban infrastructure projects that eat up the most public resources and such projects do not cater to the priorities of the poorest people- who are the main subject of debates on PB processes (see Mororó 2009a and 2009b). Consequently, several sharp contradictions have been observed with respect to the *inversion of priorities idea*, which has gained widespread acceptance among many authors who write on the Porto Alegre PB and on other PB processes (in addition to the work of Marquetti mentioned above, see *inter alia*: Utzig 2000; Gret and Sintomer 2002; Núñez et al 2003; Ramos and Barbosa 2003).

Another widespread and commonly accepted claim in the literature on the Porto Alegre PB is that all municipal public resources available each year for investment are discussed and approved by the participating population in the PB democratic forums (for example: Baierle 1994, p. 12; Faria 2002, p. 68; Wampler 2003, p. 69). This is just one more claim that is not substantiated in practice (see Mororó 2009a).

⁷ One researcher and theoretician who has worked on PB processes to buttress his theoretical considerations is geographer Marcelo Lopes de Souza (see for example Souza 2002 and 2006). Political scientist Leonardo de Avritzer has also worked with analyses of PB processes (e.g. Avritzer 2003). In this context, readers must remain alert to the risk of theoretical outlines whose links to existing facts on PB processes are flimsy and not based on truly consistent empirical research - a clear example of this is the theoretical approach from Aragonès and Sánchez-Pagés 2009. In such a situation, there is a great risk that the set of data underpinning the theory may be inconsistent.

There are other very serious inconsistencies in the reputed effects of the Porto Alegre PB. Some writers and/or representatives of the government suggest that the PB has made an effective contribution to improving public services in the municipality:

'Generally speaking, it can be said without a doubt, that for the ten years during which the Participatory Budget has been implemented, general progress has been made in providing [public] services to the population. This can also be evidenced using the various quality-of-life indicators. It is certainly no coincidence that Porto Alegre has been considered the city with the highest standard of living in Brazil for several years' (Utzig 2000, p.194).

In a very similar vein, when asked by a researcher in 2004 about what had been achieved thanks to the Porto Alegre PB, a former mayor of Porto Alegre replied as follows:

'[What has been achieved] is heightened public awareness and improved quality of life in the city, especially in working class neighbourhoods. (...). With the people's participation, the city has achieved such rates as 99.5% of water treated, 100% of household waste collected, 84% of waste water recollected and the second highest literacy rate in the country' (La Era Urbana 2004, p. 15).

Transformations and improvements of the kind indicated by UTIZG (2000) and the former mayor of Porto Alegre (La Era Urbana, 2004) can in no way be interpreted as the work of the Porto Alegre PB. The improvements in public services indicated above were carried out practically everywhere in Brazil in the 1990s. This can be affirmed by simply consulting statistical data and social indicators established for the 1990s (see for example Mororó 2009b).

Once the executive branch presented the investment plan as though it had been deliberated by the population participating in the PB and as representing the will and desire of the majority of the participants in the PB, it is true that the PB helped to strengthen the executive in parliament to some extent. The strengthening of the executive in the face of the legislative branch appears to be the most effective change brought about by the Porto Alegre PB, chiefly because the debate between the executive and the PB Council lent legitimacy to the public policies submitted in the government's investment plan thanks to the people participating in the PB. What remains to be investigated is whether the discussions in the PB forums, especially in the PB Council, actually shifted the direction of executive policy in a truly significant way in favour of the majority of the citizens participating in the PB. No detailed research has been carried out on this thus far. Some existing research tends to suggest, rather, that the executive's representatives play a very important role in preparing the investment plan approved by the PB Council (before being sent to parliament), and that the PB is of valuable political benefit to the executive (see, for example, Santos 2002 and Abers 2000, pp. 199 ff).

One of the most serious contradictions concerning the Porto Alegre PB can be observed by comparing the priorities chosen by the people participating in the PB and the city's public spending allocations in various sectors. According to the information available, the sector most often identified as a priority by the population participating in the PB was housing (Baierle 2007, p. 10). In terms of the amount of investment, however, this sector was surpassed by others (Mororó 2009a). This is also suggested in Table 1.

Table 1: Allocation of public spending by sector in Porto Alegre during various periods

Sector/Function	Period and amount (in % of total spending)			
	(a) 1984-1988	(a) 1990-2000	(b) 2006-2009	(c) 2008
Education	13.2	19.1	16.1	17.8
Culture	0.6	1.3	1.3	1.2
Housing	3.7	3.7	3.4	2.4
Urban planning	8.4	7.1	3.6	2.6
Industry, business, services	1.1	1.3	0.7	0.7
Health	6.4	11.6	22.0	26.2
Sanitation	2.0	2.9	21.3	18.1
Subtotal	35.4	47	68.4	69.0
Others	64.6	53	31.6	31.0
Total	100	100	100	100

(a) and (c): actual spending; (b): planned spending

Sources: Marquetti 2003, p. 153, and Mororó 2009a

Table 1 shows that between 1984 and 2008, there was a relatively sharp increase in public spending on sanitation, health and education, whereas spending on housing remained unchanged until 2000 and even fell in recent years. Of the three sectors on which spending increased, only sanitation is among the first priorities identified by the PB participants (Baierle 2007, p. 10). Increased spending on education and health was the outcome of federal legislation obliging municipalities to allocate a minimum amount of their budgets to those two sectors (examples: 15% for education and 25% for health). The largest expenses in sanitation were directed to expanding the network of sewers and the waste water treatment system in particular. This is undoubtedly something of great importance to the city, but priorities for this type of investment are largely defined by the government team and not by the PB participants (Silva 2004, pp.150 ff).

Therefore, there is generally a huge gap between what the PB participants want and how the public authorities in Porto Alegre allocate public monies in the city. The information outlined in this text including Table 1 is a clear sign that the demands of the citizens participating in the PB are not necessarily changing the city's public investment policy to the point that it truly favours urban areas inhabited by Porto Alegre's poorest people, as asserted by the inversion of priorities idea.⁸

Conclusions

This article argues that several accepted claims and assumptions regarding the Porto Alegre PB often stand in sharp contrast to the public policies actually implemented in the city. It also argues that the Porto Alegre PB has been moulded into a political discourse and a myth.

Given the ease with which political discourses and myths can be used and ideologically manipulated by political-partisan interests that run counter to those of the overwhelming majority of citizens involved in decision-making processes, and since the Porto Alegre PB 'model' often serves as an inspiration for other municipalities wishing to launch PB processes, it is evident that fresh analyses and more realistic evaluations of the Porto Alegre PB must be conducted.

An oft-recurring problem in the literature specialising on PBs is their propagation of unfounded claims and unproven assumptions relating to the Porto Alegre PB. As a result, the literature contributes neither to enhancing knowledge of PBs nor to improving the process, by identifying any weak points it may have, for instance. Unless these weak points are identified, no specific methods can be proposed to overcome and/or correct them. What is most likely is that inconsistent theories will spread. And through them, there is a high risk that illusions and myths about citizen participation processes and direct democracy will also spread.

The extensive literature on PBs and, in particular, the vast body of research on the participatory processes existing in Porto Alegre (of which the PB is but one of several) would seem to indicate that PBs truly have a huge potential to expand democracy. This is inherent in the process itself, since it can only exist if the citizens are involved in the debate over management and planning policies. The mere fact that PBs exist does not necessarily mean, however, that there will be any change in the outcome of public policy or in the balance of power. The potential to change public policy does exist, but the means of doing so are susceptible to political manipulation, especially if they have been shaped into political discourses and/or myths.

In the case of the Porto Alegre PB, it is very difficult to distinguish between what the process has truly achieved and what is wishful thinking, ideologies or manipulative city marketing. The literature on PBs to date has not greatly enhanced understanding of the process which, in and of itself, is very interesting and inspires much empirical study and theoretical reflection. However, the potential for PBs to foster greater democracy and even change the direction of public policy has yet to be harnessed in most cases, despite its recognition and acceptance.

Although the PB has undeniably had some benefits for those participating in it (e.g. inclusion of community demands in the government's annual investment plan), the most likely results of the Porto Alegre PB are still political benefits for the executive, given its stronger position vis-à-vis parliament and the fact that the PB political debate effectively contribute to the legitimacy of the executive's policy proposals. It is no coincidence that the Porto Alegre PB now appears in the platforms of all of Porto Alegre's major political parties, even those that openly opposed the PB process a few years ago. This is the most tangible indication that the PB has become a political discourse. At the same time, the process has been transformed into a myth as outlined above. This poses a serious problem in that the symbolic value of the process becomes hugely important. When this happens, there is a greater risk of manipulation around and within the process and, consequently, a greater risk that reality will be distorted and manipulated for various intents.

⁸ Other data contradicting this theory were presented in Mororó 2009a and 2009b.

Lastly, on the basis of the arguments put forward in this article, we conclude that it is extremely difficult to identify potential interfaces between PB processes and the concept of ownership. There are two reasons for this difficulty: First, there are many unanswered questions on the true effects of PBs; Second, the concept of ownership is itself still in the process of being defined. In this regard, there is an express need for further empirical research.

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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

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Conference Discussion Paper

Elena Lopez-Gunn (UK–LSE), **Patricia Venegas** (Bolivia-GTZ) and **Carola Kenngott** (Germany- GTZ): “El Agua es del Pueblo, carajo: Water Belongs to the People, Damm it!”

“El Agua es del Pueblo, carajo!”

(WATER BELONGS TO THE PEOPLE, DAMM IT!)

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1. Introduction

In the age of globalization, quickly changing policy environments and increasing development challenges, politicians in less developed countries (LDCs) face the task of dealing with ever more complex settings in which to design and implement new policy approaches. Hereby, they often need to deploy more than mere technical skills. Credibility, consensus and support by key stakeholders appear crucial for sustainable policy outcomes. Along these lines, Brinkerhoff (1996, p.1395) writes: *“Public officials charged with responsibility for implementing policy reforms face changes in their roles, severe institutional constraints, new interaction patterns with other public agencies and civil society, as well as pressures for showing results. [...] [Governments] have limited ability to impose reforms without paying attention to building credibility, consensus and support.”* This implies that the chances for the successful implementation of new policy approaches will be low unless there is sustained support by key stakeholders on all levels in both the socio-economic and political environments.

This paper aims to evaluate the experience of regulatory reform in the Bolivian water sector over a ten year period in order to find evidence which either confirms or contradicts this statement.

The theoretical concept around which the analysis is centred is the concept of Ownership, embedded into the broader participation discourse in policy processes. It evolved as a well-known concept by the end of the 1990s in the context of ‘Poverty Reduction Strategy Papers’, which constituted a new approach for countries to define their own development priorities through a consultative process (VENRO 2008). Ownership has been identified as the first principle of the Paris Declaration on Aid Effectiveness. It is defined as follows: *“Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions”* (OECD 2005, p.3). Ownership has been translated into responsibility referring to the (i) leadership role partner countries should play in development cooperation, (ii) to proceeding in the framework of national strategies that materialize along priorities for action, (iii) participatory approaches including civil society and the private sector. (iv) Ownership is also related to dialogue processes with external stakeholders and partners (ibid). In this analysis of the Bolivian water sector, the concept is defined as a process in which stakeholders feel part of policy making, including a sense of responsibility for finding a sustainable solution. Hence, the creation of a basis of civic support for the introduction of new policy approaches is considered one aspect of Ownership. Sufficient consensus hereby refers to a minimum level of shared beliefs and willingness to support a certain policy on two levels: first, between the state, the private sector and civil society, and second, among different civil society groups themselves. Stakeholder support is therefore an encompassing concept and crucial for everyday policy-making processes: literature suggests that few governments can survive in the medium and long-term if they are not accepted by part of their citizens (Levi 1997).

Having a closer look at policy-making processes in the Bolivian water sector, however, it seems that the above statement suggests that this “basis of support” is constantly challenged and further developed by processes of dialogue. These dialogue processes are marked by changes in the consensus-creation among stakeholders in society. While consensus on a certain policy approach as a basis of Ownership is created, there are also dissenting views between stakeholders in civil society, the government and the private sector. History also shows that in the Bolivian water sector, there have been different types of policy approaches, including new regulation which was introduced without ‘Ownership’ on one extreme, and ‘Ownership’ but no regulation on the other. **The questions analysed**

in this work therefore are: What role does 'Ownership' play in light of regulatory reform and success in the subsequent implementation of new policy approaches in the Bolivian water sector? Is stakeholder support a source for increasing the chances of successful implementation of new policy approaches? Can the concept of 'Ownership' be reduced to a universally valid concept? And finally, what role do finding consensus and acceptance for dissenting views play in these processes?

2. Theoretical Framework

In order to find answers to these questions, an analysis of the development of consent and dissent and forms of interaction between stakeholders over time in the historical process of water policies in Bolivia between 1999 and 2009 will be undertaken. These findings then allow one to draw conclusions concerning the question of what role such a "basis of support" – referred to as 'Ownership' basis– plays in the case of the Bolivian water sector when introducing new policy approaches.

Hereby, 3 different situations are distinguished:

- Situation when there is regulation without 'Ownership'. This implies that the law is made first, and support is sought afterwards. In Bolivia, this situation was reflected in the period between 1999 and 2000.
- Situation when there is 'Ownership' without regulation. In this case, there are shared views in place but no effective regulatory framework. This situation applies to the developments in the Bolivian water sector between 2001 and 2005.
- Finally, there is a case when 'Ownership' and regulation are more closely aligned to each other. This case is further examined by an analysis of the period between 2006 and today.

3. Analysis

Period 1999-2000: Regulation without Ownership

In the framework of general politics of structural adaptation, the Sanitation sector in Bolivia had focused on public services regulations which were designed for private operators. In this process, in 1997 the Superintendence of Sanitation was created. Its first public action was signing the contract of concessions with "Aguas de Illimani" - a subsidiary of Lyonnaise des Eaux – for the delivery of drinking water and sanitation services in the cities of La Paz and El Alto. By the end of 1999 a second contract of concessions was signed with a multinational operator, 'Aguas del Tunari'. This time, the target city was Cochabamba. Remarkable about the contract with 'Aguas del Tunari' in Cochabamba was that there was a clause of confidentiality included in order to prevent public knowledge of the contract's terms.

At the same time a first Law of Drinking Water and Sanitation was released (No. 2029). Also in this case, there was no process of diffusion, consultation or even an opportunity to intervene with regards to its content.

These two events had a striking effect on the big social movements which evolved in Cochabamba. The developments in Cochabamba in this period later on became famous as the 'water war'. Their fundamental critique with regards to Law 2029 was its strong orientation towards privatization, the consideration of water as a merchandising product, the necessity of self-financing of services and the investments via tariffs, while ignoring the customary uses or 'usos y costumbres' of communities.

In the contract with 'Aguas del Tunari, the tariff increase had been rejected as well as the obligation for the small public water supply providers in the suburbs to be absorbed by the private concession.

As a result of the riots, the concessions contract with Aguas de Tunari was cancelled, and a modified law on drinking water and sanitation was released: Law 2066. This law considers the rights of service delivery for small providers, as well as the 'usos de costumbres' of communities.

Further to questioning the intention to incorporate water into a logical framework of privatization, there was a profound rejection of the process, which permitted the creation of legal base for concretizing this political approach. The lack of social participation in the process of elaboration of the normative framework was criticized, and also the lack of information and transparency within the concessions contracts which were signed. It therefore led to a situation which refers to 'regulation without Ownership'. The governments' national politics followed a top-down approach, often within the framework of international organizations, which was brought forward merely by leaders of political parties in order to receive enough votes in the Legislative Congress.

Period 2001– 2005: Ownership without Regulation

"The phenomenon of the water war has fostered the modification of the political spectrum of the country: after the happenings in February and April (2000), Cochabamba and the country were not the same any more, and the future social movements in the country referred to the experience in Cochabamba." (Crespo, 2001).

The Cochabamba water war is a distinctive event in Bolivian history: it is a striking example of how organised civil society in the form of the "Coordinadora del Agua" – which evolved out of an conglomerate of dissimilar and heterogeneous organisations - appeared spontaneously to attempt to change an established model of policy making. A new, broad basis of civil society organisations experienced a rise in power as active players able to influence decision making, by demanding power in the design and implementation of public policies.

In the period between 2001 and 2005, the "Coordinadora del Agua" acquired increased protagonism and extended its reach of action to cover further topics and regions as well. It became the "Coordinadora de Defensa del Agua, la vida y el Gas", whilst managing to keep the specific importance of its representativity in the local organizations of Cochabamba. In every case a process of gaining popular power had started. This referred to decision-making processes on the state level, as much as to the access and control over natural resources.

In 2003, there were strong revolts in the county – principally in the cities of El Alto – which ended in the resignation of President Sanchez de Lozada, who had been supportive of neoliberal reforms. The rise in power of organizations in sectors of the population traditionally excluded from power, including the poor, became more and more apparant. By the end of 2004, there had been new social protests in El Alto; this time in relation to the lack of basic services in the big areas of the city and the rise in connection costs. The demands ended with the expulsion of the transnational concessionary AISA as well as the start of actions against the contract in order to terminate it, which ended in January 2007.

With regards to the normative framework of water resources, a new law had been released in 2004, the "Ley de Riego 2878" and its regulation in 2006. There was a participatory process which involved some of the main social actors in the irrigation sector. These legal norms created an institutional framework through which both active users and the participants, particularly farmers utilising collective water systems, were facilitated. Under this framework a new water rights regime was established that guaranteed water access for irrigation to the Indigenous population on a permanent basis. However, an answer to structural problems like erosion, salinization and inefficiency of use had not been provided so far (Ruiz and Gentes, 2008).

Although these processes had opened the door for social movements which are related to the use of water as a natural resource, the representation has been partial (not national) and neither has there been an inclusion of the industrial agricultural sector (which is partly private). This implies that Ownership

had been strengthened; however, there was a “new” lack of discussion and development of consensus with the ‘new’ dissidents – this time the industrial agricultural sector.

To sum up, the period between 2001 and 2005 was marked by growing Ownership and empowerment of social movements, while at the same time there was considerable room for improvement with regards to the development of an effective regulatory framework.

Period 2006 – 2009: Regulatory Approaches aligned with Ownership

As can be seen, in the developments described in the analysis so far, there were changes in the “basis of support” of key stakeholders – and therewith referring to a basis of “Ownership” in the Bolivian water sector.

Water policy in Bolivia has over the last ten years reversed many of the policy initiatives which took place in the 1990s, i.e. a slow dismantling of the process of neoliberal reform by the government of Sanchez de Losada (Ruíz and Gentes, 2008).

The government of Evo Morales signalled the priority of water through the creation of a new Ministry of Water, created in June 2006. This Ministry enrolled many of the activists of the water war both in Cochabamba and El Alto as ministers. A new regulatory agency is in the process of being set up under Supreme Decree No. 0071 - the *Autoridad de Fiscalización y Control Social de Agua y Saneamiento*, under the Ministry of Water and Environment.

In Bolivia the current and still operating water law dates back to 1906. There is still a question whether there is a vacuum at the level of a basic Water Framework Law to derogate the existing 1906 law. Some interviewees however, analyzed this lack of progress in a framework law as pragmatic in the context of “good enough governance” (Grindle 2007), focusing first on creating a broad consensus. Bolivia has shown both Government Ownership and country support reflected on a battery of water related laws with e.g. the Public Water Supply law 2066 (2000) and the Irrigation Law (2004).

More effort, knowledge and information is needed on understanding current ‘usos y costumbres’ so that different uses do not conflict with each other. Water serves different purposes and functions, and an agenda which focuses only on public water supply is no longer enough. This has to be framed also on water as a key factor for economic development. Interviewees hinted at a perception of water away from the emphasis on the MDGs and instead towards a livelihoods centred approach to integrated water resource management, which also emphasises rational water use in the context of desertification, deforestation and conservation. The sequential process adopted might be sound from an Ownership perspective; that is, prioritising the CPE (2009) and not forcing or pursuing the reform of the framework law. The new Constitution is setting the general guiding principles which will then grant legitimacy at a later stage to have the political space and leverage to adopt laws that have to marry different and, at times, opposing interests.

The reform of the Bolivian Constitution means changes at the highest regulatory level - the constitutional level. One of the main demands in the revolts of 2003 in El Alto centered on a new more inclusive Constitution that would correct previous exclusion of e.g. the indigenous ‘campesino’ populations. The government which currently has 70% of the Constitutional Assembly elected in 2007 has been able to capitalize on the window of opportunity of a clear majority to introduce deep changes at constitutional level.

The Constitution had to undergo a process of referenda in line with the style of democracy adopted, based on direct participation by the population. The referendum held in January 2009 on the new con-

stitutional text was passed with 64% of the vote in favour. This shows that a broad basis of the population supported the Constitution. One example of an about turn in Bolivian water politics and policy is that under the new constitution the private sector is not allowed to operate for water service delivery and sanitation (art. 20, II and III; art. 309; art. 373). This new water vision (best reflected in the *‘usos y costumbres’* of the Irrigation Law 2878 and the Water Services Law 2066) was born out of the Co-Chambamba water war. The growing Ownership on this new vision then matured thanks to the confluence of external and internal factors (namely anti-globalisation movements, the *Guerra del Gas*, the expulsion of multinationals to reclaim extended sovereignty over natural resources) which culminated with the democratic election of the first indigenous president in the world, Evo Morales. He stated in 2006: *Water cannot be a private business because it turns into a commodity and this violates human rights. Water is a resource that must be a public service*".

Under the current MAS government, water is considered a public service. This is now enshrined in the Constitution and a large part of the population of Bolivia, mainly located in the rural (often indigenous) areas buy into this vision. This marks a big shift away from previous technical and technocratic approaches to water, which were tied in with privatization. Yet a social vision of water does not rule out the need for the state capacity to deliver. In fact in the long term legitimacy and effectiveness are intimately connected (Smith and Naim, 2000). Technical solutions have now come to be associated with previous asymmetric decision making and the hegemony that technical solutions could be sustained through formal, democratic and rational negotiation in an elitist policy process. The current system acknowledged a historical debt and past inherent power differentials that existed in the system.

In current Bolivian politics there is greater harmony between government, and growing "Country Ownership" on a shared vision of water as a social good. The irrigation sector played a special role in that it was an instrumental actor in the period between 2000 and 2005, and the main sector in terms of consumptive use, which has championed the *‘usos y costumbres’*. Community groups and small service providers, of which there are 28,000 in Bolivia, share the vision of the new government. Therefore, in terms of Ownership, at present, the current government has the support of newly empowered sectors, which can count on a large section of the population. In the previous decade, these stakeholders had little power to turn a shared a vision of water into law. Now, this vision of water has become enshrined in the new Bolivian Constitution (or CPE).

This alignment between both government politics and Ownership however, can ultimately only be sustained if the government can deliver a pro-poor approach. This is reflected through service delivery for the poorest, acknowledging that much of the public water supply and sanitation in Bolivia in areas with greatest need (rural and peri-urban) is often undertaken by small informal water providers, collective management systems, vendors and cooperatives that currently have limited access to funding. In fact, many of the at risk indicators for states, as well as a state's legitimacy, have been defined on their ability to meet basic human needs and provide services to their population (Smith, and Naim 2000).

To sum up, the developments have shown that in the period between 2006 and 2009, there has been greater alignment between government policy approaches and Ownership in the Bolivian water sector. However, the success of those approaches among others still remain dependent on state capacity to deliver and the effective implementation of the approaches in order to make sure that decisions is put into practice.

4. Findings with regards to the role of Ownership in the Bolivian water sector

In view of learning from previous periods in terms of the need for broad Country Ownership to legitimise political decisions, the last period of regulatory, political, and policy change in the water sector in Bolivia seems to confirm that the government has opted to build consensus and support that is grounded on the preferences of a large part of the Bolivian population, which until recently had had little input on policy making or had in fact been excluded from power. One of the reasons for this shift might certainly refer to the fact that mere Government Ownership has not assured successful results when implementing new policy approaches, as illustrated by the Cochabamba Water War. Hence, the new approach builds upon a larger basis of stakeholder support. However, in order to build the necessary basis of trust between the stakeholders involved, strengthening social networks (both horizontal and vertical) – often referred to the term “Social capital”¹ – might hereby appear as one of the missing links that first have to be strengthened and cemented between the key stakeholders in order to assure a sufficient basis of support for new policy processes, while allowing dissenting views in society to be accounted for (Kenngott, 2008).

The new shift of power can be observed in the fact that new social movements have now moved centre stage in Bolivian water politics (Morrison and Singer 2004), and have become directly part of the government and players in key positions of decision making. For example, many of the key jobs in the new Ministry of Water and environment (previously separate ministries) were key figures in the Cochabamba Water War and the revolt in El Alto.

New players have been included in power and decision-making processes, but this does not necessarily mean that a sustainable ‘basis of support’ has automatically been created. Mutual trust among the key stakeholders in the water sector, as well as allowing dissenting views while creating consensus for new policy approaches need to be further developed. This may help to support increased ‘tolerance’ and acceptance for new approaches to be implemented in an effective manner.

Theoretically, the first step has been taken towards building the necessary support for the implementation of new policy approaches; in this case water policies centred on traditional *‘usos y costumbres’* and a pro-poor agenda that focuses on the Indigenous population. In the last period, the process has been much more inclusive of the sectors traditionally excluded from the policy process, and a consensus has been secured among large sectors of civil society. However, as the new Constitution highlights, the policy process in some ways has adopted a pendulum model, i.e. by swinging to include sectors traditionally excluded from policy making it might have swung too far to now exclude the sectors that were dominant in the first period, when there was clear government Ownership, which was itself largely influenced by external actors (e.g. lending institutions, and multinational corporations) (de Haan and Everest-Phillips, 2007). The private sector partly seems to be excluded from the process at present, although the new Constitution accepts cooperatives, micro-entrepreneurs, community associations and small water service providers.

Creating a broad basis of support is a necessary, but not always a sufficient condition to secure the successful implementation of new policy approaches. Furthermore, there is a need for building a basis of trust between key stakeholders, matched by the willingness and capabilities of decision-makers to effectively put policy decisions into practice. Mere consensus-building alone does not secure successful implementation. Decision-makers therefore need to count on capabilities to take into account the views of a broad range of key stakeholders and accept dissenting views while being competent and sovereign to make timely decisions in the best knowledge of securing public service to be effective,

¹ i.e. ‘the features of social organisations such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit’ (Putman, 1995 p. 67)

fair, corresponding to public needs and have good chances of being sustainable after implementation. Political statements in support of e.g. the ‘human right to water’ have to be reflected in first, allocating money for investment programmes, and second, following through with policy commitments in an efficient way. Otherwise expectations are generated that, if not met, can end up in discontent, disillusionment, and even alienation from political processes, whilst creating loss in legitimacy that ultimately sustains the “country ownership” achieved.

5. Concluding remarks

A glance at the past ten years in Bolivia shows that there has been a dynamic process of empowerment with regards to the politics of the water sector: a new institutional and legal system is in the process of being established with a broader consideration of social participation in decision-making. However, the effects and impacts of these decisions on the medium-term are those that will illustrate whether the support of different key stakeholders are sustainable in the long term and not merely circumstantial. This especially applies to decisions with regards to the increase in water and sanitation services coverage, quality and costs of the services as well as legal security and stability of providers, protection of water sources, environmental services and consensus-building for decisions among other sectors which use the water (irrigation, mining, energy and others). Also, it remains to be seen whether putting decisions and new policy approaches into practice leads to success or not.

Ownership is context specific to the country in question and should not be understood as static and stable over time. This means that there is no “universally valid concept” of Ownership for the guarantee of success of new policy approaches. The findings show that a sustainable basis of support by key stakeholders certainly plays a significant role in this context; however, this does not necessarily mean that questions related to “feasibility” or “effectiveness” may be excluded from decision making.

The review has shown that there is a need to understand that public goods – such as water – might have to serve multiple needs and purposes (human right, economic feasibility, affordability and sustainability, etc.) and that there will always be dissenting views with regards to its usage and management. The challenge seems much more to lie in the sovereign and effective decision-making of political leaders, which are capable of taking into account the broad range of views of the various key stakeholders and who are competent and prepared to make decisions which are viable, and best serve public needs while having good potential to have a sustainable basis of success and feasibility – both in social AND in economic and efficiency terms – after their implementation.

In the case of Bolivia, as pointed out by Muller (2009), ‘technical unilateralism was one of the major problems of the Bolivian Water Politics of the 1990a, which led to mass protests that forced substantial policy changes’. In this last period of Bolivian water regulatory reform and Ownership, the pending issues to be addressed will have to engage in a fruitful dialogue with external stakeholders and partners and find a way to deal with the new (excluded?) sector, the private sector, in order to ensure a sufficient basis of sustainable support for new policy approaches. The private sector, currently demonised and a useful diverting scapegoat, can and should be redefined to fit into a new landscape of water politics and policy in Bolivia, which ultimately has to deliver in its pro-poor policies as stated in its Poverty Reduction Strategy Paper (PSRP) (Morrison and Singer, 2007). The new vision will turn into a illusions of grandeur, if ultimately it fails to provide effective and feasible implementation of the new policy approaches which are supported by key stakeholders while allowing dissenting views, and if at the same time it fails to deliver to the poorest in Bolivia in terms of access to sustainable livelihoods.

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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Katia Uriona Gamarra (Coordinadora de la Mujer): “Civil Society

Participation in Policy-Making: The Woman’s Movement in the Constitutional
Process in Bolivia”

CIVIL SOCIETY PARTICIPATION IN POLICY-MAKING

THE WOMEN'S MOVEMENT IN THE CONSTITUTIONAL PROCESS IN BOLIVIA

Katia Uriona Gamarra
Coordinadora de la Mujer
Bolivia

Background

- A process of change began in Bolivia with the election of Evo Morales, the first indigenous president, who received 54% of the votes cast in December 2005.
- The indigenous March for Territory and Dignity in 1990, the water war in 2000, coca-related protests and blockades and the protests of February 2002 and October 2003 were landmark developments that brought calls for a Constituent Assembly into the political spotlight, with a view to initiating the process of profound transformations required in the country.
- The Constituent Assembly held its first session in August 2006.
- The text of the constitution was approved with a 61% majority in December 2008.

Strategies

1. Alliances, trust and cooperation among women

Establishment of a political movement

- Basis of the movement:
 - recognition as political actors
 - political proposal/specific agenda
 - mobilisation capacity
 - advocacy capacity.

Preliminary challenges

The process promoted by the movement Mujeres Presentes en la Historia (women making history)

- links established among women's organisations in a process that lasted over three years
- a vision of the country that we want to build formulated by 20,000 women in 400 workshops

- recognition of the multicultural diversity and plurality of the movement – INTERCULTURALITY
- tensions among urban, rural and indigenous women; feminist NGOs
- recognition and consensus-building to formulate a common agenda, ensuring respect for differences and establishing common elements of our situation of exclusion, subordination and discrimination.

2. Formulation of a political proposal

- Focus on five elements
 - deconstruction of the **colonial** state, which perpetuates the exclusion of indigenous peasants
 - deconstruction of the **capitalist** system and its neo-liberal expression, which leads to exclusion and widens the gap between rich and poor
 - deconstruction of the **centralised** state through devolution
 - deconstruction of the **patriarchal** state, which perpetuates the subordination, discrimination and exclusion of women
 - deconstruction of the confessional state to establish a secular state, respect for indigenous religions, separation of politics and religion and the influence it has on women and sexual and reproductive rights and health.
- Specific agenda
 - **equity**: redistribution of power, resources and the benefits of development, positive action
 - **equal opportunities** and non-discrimination
 - **recognition of specific rights**:
 - participation and representation
 - gender-based violence
 - sexual and reproductive rights and health
 - access, tenure, inheritance and ownership of land
 - economic and labour rights and social security
 - non-sexist education that does not promote traditional roles
 - equality between spouses and the sharing of household responsibilities
 - recognition and sharing of housework
 - national implementation of international standards promoting the rights of women and gender equality
 - non-sexist language.

**An agenda was established for the constitutional debate.
The indigenous peasant agenda was included.**

3. Alliances with other actors and social movements

- indigenous peasant movements and popular urban movements
- process of change in Bolivia, involving women and other actors

- alliance with the group of women assembly members (who put forward the proposal).

4. Mobilisation and advocacy

- nationwide mobilisation capacity
- social movements and their organisations
- assembly members (alliance between men and women)
- monitoring of commissions
- preparation of articles and arguments with assembly members
- empowerment of women assembly members
- party leaders/consultants/technical experts
- decision-makers, identification of partners, Movimiento al Socialismo (movement for socialism – MAS)
- media, public opinion

Challenges

- individual or collective
- interculturality
- feminism – links with other social demands
- recognition and redistribution
- ensuring that the new Constitution leads to real changes in women's lives
- implementing the regulatory framework
- restructuring the state
- recognition of rights, but no transformation of the patriarchal nature of the state
- decolonisation of gender
- repoliticisation of the struggle
- feminist agenda in social movements and organisations.

PARTICIPACION DE LA SOCIEDAD CIVIL EN LA DEFINICION DE POLITICAS

EL MOVIMIENTO DE MUJERES EN EL PROCESO CONSTITUYENTE BOLIVIANO

Katia Uriona Gamarra
Coordinadora de la Mujer
Bolivia

Antecedentes:

- Bolivia se instaure un proceso de cambio con la elección del primer presidente indígena Evo Morales con una votación que alcanza un 54% en diciembre del 2005
- La marcha indígena en 1990 Tierras y Territorio, la guerra del agua en el 2000, las movilizaciones y bloqueos cocaleros, las movilizaciones de Febrero del 2002 y Octubre 2003, marcaron hitos fundamentales para poner en la esfera política la demanda de la Asamblea Constituyente como un mecanismo para iniciar un proceso de profundas transformaciones requeridas en el país.
- La instalación de la Asamblea Constituyente agosto del 2006.
- Aprobación del texto constitucional con 61 % de votación en diciembre del 2008.

Estrategias

1: Alianza / confianzas / articulación entre mujeres

Constitución de Movimiento Político

- Bases de este movimiento
 - Reconocimiento como actrices políticas
 - Propuesta política / agenda específica
 - Capacidad de Movilización
 - Capacidad de incidencia

Desafíos previos

El proceso Movimiento de mujeres Presentes en la Historia

- Articulación de organizaciones mujeres, resultado de un proceso de mas de tres años.
- 20.000 mujeres , 400 talleres , mujeres diversas construyendo propuesta del País que queríamos construir
- Reconocimiento de la diversidad y pluralidad, multicultural del movimiento
INTERCULTURALIDAD
- Tensiones mujeres, urbanas, rurales, indígenas. ONGS- Feministas

- Reconocimiento y consenso para construir una agenda conjunta, respetando nuestras diferencias pero reconociendo elementos comunes que hacen a nuestra realidad de exclusión, subordinación y discriminación.

2.- Construcción de propuesta Política

- Mirada País 5 ejes /
 - Desestructuración estado **Colonial** . Exclusión Indígena campesina originaria
 - Desestructuración base **capitalista** y su expresión neoliberal . Exclusión ricos y pobres
 - Desestructuración Estado **Centralista**. Autonomías Redistribución
 - Desestructuración del Estado **Patriarcal**. Reacción de subordinación discriminación exclusión hombres mujeres
 - Desestructuración Estado Confesional: Estado Laico ; respeto religiosidades originarias / separación política de la religión y su influencia sobre las mujeres y los DSRR
- Agenda específica:
 - **Equidad** : Redistribución del poder, recurso beneficios del desarrollo . Acción positiva
 - **Igualdad de oportunidades** y no discriminación
 - **Reconocimiento de derechos específicos**
 - Participación y representación
 - Violencia de Género
 - Salud y Derechos Sexuales y Reproductivos
 - Acceso, tenencia, herencia y propiedad de la tierra.
 - Economía, Derechos laborales y seguridad social
 - Educación no sexista libre de roles tradiciones
 - Igualdad cónyuges y democratización de responsabilidades del hogar
 - Reconocimiento y democratización del trabajo doméstico
 - Homologación de normativa internacional favorable a los derechos de las mujeres y la equidad de género.
 - Lenguaje no sexista

Se doto de una agenda al debate constituyente
Privilegio de la agenda indígena campesina originaria

3.- Alianza con otros actores y Movimientos sociales

- Movimientos indígenas campesinos, urbanos populares.
- Cambio de país que incluya a mujeres y otros actores.
- Alianza con núcleo de mujeres asambleistas (portadoras de la propuesta)

4.- Movilización e incidencia

- Capacidad de movilización en todo el país
- Movimientos sociales y sus organizaciones
- Asambleistas (alianza mujeres y hombres)
- Seguimiento a Comisiones
- Elaboración de artículos y argumentaciones con Asambleistas.

- Potenciameinto empoderamiento de mujeres asambleistas
- Jefes de partidos / asesores/ técnicos/
- Tomadores de decisión identificación aliados/ Movimiento al socialismo MAS
- Medios / opinaos publica

Desafíos.

- Individual lo colectivo
- Interculturalidad
- Feminismo articulación con otras reivindicaciones sociales
- Reconocimiento y redistribución
- Traducir la inclusión del Nueva Constitución en una transformación reala de la vida mujeres.
- Bajar marco normativo
- Restructurar el Estado
- Solo reconocimiento de derechos no transformación de bases patriarcales del Estado
- Descolonización del género
- Repolitizacion de la lucha
- Agenda feminista en organizaciones y Mov sociales.



Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Liesbet Steer (ODI) and **Cecilie Wathne** (ODI): “Mutual Accountability at
country level: Emerging good practice”

Mutual Accountability at country level: Emerging good practice

By Liesbet Steer and
Cecilie Wathne

Through the Paris and Accra declarations, over one hundred countries have committed to a new model of partnership, in which donors and partner countries hold one another mutually accountable for development results and aid effectiveness. Mutual accountability (MA) is a practical response to recent experiences in building greater transparency and accountability at country level, and to lessons learned about the role of country ownership in delivering development results. But, despite the strong focus in the Paris Declaration (PD) on mutual accountability, it remains little explored in conceptual and practical terms. To fill this void, the German development agency (GTZ) commissioned research to clarify the concepts and highlight emerging good practices on behalf of the task team on mutual accountability of the Development Assistance Committee (DAC) Joint Venture on Managing for Development Results. The study covers experiences in 19 countries, with a special focus on Rwanda, Mozambique and Vietnam. The work on mutual accountability at the country level has also been complemented by an analysis of international level mutual accountability mechanisms, published by Droop et al. (2008).

At first sight, progress on mutual accountability appears discouraging (OECD, 2008). Only a small number of countries report having country level mechanisms for mutual assessment of progress on partnership commitments arising from the Paris Declaration, or a local aid management plan. However, a deeper analysis shows that more pieces of the puzzle are actually in place than generally assumed. It is important that best practice examples are identified and conditions for their application in other countries.

Box 1: Vietnam – Building mutual accountability in increments

Success stories are starting to emerge. In Vietnam, MA mechanisms have been built up gradually since the first Consultative Group (CG) in 1994. Opportunities for dialogue have since grown, in both frequency and number, to the point where today they include a regular Consultative Group, a Partnership Group on Aid Effectiveness, and sector and thematic working group meetings. These fora have led to a better understanding and a more deeply shared agenda around Vietnam's development goals and the delivery of aid. In 2005 a localised version of the Paris Declaration – with indicative targets for both government and donors – was adopted. This provides partners with a clearly defined agenda around the Paris principles. Progress towards these commitments has since been assessed through a comprehensive review process, consisting, in part, of an independent monitoring mechanism. The current (2006-2010) national development strategy, with its accompanying monitoring and evaluation framework, has also provided a common reference point. This is because of the improvements in the document itself, as well as the consultative process through which it was developed. Complementing these donor-government initiatives, steps have been taken to improve the Donor Assistance Database, strengthen the oversight role of the National Assembly and increase citizen participation in decision making. In fact, civil society organisations (CSOs) have recently established their own Aid Management Group as a way to carry out independent monitoring of aid implementation in Vietnam. Similar mechanisms have also emerged in a number of other countries, including, for example, Afghanistan, Cambodia, Ghana, Mozambique, Tanzania and Zambia.

What is mutual accountability?

Accountability is commonly understood as a process through which people entrusted with responsibilities are kept under check when carrying out functions or tasks assigned to them. In the past, aid relations have been characterised by a principal-agent model of accountability, with donors (principals) seeking to improve the policies and spending behaviour of recipient governments (agents) by attaching conditions at either the project, programme or policy levels to the delivery of aid. This form of accountability, reflecting a power imbalance in the aid relationship, involved a fairly unilateral approach to monitoring the ‘contractual obligations’ of recipient countries as a precondition for the delivery of aid. Mutual accountability is a compact that aims to create a more balanced partnership between donors and recipient governments by binding members together through shared values and commitments in a voluntary process. It is a collaborative framework that involves partnerships between peers pursuing shared aid effectiveness and developmental objectives. The commitment of these diverse stakeholders to the process is maintained, largely, through positive incentives and the desire to protect reputation. ‘Hard’ sanctions for non-compliance do not, in general, exist.

The Paris and Accra declarations set out the broad parameters of the mutual accountability relationship in terms of who is accountable, for what and how. The primary focus is on accountability between donors and recipient governments. However, as emphasised in the recent High Level Forum in Accra, recipient governments and donors are, in the first place, account-

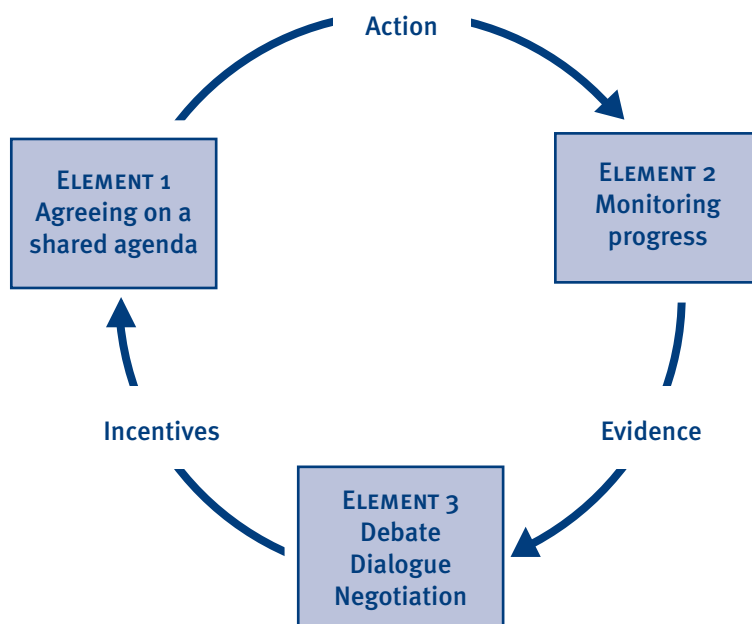
Box 2: The Accra Agenda for Action (AAA)

Under the AAA, recipient governments and donors have committed jointly to put in place country-level mutual assessment reviews by 2010 as a way to ‘hold each other accountable for mutually agreed results’ related to development and aid policies. These reviews are to be ‘based on country results reporting and information systems, complemented with available donor data and credible independent evidence. They will draw on emerging good practice with stronger parliamentary scrutiny and citizen engagement’. In addition, the declaration commits partners to make aid more transparent; to strengthen international accountability mechanisms; to work more closely with recipient country parliaments and local authorities in preparing, implementing and monitoring development plans; and to strengthen the capacity of all development actors – including government, parliaments and civil society organisations (CSOs).

able to their domestic constituents. Donor-recipient lines of accountability are connected closely to domestic lines of accountability in recipient as well as donor countries. International and domestic accountabilities can be mutually enhancing, but there is also the potential for conflict and they are prone to creating tension.

Despite the guidance in the Paris and Accra declarations, mutual accountability is still very much an emerging practice, and an agreed, practical definition does not yet exist. There is, however, sufficient experience to identify some critical elements in a mutual accountability process [Figure 1]. These include, first,

Figure 1: Describing the generic MA process at country level



generating a **shared agenda** through clear, specified goals and reciprocal commitments; second, **monitoring and reviewing** these commitments and actions. Both of these elements interrelate with a third – **debate, dialogue and negotiation**. This element involves different spaces and processes that help to define the agenda within which mutual commitments are set, to provide incentives to carry out those commitments and, ultimately, to change behaviour (often by means of reputational and relational risks). Sustained behaviour change within the aid relationship is only likely if all three elements are linked in an iterative process.

Agreeing on a shared agenda

At the country-level, much is still to be decided in terms of what donors and recipient countries are accountable for, separately and reciprocally. Nevertheless, a range of shared agendas have been developed to set out clear goals and commitments for both sides. In examining these, we find agreements at two levels.

First, **agreements around development strategies and development results** i.e. what needs to be done to address development problems. National development and programme/sector strategies, as well as governance approaches, have been developed and are owned by partner governments, with support and endorsement from donor agencies. In many instances, full country ownership is limited to certain parts of government and with little limited involvement of domestic constituents (such as parliament or CSOs). Some countries (e.g. Mozambique) have formulated parallel development plans with different consultation mechanisms for different audiences (domestic and international), creating diverging lines of accountability. However, other countries (Vietnam and Tanzania) have taken steps to consolidate domestic and “international” strategies into a single national development strategy with improved consultation of parliament and Civil Society Organizations in the process.

Second, **agreements around aid effectiveness practice** i.e. how development aid can be delivered. Four types of such agreements are now under implementation: Aid Policies (e.g. Cambodia); Harmonisation and Alignment Action Plans (e.g. Ghana); Joint Assistance Strategies (e.g. Zambia); and donor and sector-specific aid effectiveness plans. There are many examples:

- Aid policies provide an overarching framework for aid effectiveness strategies and priorities. They typically set out commitments by government related to aid management as well as a number of actions to be undertaken by donors. Requested commitments from donors broadly match those

Box 3: Rwanda – Progress in developing a shared agenda

Rwanda’s Economic Development and Poverty Reduction Strategy (EDPRS), adopted in 2007, provides a clear and shared agenda around the country’s major development challenges. The EDPRS grew out of Rwanda’s first Poverty Reduction Strategy (PRSP) adopted in 2002, and agreed with donor partners as part of the Heavily Indebted Poor Countries (HIPC) initiative. The successor EDPRS took 18 months to develop and represents a major advance. The EDPRS is driven more locally and is supported by stronger ownership, as well as greater consultation and engagement from various stakeholders. Sector working groups were engaged heavily during the development of the EDPRS, ensuring a high degree of consensus on main parameters of sector policy. There was also effective consultation in Parliament, demonstrated by specific amendments and improvements. In addition to its PRSP, Rwanda stands out for its efforts to develop a shared agenda around politically sensitive issues such as governance. Its Joint Governance Assessment (JGA) aims to build consensus around Rwanda’s governance programme, develop objective indicators to track progress, and strategies to address challenges. The JGA was carried out by independent consultants under the leadership of a steering committee comprising government and donor partners, co-chaired by the government and the World Bank.

Box 4: Mozambique – Monitoring mechanisms in practice

Government and donor performance is monitored through a variety of instruments in Mozambique. The Performance Assessment Framework (PAF), one of the core instruments, is based on the country’s Monitoring & Evaluation framework for monitoring its country’s poverty reduction plan (PARPA) and acts as the annual agenda-setting and M&E instrument between government and donors. In addition, Mozambique has developed a separate donor assessment framework (PAP PAF), which provides a platform for assessing donor performance. This annual multi-donor mechanism scores donors against their progress towards the Paris Declaration and is used to produce a ranking of donor performance. Monitoring efforts are further enhanced by the ODAMAZ database - which provides vital information on donor financing – and the Development Observatory. Mozambique is one of only a handful of countries – including Armenia, Tanzania and Uganda – that has developed a well functioning institutional framework for participatory poverty monitoring. This is a consultative and participatory forum for monitoring the PARPA.

of the Paris Declaration, with some adaptation to the country context. The extent to which they are presented as negotiable varies; second-best preferences are often listed.

- Harmonisation and Alignment Action Plans were developed in a number of countries following the

Rome Declaration in 2003. These plans typically consist of a matrix of agreed to policy objectives and actions, based on the Paris Declaration principles but tailored to the country context, assigned to government and donors. The extent to which clear targets are set and progress against these targets measured varies.

- Joint Assistance Strategies are the most operational of the aid effectiveness agreements but have been developed in only a few countries. These strategies outline how donors collectively intend to align and harmonise their practices and aid flows with the government's development strategy.

The process of producing these agreements has been led largely by donors but is characterised by efforts to develop consensus within and between the donor community and different parts of government. These efforts have, in general, worked well, although there is some evidence that broad consultation among large numbers of donors has sometimes made it difficult to reach agreement, and has occasionally resulted in watered down agreements lacking clear indicators. Inputs from parliament and civil society into aid effectiveness agreements have been relatively limited.

Monitoring mechanisms

Progress towards delivering agreed agendas is being monitored and reviewed through an array of mechanisms at country (and sector) level which are being refined and improved continuously. The results focus of the Millennium Development Goals and Poverty Reduction Strategies, in particular, has increased efforts by governments and donors to measure results dramatically. Partner countries are monitoring development results through mechanisms ranging from Annual Progress Reports and improved statistical data collection and surveys to comprehensive results monitoring frameworks such as the Performance Assessment Frameworks (PAFs). These are monitoring instruments that set out clear indicators, often drawn from existing commitments in the national development strategy, and a fully integrated results chain to monitor development and reform progress. In a few countries (e.g. Mozambique, Rwanda and Zambia), the PAF includes indicators to measure donor performance as well. See box 3 for details.

Initiatives to measure progress on aid effectiveness have also become more common. Improved systems for tracking disaggregated and individual donor activities and aid flows are being developed in a number of countries, as are aid databases to collect regular and transparent data on aid flows.

The integration of domestic stakeholders in monitoring efforts is still in its infancy, but progress is being made at two levels. First, findings from monitoring efforts are utilised increasingly by both donors and domestic stakeholders (e.g. briefs of poverty monitoring are submitted to cabinet and parliament). Second, civil society is playing a more active role in monitoring development and aid effectiveness results, either as participants in official review processes or as partners in independent monitoring efforts. In general however, civil society and parliamentary ability to monitor governments and donors remains limited, in part due to capacity constraints.

Dialogue, debate and negotiation

Spaces and mechanisms for dialogue, debate and negotiation are central to the mutual accountability process. They serve not only to define the agenda and review progress, but also to establish trust and provide incentives to carry out commitments. Mechanisms have been developed at the technical and political level. Technical working groups are organised around sectors and themes and provide a platform for a technical discussion, analysis of progress and the build up of trust. Political mechanisms for dialogue such as the Consultative Group (CG) meeting are being reformed to provide joint reviews of progress (e.g. Ghana). In addition, in a few countries, independent monitoring mechanisms are bringing an impartial perspective on complex issues, and allowing for the sharing of views on sensitive issues that might otherwise remain unspoken (e.g. Tanzania and Vietnam).

Box 5: Ghana's Consultative Group

In Ghana, the Consultative Group (CG) has become, increasingly, a forum for 'doing business' between donors and government. The Group is organised into three sessions:

1. The first session consists of a 'backward look' at donor progress in providing transparent, predictable aid and government progress in implementing the national development strategy, as well as a 'forward look' at how plans for the forthcoming year need to be adjusted in the light of experiences;
2. The second session allows for a more in-depth discussion of progress and constraints in a single area, such a growth or harmonisation, drawing upon findings from joint analytic work; and
3. The third session brings together high-level political decision-makers on both sides, including Ministers, High Commissioners and the Ghanaian President, to reaffirm the partnership..

The CG integrates reporting to donors with the government's own system of managing for development results.

Regular dialogue and negotiation generate reputational and relational incentives to change behaviour. However, in some situations these ‘soft’ incentives will not be sufficient to keep parties to their commitments. The question is, then, what other types of remedies each side has at its disposal to ensure compliance. This ‘enforceability’ aspect seems to be a missing piece in our understanding of mutual accountability, and more so for recipient governments than for donors. Donors are experimenting with different types of aid modalities, which provide incentives based on achieving results rather than policy or programme conditionalities. The options for recipient governments seem much more limited, as there is no ‘market for aid’ and donors face little or no competition or regulation. However, evidence has shown that it is not impossible for recipient governments to refuse aid on grounds of aid effectiveness and accountability (e.g. Afghanistan and Vietnam).

Incentive effects between donors and recipient governments could be further enhanced by incentives coming from national institutions and constituents (both in the recipient and donor country) as well as international institutions or peer review mechanisms. As noted earlier, involvement of domestic stakeholders in mutual accountability relationships is still fairly weak but there are signs of their growing importance. Spaces for dialogue and debate have opened up opportunities for national stakeholders to participate in the formulation and monitoring of develop-

ment plans. For example, progress review meetings of CG-type or sector working groups have, in some instances, allowed participation of NGOs or other national stakeholders. Interviews suggest, however, that the key challenge for domestic stakeholders is now to take advantage of these opportunities and move from being ‘observers’ to active ‘participants’. The capacity of national stakeholders is often weak and their mandate constrained by government control. On the donor side, incentive effects can potentially be enhanced by donor headquarters or constituents. Some countries (e.g. Denmark and Netherlands) have already introduced good practices to achieve a greater focus on aid effectiveness among field office staff.

Challenges and critical success factors

Our empirical study of different elements of mutual accountability at country level illustrates that significant experimentation is ongoing at the country level. It shows that there is no simple formula, but there are a number of critical elements that increase the likelihood that it will be achieved.

- **Confidence (and reciprocal trust).** Relationships between donors and governments must be built on confidence and reciprocal trust. This can be achieved by high quality dialogue and clear and congruent development and aid effectiveness agendas. Building such shared understanding is often a challenging task, especially in politically sensitive areas. A lack of knowledge and understanding of MA (and other Paris principles) can further undermine this trust. Interviews indicated that governments and donors alike are still unsure about the benefits that mutual accountability can bring. Some recipient governments even perceived it as a threat associated with the cancellation of aid or new and unfamiliar ways of operating. Some donors were found to be unaware of aid effectiveness documents and their status in recipient countries.
- **Coherence (through ownership and leadership).** For mutual accountability mechanisms to work it is crucial that divisions or differences between and within agencies are resolved and that all parties work towards the same agenda to improve development results and the delivery of aid. However, the large number of actors in the aid relationship often creates problems for collective action and coherence. It creates opportunities for individuals on either side to benefit from the efforts of others, while making little effort themselves. Strong government leadership and ownership of the development and aid effectiveness agenda are important in addressing this.

Box 6: Mozambique’s Poverty Observatory

Mozambique is one of the few developing countries with a well functioning framework for participatory poverty monitoring that includes a permanent forum for domestic stakeholders. The Development Observatory brings together donors, government representatives and civil society in a consultative and participatory forum to monitor the implementation of the PRSP. It aims to make recommendations and ensure transparency. In so doing, it helps legitimise the role of NGOs and ensure that different perspectives are taken into account in national policy. Since its inception, the Observatory has undergone a number of transformations, including developing provincial forums to complement national dialogue and shifting to analysis and recommendations more directly focused on government planning and monitoring instruments. However, its lack of legal status and the lack of formal processes for the government to follow-up on its recommendations limit the Observatory’s ability to influence policy. Furthermore, it is one of many forums in Mozambique; while civil society are invited to participate in and/or observe a number of government-donor working groups and sessions, low capacity and competing lines of accountability limits their ability to take full advantage of such opportunities.

Source: Handley (2008).

- **Capacity (and information).** Capacity is needed to generate shared agendas, monitor progress and engage in dialogue and negotiation as equals. In many developing countries, however, capacity is weak across the diverse range of actors involved (including government, NGOs, parliament etc). Strong systems for managing development results and performance information are often missing. While some countries have made significant improvements in access to information, the quality of development information remains weak. The problem is exacerbated by existing donor practices of parallel projects and monitoring systems, which are overburdening scarce capacity. In addition, donors are often unable to provide timely and detailed information on aid flows.
- **Credible incentives.** The success of mutual accountability is dependent on the existence of credible incentives or sanctions for both donors and governments to fulfil obligations. So far, mutual accountability relationships have relied mainly on relational and reputational mechanisms. In difficult and complex political environments, these mechanisms may be too weak to bring about behaviour change. In addition, there is an imbalance in the extent to which parties have access to ‘hard’ sanctions. Donors control resources that they can use, potentially, to reward (or punish) good (or bad) performance. There is no equivalent measure for recipient governments to hold donors to account. The inability of governments to provide sufficiently strong incentives for donors is further exacerbated by conflicting internal incentives and domestic lines of accountability on the donor side (e.g. lack of decentralisation and pressure to disburse). Despite their apparent advantage in terms of access to ‘hard’ sanctions, donors have yet to find effective ways to encourage partner governments to achieve results, as most donors tend not to withhold funds in the face of underperformance by recipient governments. The nature and role of incentives in mutual accountability relationships is an area in which further evidence needs to be gathered.
- **Complementarity.** Domestic and mutual accountability mechanisms have the potential to complement and reinforce one another. For example, clear and coherent parliamentary oversight of the national development strategy process and results monitoring can enhance the climate for effective partnership between partner countries and donors significantly. However, in many countries, domestic accountability mechanisms are weak and parallel agendas and monitoring systems are often created, leaving two potentially conflicting lines of accountability.

This separation of lines of accountability, with limited capacity within government departments, can further undermine domestic accountability. As such, careful attention is needed to ensure that mutual accountability complements and builds upon domestic accountability structures. International accountability systems (including for example the DAC bilateral peer review process) can also reinforce country level mutual accountability.

Policy implications

Mutual accountability is an iterative process that consists of a complex set of elements and actors. Many parts of the system have emerged in recent years, but no country has, to date, managed to integrate them in one coherent system. A mutual accountability system does not, therefore, exist – and may not even be desirable given the variation of context. It is clear, however, that stronger and more balanced mechanisms are needed at the country level and at the international level; between development partners as well as between those partners and their domestic constituents. To the extent possible these accountability mechanisms should be integrated and build upon each other.

To achieve progress, four strategic actions are recommended:

- **‘Practice’ mutual accountability.** The application and interpretation of mutual accountability varies considerably across countries. And while certain key elements (such as developing shared agendas, monitoring results and dialogue) seem critical, no system blueprint exists. There is no single formula that will work for all. Moving forward it will be important to continue to give priority to experimentation and ‘learning-by-doing’ at partner country level. This process can be supported and guided by donors and by the commitments in the Paris and Accra agendas, as well as the many initiatives of support at regional and global level (e.g. the Working Party on Aid Effectiveness). It is recommended that in developing MA processes at country level, the close linkage between mutual accountability and domestic accountability is recognised. Donors could play a role in supporting local accountability mechanisms such as parliaments, independent oversight institutions and CSOs. However, it is important that this is done in a way that does not undermine the leadership role of recipient countries.
- **Exchange experiences and learning.** There is a need to further expand our understanding of mutual accountability and its relationship with other aid effectiveness principles across

different stakeholders (including donors, recipient governments, parliament and CSOs). A bottom-up process of learning with recipient countries and regions playing a leadership role is likely to be most effective. This can be achieved by strengthening peer learning networks, by increasing understanding of aid effectiveness amongst citizens and by creating sufficient spaces for dialogue at the policy level.

- **Create an evidence base.** In order to maintain interest and provide incentives for donor and recipient governments to act in a mutual accountable way, it is important to gather more evidence on its benefits. In addition evidence could be gathered around the effectiveness of different types of incentives, including conditionalities, peer reviews and internal incentives.
- **Build political and technical capacity.** Capacity and skills are needed to develop shared agendas,

gather evidence and monitor commitments and engage in dialogue and debate. It is recommended that the capacity of all development actors engaged in MA (including parliament, government, CSOs, media and the private sector) is increased. Partner countries should aim to strengthen their public financial management and statistical capacity, while donor countries could focus on their capacity to generate information on aid. There is also a need for donors to decrease the individual reporting burden for recipient governments.

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Useful resources and references

Useful resources:

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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Dalitso Kabambe (Malawi-Ministry of Economic Planning and Development) & **Andrew Tench** (Malawi-GTZ): “Ownership and Accountability of National Development Strategies: The Case for Malawi.”

**OWNERSHIP AND ACCOUNTABILITY OF NATIONAL
DEVELOPMENT STRATEGIES: THE CASE FOR MALAWI**

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For the

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1. Introduction

1.1 Country Context

Malawi is a small landlocked developing country in the south of Sub Saharan Africa. The country is densely populated with a population of 13 million people of which 60% are below the age of 20 years (NSO, 2008). Despite some recent good growth rates, Malawi struggles against poverty with 52% of the population living below the poverty line while 22% are ultra poor (NSO, 2008). Agriculture is the mainstay of the economy providing approximately 40% of GDP (Malawi Government, Economic Report, 2008).

Malawi became independent from the British protectorate in 1964. For a period of 30 years since independence, the country was governed by a one party system of Government. However, in 1993, the country held its first Referendum on a system of Government and decided to become a Multi Party System of Government thus introducing a stronger element of accountability. Today, the country has had three General elections without any major reported post elections violence. However, the systems for ensuring domestic accountability and good governance are still developing.

1.2 Development Planning/Strategies in Malawi

In Malawi, just as elsewhere, there are three levels of development planning, namely, long, medium and short term. The current long term planning is through the Vision 2020 with a strong sense of domestic ownership and the Millennium Development Goals (MDG) which are from the UNDP. Vision 2020 was developed in the 1990s and launched in 2000 and still bears reference in medium term strategy development.

For the medium term, Malawi has had five-year-long rolling plans. Between 1964 and 1994, the country had Statement of Development Policies (DEVPOL) which articulated development strategies and priorities for the country for that period. Between 1994 and 2004, the country had the Malawi Poverty Reduction Strategy papers (MPRSP). The first MPRSP covered the period between 1994 and 1999 and the second, which was launched in April 2002, was for the period 2002 to 2005. Although the MPRSP was developed through a fairly consultative process with a Government Technical Committee, there was a heavy influence of donors especially from the international financial institutions. The MPRSPs were constructed along the lines of many other PRSPs prevalent in the region at the time. However by 2003, the MPRSP was considered ineffective in dealing with economic growth. For instance, in 2001 and 2002, Malawi experienced adverse economic performance with GDP drop of 4.1% in 2001 and only a weak 1.8%

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growth in 2002. The private sector in particular, complained that the strategy did not sufficiently support their economic activities. The MPRSP was by and large criticised for not reflecting fully the growth aspirations of the government and was too much a product of the ubiquitous PRSPs promoted by the multilateral Financial Institutions.

In 2003, a new minister for Economic Planning and Development (MEPD) was appointed and under his leadership, MEPD¹ instituted a task force comprising officials from government, the University and the private sector known as the National Action Group (NAG). NAG produced the Malawi Economic Growth Strategy (MEGS) which was aimed initially to complement the MPRS by focusing on macroeconomic framework, constraints to growth and strategies for trade and productive sectors. The formulation of MEGS involved several sub groups which produced sector specific strategies and reflected the various concerns of the private sector within each sector. MEGS had quite a strong sense of ownership by MEPD and the private sector, especially members of NAG. Upon its inception, MEGS was presented as a complementary strategy to MPRSP but in fact as far as the new government² was concerned, it was considered a more important document as its main promoter became the new President. However, MPRSP had still to run until 2005 and initially, under the new government, attempts were made to produce handbooks to incorporate the main features of both documents.

In 2005, Government started formulating a new strategy which captured the growth elements of MEGS plus infrastructural development. It became the Malawi Growth and Development Strategy (MGDS) to run for the period 2005/06 to 2010/2011. Its main goal is to create wealth through sustainable economic growth and infrastructure development. The MGDS is also expected to transform the country from a predominantly importing and consuming nation to a predominantly manufacturing and exporting economy.

For short term planning, the government uses its annual budgets which articulate the activities of the Government of Malawi. The national budget has two sources of resources, namely, (i) Government own revenues and (ii) budget support from donors. Over the last couple of years, it has been the government's intention to reflect the MGDS in the national budgets. The government has also tried to influence the private sector organizations, Civil Society Organisations,

¹ Dr Bingu wa Mutarika was appointed the new Minister as the National Economic Council was abolished a new Ministry of Economic Planning and Development was established with the MOFEP reverting to the Ministry of Finance.

² The new government of Dr Mutharika was elected in May 2004 and although it was initially from the same party as its predecessor soon took on a separate course and broke with the party which had supported the new President. Apart from issues of corruption the new government instituted measures to bring in fiscal discipline and wanted to highlight issues of growth.

Faith Based Organizations and other players implement activities to contribute towards the MGDS. This paper discusses ownership and accountability of MGDS.

2. Ownership of MGDS in Formulation Phase

In Malawi, there are two main sources of national development strategies, namely, (i) Government, and, (ii) donors. DEVPOL and PRSP were strongly influenced by the World Bank and other donors as part of the prevailing paradigm which in the 1990s was in the form of Structural Adjustment Programs (SAPs). The formulation of MGDS on the other hand demonstrated a strong sense of ownership by government. Although there was an initial input from a World Bank consultant on the structure of the document, the overall formulation was Government initiated, owned and driven.

Initially, MGDS was developed primarily within MEPD. Later, a principal contributor within MEPD resigned from government and concentrated on drafting the strategy with support from an EU funded project but without influence from the donor. The drafting also involved experts who were grouped into 21 Thematic Working Groups. The teams undertook exhaustive and extensive consultations with different stakeholders such as NGO's, CSO's, private sector, community level leadership and the General Public. The formulation also enjoyed strong political support from the President and Cabinet. MGDS took almost one and half years to be completed and was finalised soon after the Paris Declaration on Aid Effectiveness. This benefited its formulation as a domestically owned document. Although donors held off involvement in developing the MGDS, they sponsored some of the activities in formulation. The MGDS stands as the most widely consulted strategy.

3. Ownership & Accountability of MGDS in Implementation

3.1 MGDS Awareness

Soon after the publication of MGDS, Government, led by the President, officially launched the document. The launch was further followed by mass circulation of copies of MGDS to all Ministries and other stakeholders. Several awareness campaigns were mounted to Government officials at different levels including Central, Sectoral and Assembly levels. Government also sensitized other stakeholders such as Donors, NGO's, CSO's, private sector organisations and the General Public so that they could buy-in to the strategy.

3.2 Linking MGDS with Strategic Plans

Implementation of activities in Ministries is guided by Strategic Plans. These plans outline the mandates, vision and mission of Ministries apart from outlining specific tasks/activities by officers. Strategic Plans also highlight the inputs in

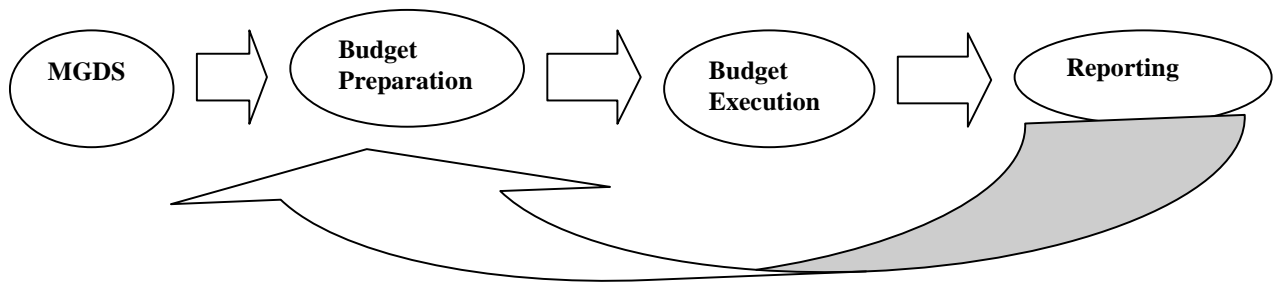
terms of financial, equipment and human resources to be deployed in order to achieve the planned outputs. Soon after the launch of MGDS, Government directed that all Strategic Plans should be aligned to MGDS. This exercise took slightly longer than originally envisaged, nonetheless, all Ministries are aligning their plans to MGDS entailing that MGDS is fully entrenched in Government machinery. There are still some remaining anomalies in this alignment with some sector Ministries still holding to their own sectoral plans but the process of full alignment is still being pursued.

3.3 Linking MGDS with the National Budget

MGDS has an expenditure plan that should guide budget processes for the Government so that they are in line with priorities of MGDS. Initially, the national budget was not fully aligned to the MGDS due to mismatch between budget coding with MGDS activities. There was then an exercise to code all MGDS activities which is now reflected in the output based part of the budget. This improved the situation, however, by linking the entire national budget to the MGDS which is pro growth, resulted in exclusion of some activities that are deemed socially oriented.

In order to overcome the problem, Government has re-coded all non MGDS activities into their respective priority and thematic areas of MGDS, thereby making them MGDS based. Ministries have also ensured that all their activities are properly coded in the national budget and aligned to MGDS, because Government has made it a point that it will not fund non MGDS activities. In this way, Government is demonstrating both its commitment to ensuring full ownership of the MGDS and its accountability in implementation. There may well be some problems arising from making most expenditures MGDS compliant, but the advantage is that it will facilitate reporting on MGDS.

Government is also linking the budget to funding and expenditure mechanisms. In the past, due to mismanagement of the budget, funding to Ministries did not follow strictly the budget (MGDS Review Report, 2008). But also, expenditures by Ministries did not follow budgeted activities and as a result, budget credibility had serious problems. To address the problem, Government has been rolling out the Integrated Financial Management and Information System (IFMIS) which integrates funding and expenditure systems. Although the system is still being developed, Government has demonstrated its commitment in ensuring accountability in implementation of MGDS. Figure 1 below shows the link between the MGDS and the budget preparation, execution and reporting processes.



Government has established a Public Financial and Economic Management (PFEM) committee which has greatly improved the linking up of not only the MGDS and the budget but also with the accounting systems, other databases, financial and performance reporting and the auditing process. This has addressed what had been a criticism of management within Government where it had been fragmentary and sometimes duplicating. There is now developing an overall programme for PFEM which has as a major component that further improves linkages of MGDS to the budget and reporting systems.

4. Reporting Mechanisms in MGDS

There are a number of frameworks within which reporting on accountability to MGDS implementation is achieved. The principal one is through the MGDS Review Process. This is done annually by Government in collaboration with other stakeholders such as donors and CSO's. The MGDS Review process is comprehensive and checks the achievement of annual targets of MGDS goals, outputs and outcomes and usage of inputs and resources. The Review process feeds back into the budget processes with recommendations on improvements in the system to help the country achieve the goals of the MGDS. Government and donors agreed in 2007 that the MGDS review would replace joint reviews by donors of their programmes and projects. It took some time for the first MGDS review to take place i.e the one for 2006/07 and indeed was not in time for informing the next budgeting preparation. However, for 2007/08 though later than planned, has been undertaken before final budget preparation.

The second framework for checking accountability of the system is the Common Approach to Budgetary Support (CABS) Review framework. This is a review by Donors that support the Government with budgetary support. Under this review process, donors have aligned their Performance Assessment Framework indicators with those of the MGDS review process. Through this process, donors also determine whether Government and other stakeholders are achieving goals and expectations of the MGDS. Where there are loopholes, donors engage the Government to have such loopholes rectified. The third framework is the Public Expenditure Review (PER) study which focuses on utilization of public resources. There is still a weakness with this, but there are efforts within government to

rationalise the PER process and make it part of the budget preparation work. The fourth is the Public Expenditure Tracking Survey (PETS) which also focuses on resource utilization although currently used on a couple of Ministries. In both PER and PETS, Government uses its machinery to determine whether resources in a particular fiscal year were used in accordance to the budget estimates and the provisions of the MGDS. Findings from these studies are intended to feed into the budget processes and frameworks.

The fifth instrument is the Parliamentary oversight. Parliament has a Parliamentary Accounts Committee (PAC) which is mandated by the Constitution to oversee usage and expenditures of Public resources. The Committee scrutinises financial and audit reports from the Government systems and recommend for improvements in usage of Government resources. In this way, Parliament helps Government to be accountable in the way it implements the MGDS. There is now a programme to get all reports up-to-date and also implement the follow up mechanisms from both the PAC and within the executive branch through Treasury minutes.

The sixth is the CSO's oversight. Some selected CSO's conduct independent surveys to determine whether the Government is accountable to the implementation of MGDS. Once such surveys are complete, CSO's make their findings known to the Government and the public mainly through the media such as radios and newspapers. They also engage Government on some of their findings. The seventh framework is the Public Finance and Economic Management (PFEM) process. Through the PFEM framework, Government in collaboration with donors monitors implementation of the MGDS and ensures that the entire system in Malawi is accountable at every step towards the implementation of MGDS.

5. CONCLUSION

The paper has discussed domestic ownership and accountability of national development strategies in Malawi. Comparing to past strategies, the paper has shown that ownership and accountability of the current strategy, the MGDS, is much improved. The Paris declaration on Aid Effectiveness, the Debt and Aid Policy, role of CSO's, better institutional frameworks and systems and other Government and non Government reforms have all contributed positively towards ensuring ownership and accountability in formulation and implementation of the MGDS. The paper has further shown that ownership of the MGDS by Government has made the Government more committed towards ensuring achievement of goals of the MGDS. The paper further shows that the Malawi case is work in progress with so many improvements on the way.



Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

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Conference Discussion Paper

Carlos Mauricio Figueiredo (Mozambique-GTZ): “Strengthening
Accountability in National Development Strategies: The Case of Tribunal
Administrativo of Mozambique.”

Strengthening Accountability in National Development Strategies: The Case of Tribunal Administrativo of Mozambique

Carlos Maurício Cabral Figueirêdo

1. Context of Mozambique

The institutional development process in Mozambique is still in progress. Only three decades have passed since the independence, in 1975, and only 31 years since the promulgation of the first Constitution of this now independent country, establishing the bases for the rule of law. Apart from the Constitution of 1990, an important landmark was the Peace Agreement signed in 1992, in Rome, between the two main political factions of the country, establishing the foundation for the first general elections of 1994. Political stability was decisively consolidated in the last decade. The World Bank's sectarian index of instability increased from 35% to 68%, between 1996 and 2002, indicating that the country is situated in the 32% of most stable countries in Sub Sahara Africa.

This process has been marked by the achievement of three important goals. Firstly, the establishment of a reasonably structured and strongly polarized multi-partisan system, in which two strong parties - Frelimo and Renamo have established themselves with relatively robust bases. Secondly, the realisation of competitive elections, despite the accusations by the opposition, of irregularities in the electoral process. These electoral results were respected by the main international observers (Carter Centre 2005). General elections have been realised in 1994, 1999 and 2004, without the results being contested outside of the legitimate democratic arena, of civil society or of the parliamentary and judicial process. In the last elections, the electoral dispute was intensified as the Renamo candidate obtained 47, 7% (1999) and 31.7% (2004), of the votes respectively, signalling a robust process for competitive politics, with freedom of opinion and reasonable organisation guaranteed (Carter Centre 2005). Although, the opposition parties protested about irregularities in the registering of voters in provinces, there were no uprisings or other violent forms of protest (Carter Centre 2005). Thirdly, two constitutions were promulgated in this period, one in 1990 and the other in 2004 that potentially established the bases for democratic governance. At the same time, an important process of institutional consolidation with regard to the Judiciary, Legislative and Executive powers were being implemented. The Executive branch still makes use of many important prerogatives, which guarantees some personal degree in the exercise of power. Other observers (Scanteam 2004: 4 and Bratton 2004), referring to the last decade, have classified Mozambique as an ambiguously hybrid regime encompassing quasi-democracy and electoral democracy. However, in the post-presidential election period of 2004, Mozambique, with another 15 countries, can be classified as belonging to a small group of young African democracies, out of a total of 47 Sub-Saharan African countries.

The institutional reforms and the general framework of political stability of the last decade have effectively led to a very expressive economic recovery. The gross domestic product grew annually by 7% since the end of the civil war in 1992, in a context where the inflation was reduced from 70.1% in 1994 to 9.0% in 2008.

The structural reforms implemented during this period have been characterized by the privatization of public companies, general deregulation of foreign commerce and important measures of fiscal control. The country has depended highly on international donor support that has allowed it to keep its external accounts balanced and maintain a low public deficit, what has been essential to guarantee high levels of product growth in the last decade. External aid to the country's budget represented about 25% of Gross Domestic Product and 3/4 of the General State Budget in the second half of the 90's. Mozambican dependence on external aid reached its maximum point during the civil war, achieving 87% of the Gross Domestic Product in 1992. During this period, Mozambique was the country with the highest dependence of external aid in the world and at the same time the country with the highest level of poverty. In 2001, external financing still represented more than half of total public expenses and approximately two thirds of public investment. External aid was approximately USD 1,000 million per year from 1992-2004. (Batley et al, Evaluation of General Budget Support. Mozambique Country Report 2006, P. 9). Mozambique's government and administration system has been divided into 10 provinces with Maputo as its capital. Provinces have been structured into 128 districts. 43 cities and smaller towns have been granted the status of local self-governance, where 29% of the total population (almost 20.000.000) lives. The population density is low: 27 people per square km.

2. Tribunal Administrativo: Function and Utility

Mozambique adopted the Napoleonic model of public accounts control, i.e. the Court of Accounts. This is similar to the models adopted by, amongst others, Portugal, Spain, France and Brazil. The Tribunal Administrativo (TA) - *Administrative Court* is the Supreme Auditing Institution of Mozambique. Its mission is to play a fundamental role in promoting accountability and increasing transparency in the utilization of public resources. The TA's attributions have been established in the Constitution of the Republic and enjoys administrative and financial autonomy. Its more important functions are: (1) to judge the accounts of all Public Finance Management, (2) undertake audits to all levels of government, (3) submit an opinion on the General State Accounts, and send this for parliamentary review and (4) review the legality of all the contracts entered into by Public Administration (prior control). The TA can apply financial sanctions (fines and devolution of resources irregularly used) to the public finance managers.

In Mozambique, the macro-environment where the consolidation of the control institutions began was marked by a tri-process of transition to a multi-partisan democracy, of economic reconstruction, in a sector of extensive human resource scarcity, financial and of basic services, and of a strong external donor presence in the definition of the government's agenda, and in the financing and implementation of public regulations. The first two processes are closely linked because transition to a culture of public control and accountability depends on broader processes of consolidation of the democracy in the country. They depend on the reinforcement of the Legislative in its function of supervision of the executive power, existence of an independent Judiciary, establishment of an active civil society and an independent public opinion. The level of tolerance with regard to corruption in society also affects the capacity of making the rule of law valid.

In recent years, the growth of general budget support to Mozambique and the consequent necessity to reduce the fiduciary risk and to develop the transparency in the use of public funds have contributed, strongly, to the importance of the role of the TA

3. Institutional development of the TA

The institutional development process of the TA has its beginnings at the end of the 90's with the approval of the basic laws for its functioning, its admittance to the African Organization of Supreme Audit Institutions – AFROSAI and to the International Organization of Supreme Audit Institutions-

INTOSAI. In 2000, through the bilateral cooperation with Sweden (ASDI and SNAO), began the Pro-Audit project, that lasted until 2005. In this period, the foundation was created for the implementation of the TA's main responsibilities, with strong emphasis on the development of direct advisory competencies. It is in this phase that the first financial audits are undertaken. From 2005, the World Bank, through the Decentralized Planning and Finance Project, began financing some of the TA's activities. In the same year, an institutional analysis of the TA was undertaken. This included a broad diagnosis of its functions and performance, resulting in the preparation of its first Corporate Plan – PLACOR (strategic plan), with support from Sweden, the World Bank, AFROSAI-E and from the Court of Accounts of Portugal. PLACOR was a historical landmark. It consolidated the TA's prior experience, defined the principal strategic objectives, established the path to be covered and became the fundamental instrument for interaction with the cooperation partners (donors).

Another great change occurred with the move from the bilateral cooperation to a program based approach, with the establishment of a Common Fund, with monies from Sweden, Netherland, Finland and Germany. A Memorandum of Understanding was signed between these cooperation partners (donors) and the TA that established the mechanisms for implementation and evaluation. The foundation for the cooperation and the program for institutional development is the PLACOR. The TA is now passing through a broad process of reforms with impressive results:

1. The number of audits have increased significantly, at all levels, including local governments, as evidenced below:

Year	Audits planned	Audits realised
2005	60	69
2006	70	179
2007	90	360
2008	160	350

In 2008 there was a reduction in the number of audits due to the decision to increase the percentage of State Budget audited, focusing instead on public entities with larger budgetary weight, which made it possible to exceed the target established with the partners (donors) of 30%. The TA, in 2008, audited 36.90%.

2. Auditors were recruited and trained to review public constructions and works. The first audits in this area began:

Year	Public works audits
2005	0
2006	0
2007	79
2008	139

3. In 2008, the General State Accounts Report and Opinion – RPCGE, was published in the Bulletin of the Republic, for the first time, facilitating public access to its contents.
4. The first performance audit commenced in the education sector.
5. In 2008, financial sanctions were applied to 280 public finance managers. Before December 2006, the TA had never applied sanctions against a public manager.
6. The improvement of the quality of the RPCGE has contributed to a greater interaction with Parliament.

7. One of the most impressive results is the beginning of the consolidation of a culture of accountability. The practice in Mozambique by public finance managers was one of not presenting their accounts. This picture has begun changing through the undertaking of audits and the application of sanctions by the TA.

Year	Public Accounts submitted to the TA
2005	76
2006	93
2007	107
2008	427

All of these development processes are being implemented, guided by the following principles:

Alignment

Support to the TA is funneled through the Common Fund. The funds are duly registered in the State Budget and transferred through the Single Treasury Account. The incurrence of expenditures is realized in accordance with Mozambican legislation, including the rules of procurement

Harmonisation

The cooperation partners (donors) signed a Memorandum of Understanding with the TA that defines the joint rules of performance. All the partners have as their objective support to the implementation of PLACOR.

Ownership

The TA leads, manages the whole process. It defined its strategic objectives and operational targets, through PLACOR. The partners contribute to its implementation.

Accountability

The support to the TA aims to strengthen accountability in two dimensions: (1) mutual accountability between the TA and the cooperation partners (donors) and (2) domestic accountability, between Government, Parliament and its citizens. The increasing attention and support from the cooperation partners (donors) with regard to the strengthening of the Supreme Audit Institutions of the countries-beneficiaries is as a result of the necessity to reduce the fiduciary risk of international aid and promote the strengthening of a minimum trustworthy national information system. In the TA's case, this is not different. With regard to mutual accountability, the development of the support program foresees mechanisms for clear evaluation and preparation of accounts. Thus, all the contracts entered into by the Administrative Court of Mozambique - TA, regardless if they are for staff, acquisitions, constructions and services are submitted, prior, for Seal Approval to the judges of the TA, as a control to verify the legality and regularity. In 2008, a process was initiated for the realisation of internal audits to the Department of Administration and Finance - DAF. These are carried out on a quarterly basis, with the objective to identify and prevent risks. With regard to the internal controls in the financial sector, it deserves to be mentioned that the TA, since 2008, has made use of the State's System of Financial Administration – SISTAFE. This is a computerised system that confers transparency and greater guarantee for budgetary execution. The transparency in the use of public funds strengthened from the decision taken by the President of the TA in 2008, to submit all the accounts to external audit, with the main objective to verify the legality and regularity of financial management. The company responsible for the audit is selected by public tender. The jury of the

public tender is composed of representatives from the cooperation partners (donors) and from the TA. The monitoring is constant. There are weekly meetings with all TA's staff, which is constituted at the moment of balance and coordination. A report is prepared on the activities realised in the prior week and revision of the planning for the following week, having as a base, PLACOR. The results of these weekly meetings are published on the Intranet.

The result of this internal monitoring is communicated, periodically, to the cooperation partners (donors). In the months of March and August, meetings are held between TA and the cooperation partners, with which the TA signed the Memorandum of Understanding that made possible the constitution of the Common Fund for the financing of PLACOR. In these meetings, the degree of implementation of the actions and the achievement of targets are discussed and evaluated, based on the consolidated report. This report also contemplates the relative financial and budgetary statements with regard to the use of the funds, not only those from the partners (donors), but also those from all other sources, including the State Budget. Apart from these meetings with the partners that finance PLACOR, the TA participates annually in the joint review meetings between all partners that contribute to General Budget Support in Mozambique, and the Mozambican Government as the TA is responsible for the achievement of one of the targets in the Performance Assessment Framework (PAF). This target deals with the percentage of the State Budget that is audited. For 2008 the target was 30% and for 2009 it is 35%. In 2008, as previously noted, the TA audited 36.90%.

With regard to domestic accountability, the performance of the TA has been decisive. Distinguishing this is the increasing number of presentation of accounts submitted by public managers for TA review, as highlighted previously. Due to it being a Court of Accounts, the TA, according to the Constitution of the Republic of Mozambique, must judge the management accounts of all the public entities that are approximately a total of 800. All public managers must submit until the 30th of June of the subsequent year, the process of presentation of accounts to the TA. However, until 2004, the number of submitted accounts was insignificant. This number increases each year, having reached 427 accounts in 2008. This is as a result of the consolidation of the culture of accountability. There is a clear correlation between the increase in the number of audits and the beginning of the application of financial sanctions by the TA with the increase in the number of accounts submitted within the legally stated periods. The pedagogical role of these audits needs to also be highlighted, especially at the local levels of government (districts and provinces), that begun being audited in 2006.

The TA has since 2000, submitted within the legal stated periods, the Report and Opinion on the General State Accounts - RPCGE. This report is submitted to parliament that has as its mission, to judge the accounts and to recommend corrective measures to Government. In the first years, there was no debate in Parliament on this report and opinion. However, over the years, the quality of the work of the TA has been improving, and the RPCGE started to incorporate very relevant aspects on the utilisation of public funds, including eventual misapplications. This more qualified report compelled Parliament to debate it in more depth. In 2007, for the first time, Parliament approved all the recommendations made by the TA and edited a resolution directed to the Executive branch, recommending the correction of the findings pointed in the RPCGE. The increase in the horizontal accountability is perceivable and still, incipient, as a process of reinforcement of the mechanisms of checks and balances. We can see an introduction of a healthy public debate on financial, budgetary and patrimonial management, involving Government, Parliament, and society in general, as the media widely publishes the RPCGE of the TA that is also available on the Internet.

4. Key Success Factors

Amongst many other relevant factors, we highlight the following:

4.1. Ownership

The TA, in fact, leads and manages the whole institutional development process. This case seems to clearly demonstrate that ownership must be understood as an objective of the development strategies and not as a prerequisite. Many years of cooperation were necessary between the TA and the diverse international partners (World Bank, Swedish Cooperation, AFROSAI, Court of Accounts of Portugal, etc) before reaching a minimum degree of institutional maturity that made possible the adoption of a new model of cooperation. Another characteristic of this case was the participation of two categories of partners: the financiers and the suppliers of technical cooperation. This aspect is important and with repercussions on the intended ownership. A process is not lead or managed without profound knowledge. The TA searched for technical assistance in similar institutions, for example The Court of Accounts of Portugal, Brazilian Courts of Accounts, Auditor General's Office of Sweden and the Auditor General's Office of South Africa. This process of twinning was decisive for the definition of the principal strategic objectives of PLACOR. The strategic plan of the TA was already born, completely aligned with the best international practices. The following step was to obtain support to finance this plan, completely appropriate for the TA. It was not a process of preparation of a plan to obtain access to funds offered by the partners. Firstly, the TA searched for support external (technical cooperation) to help to define its strategic options. The financiers came later.

4.2. Leadership

Mozambique is still in the development phase of its institutions. In this context of relative institutional weakness, the people play a role, many times, decisive in the processes of development of the organisations. This is the case of the TA. The strong leadership of its President has disclosed a fundamental factor for the constant implementation of the reforms of PLACOR. There are many examples in Mozambique of well elaborated plans and with guaranteed financing that were never satisfactorily executed. In the case under analysis, the leadership of the President was one of the fundamental factors in the execution of a plan with concrete actions impacting on the performance of the organisation. The success in the permanent changing management implies more than the existence of merely financial resources and technical knowledge. It is necessary to develop in the people the necessary abilities, and most difficult: to conquer attitudes, aligning them to the institutional objectives.

4.3. Existence of a Joint Plan

PLACOR is the foundation for the dialogue with the cooperation partners (donors). As previously noted, this document was not prepared to obtain financial funds. It is not merely a document. It is the result of many years of internal reflection and strong technical input from similar international institutions. The management and exhausting discussions by the TA of the process of preparation of PLACOR is the root of ownership in its development process.

4.4. Combination of Cooperation Instruments

The TA uses all the instruments of cooperation that it considers useful to promote its development. This is a fundamental difference: it is not the cooperation partners (donors) or a group of them that

defines which instrument the TA will require. This is a decision for the TA. The importance is that the principles are respected and that all are pursuing the same objective, without duplication of efforts and resources. This guarantee can be given by the existence of only one plan (PLACOR) that consolidates all the actions and activities to be carried out, independent of the source of funds. This makes it an universal and transparent instrument. Thus, while the funds are made available through the Common Fund by a group of partners (Sweden, Holland, Finland and Germany-KfW), the TA also makes use of the technical cooperation with Germany-GTZ and other Supreme Audit Institutions (Portugal, Sweden, Brazil and South Africa) to make possible the implementation of these actions. We cannot, therefore, deny the utility and complementary importance of these instruments.



Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Teddy Brett (UK-LSE): “Political Power, Democratic Transitions, and Pro-Poor Policy: Problems of Political Organisation in Late Development”

POLITICAL POWER, DEMOCRATIC TRANSITIONS AND PRO-POOR POLICY

PROBLEMS OF POLITICAL ORGANISATION IN LATE DEVELOPMENT

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The development community is heavily committed to the creation of the political and economic institutions needed to sustain Poverty Reduction Programmes in Late-Late Developing Countries (LLDCs). It recognises that effective pro-poor policies depend on good governance, and is therefore also committed to strengthening state capacity by supporting democratisation and civil service reform. However, most LLDCs have now made formal transitions to democracy, but this has rarely produced the desired result, because these processes have been captured by existing political and economic elites who use their power to evade regulatory regimes and divert taxes and donor funds from social and economic services to their personal, political, economic, ethnic, and/or sectarian networks.

Democratic accountability should resolve these problems, since the poor should be able to muster the majorities needed to replace predatory regimes with socially responsible ones. However, political theorists have always recognised that democratic political markets are inherently oligopolistic and prone to failure, and that these problems are far more serious in 'new' democracies that lack the political and social capital needed to create states where citizens control rulers rather than vice versa. Solving these problems depends on our ability to understand the way in which relationships between political power and the representation of the poor need to be restructured before the introduction of formally democratic constitutions is likely to generate effective pro-poor policy regimes in LLDCs.

Democratisation creates open political markets based on universal suffrage, and freedom to organise for all legal organisations, but their *substantive* viability depends on the strength and density of the parties, interest groups and social movements in particular societies that determine the amount of 'political capital' available to its citizens. They should represent the poor as well as the rich, and incorporate the often conflicting interests of different social and economic groups. They must include political parties that actually compete for power, and a broad array of interest groups that intercede with government on behalf of their constituents in order to negotiate the compromises needed to secure overall agreements for state policies. Needless to say, there is no guarantee that these processes will produce governments committed to pro-poor as opposed to pro-rich policy programmes.

Democratisation allows pro-poor parties and interest groups to organise and operate freely, but does not guarantee that they will actually do so, much less actually capture power. In-

deed the political science literature and the historical record suggests that elites not only find it far easier to create their own organisation than the poor, but are often be able to capture control of supposedly pro-poor organisations as well. These issues have crucial implications but have been largely ignored in recent policy debates, perhaps because the donor community finds it very difficult to intervening in partisan political, as opposed to technical policy issues.

Why, then, is so difficult for the poor to create the political organisations they need to understand and represent their social and economic interests at the political level?

Most LLDCs eliminated democracy and created single party or no-party authoritarian regimes designed to suppress opponents and punish dissidents at the end of colonialism. Official parties and civic organisations depended on state power or patron-client linkages and/or ethnic or sectarian loyalties which systematically marginalised the needs and interests of the poor. The media was tightly controlled and most of the poor were, and still are, virtually illiterate with primary education at best. These political monopolies did not rule out intense inter-elite competition, or eliminate the poor from the scene, but they did ensure that these processes took on highly dysfunctional forms, whose legacy continues with us to the present.

The elites that took power were usually highly fragmented on ethnic, sectarian, regional and/or class lines. There was intense competition between parties or political factions to win control over the state, since it allowed winners to ‘take all’ by allocating jobs, contracts, and subventions to their own supporters and excluding losers. This explains the post-colonial shift to authoritarianism, and current tendency for existing regimes to use force and fraud to subvert the electoral processes— dramatically exemplified in the decade-long political crisis in Zimbabwe.

Past and present parties have operated as coalitions of ‘notables’ that exploited patrimonial loyalties, and their ability to allocate or remove favours to retain power in contested elections. The need to secure support obliged them to provide some benefits for the poor. But the latter depended on vertical patron-client links for both political and economic favours, and this stopped them from organising independent movements representing the interests of workers, poor peasants or the marginalised majority operating in the informal sector. Party leaders made pre-election promises that they could not keep, partly because of the fiscal and economic constraints, but more especially because of their need to satisfy the demands of the emergent political, bureaucratic and petty capitalist interest that they depended on for support.

Donors have attempted to compensate for these weaknesses, by providing aid and demanding pro-poor policies. However, they provide very limited resources, fail to coordinate their interventions effectively, spend a large proportion of their funds on overheads. Most crucially, they depend on often incompetent or predatory national governments for the right to operate, and not permitted to give direct support to opposition movements.¹

These problems systematically exclude the poor from formal political participation, but they are not entirely helpless. They respond by creating their own political and social or-

¹ The German Political Foundations represent a partial exception to this rule.

ganisations - 'weapons of the weak' that operate in the informal sector. These include informal resistance; the operation of informal organisations; and of 'new social movements'.

- The poor contest power by dragging their feet, evading rules, stealing, and disrespecting their masters, by creating what James Scott calls 'a disguised low-profile resistance that constitutes the domain of infrapolitics.' This has real although usually anti-developmental effects, by significantly reducing economic productivity and security, at the personal level, and limiting the capacity of weak states to enforce their own laws and fund their own activities, by smuggling goods, evading taxes, invading or stealing property, and buying officials.
- They use local kinship, ethnic, economic, religious, cultural, and other networks to provide services – health, education, policing, insurance - that should be provided by the state, but have collapsed or never existed. They also play a key 'political' role in representing their member's interests by linking them to patrons in the formal political system - for example through religious networks in Central America and across the Islamic world. However, their ability to exercise real influence is heavily constrained by low status, poor access to information and education and economic dependence on patrons.
- Radical theorists now emphasise the role of 'new social movements' to promote pro-poor policies at national and global level. These have replaced the working class and peasant based parties, trade unions and associations formerly seen as the mechanism for emancipation by the left, but now marginalised by the collapse of socialism. They include networks of international and national advocacy NGOs, as well as large scale organisations promoting pro-poor interests. They do play a key role in many contexts, but are often driven by external activists and donors rather than the poor themselves and have yet to demonstrate that they can do more than influence power in some favourable contexts. We should also note that many anti-democratic organisations exist to promote ethnic, sectarian and anti-democratic causes.

These mechanisms can enable the poor to protect themselves from harm, resist oppression and sometimes influence national political processes. However, they generally have negative rather than positive effects, disrupting the ability of rulers to implement oppressive programmes and retain political and economic power, but not to implement effective pro-poor programmes.

Thus democratisation alone does not generate pro-poor programmes because political markets often fail because of the weakness of the party systems, interest groups and social movements that are the essential pre-condition for their operation. This is why politicians are so deeply distrusted in most societies, and committed change agents often attempt to bypass mainstream politics by creating participatory organisational systems and social movements. Unfortunately, this is a self-defeating process since effective pro-poor policies ultimately depend on good accountable governance, and good governance on the existence of a strong symbiotic relationship between citizens, strong political and civic organisations, and their politicians and officials.

To address these issues effectively we therefore have to recognise that formal democratisation only represents a first and relatively easy step on the road to good (pro-poor) govern-

ance. It now has to be followed by the creation of the political and civic organisations that are needed to enable citizens, and especially the poorest of them, to understand their own needs and possibilities, to represent their own interests politically, and to contest elections from a position of strength. These organisations do not simply emerge in response to democratic reforms but have to be built over the long term by well informed elites with an organic connection to the groups they represent. They only emerged in the west after the industrial revolution had produced a strong bourgeoisie and working class, and involved long and complex struggles to create political movements, business organisations, trade unions and other civic agencies that allowed citizens to take an active part in the governmental process.

People in LLDCs are only now beginning to build comparable organisations, and face many more obstacles than their predecessors in Germany and Britain did in the 19th century. However, until these problems are overcome, hopefully supported but not directed by outside advisers, ongoing problems of state failure and uneven development are bound to continue.

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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Neil Hatton (Germany–GTZ): “Quality management in development cooperation projects – GTZ experience and research.”

Quality Management in Development Cooperation Projects

gtz experience and research

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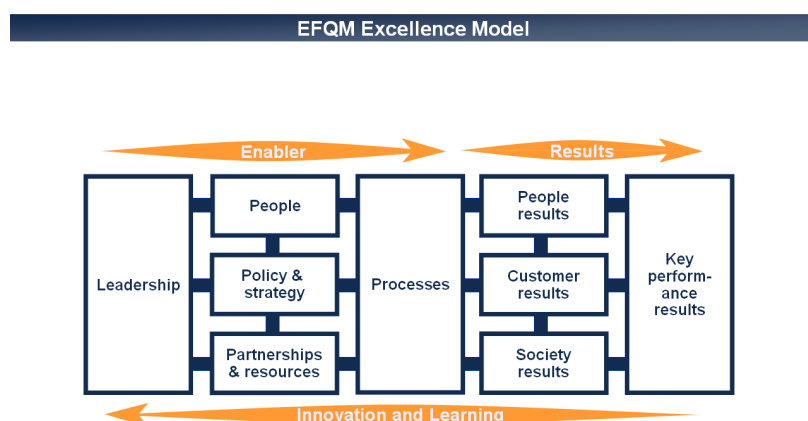
MODELS (Management and Organisational Development in Living Systems) Consultancy Team
Neil Hatton

February 2008

Introduction and Summary

Quality Management (QM) is a method for ensuring all activities necessary to design develop, produce and deliver a product or service are effective and efficient. Quality Management includes the components quality control, quality assurance and quality improvement. Over the last fifty years quality management has spawned many methods and schools: the International Standards' approach; Kaizen, Six Sigma, Quality Circles, Lean Production, Total Quality Management, the EFQM approach and Business Process Reengineering are some of the more common examples of this.

Quality Management has become increasingly important not only in manufacturing industry, but also in services and non-profit areas. QM has also spread to development cooperation as the need for accountability to donors and public stakeholders in outputs as well as internal processes has become increasingly important. Furthermore, the recent acknowledgement of and focus on the importance of capacity development issues has resulted in an ever more prominent role for Quality Management issues in this area.



The gtz has been working actively since 2001 with the European Foundation for Quality Management (EFQM) approach, whose excellence model consists of nine success factors grouped into six enabling factors (leadership, people, policy and strategy, partnership and resources as well as processes) and three results' factors (people results, customer results,

society results and key performance results). This framework has been found to be applicable to all organisations, irrespective of sector, size, structure or maturity. Through its work with EFQM, the gtz has been able to effectively manage and improve quality in its own internal organisation.

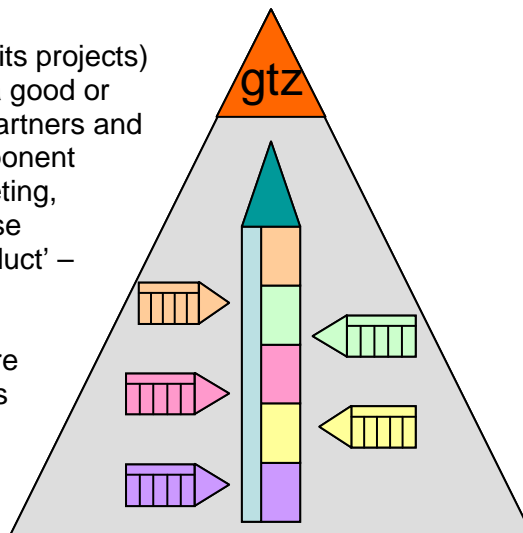
Application of the EFQM system (and hence the underlying QM logic) was found however to be of limited use in the cooperation projects of the gtz. This was at first puzzling, but after analysis clearly due to the fundamental differences in the contexts in which projects and classical organisations function. This led to the development of a new gtz QM-system for such projects – Capacity WORKS, which is in the process of being implemented in the gtz.

This paper will outline the experiences and difficulties in implementing QM systems in development projects, as well as provide a brief outline of the gtz's new system designed to overcome these difficulties – Capacity WORKS.

The fundamentally opposed logical systems of organisations and cooperation projects

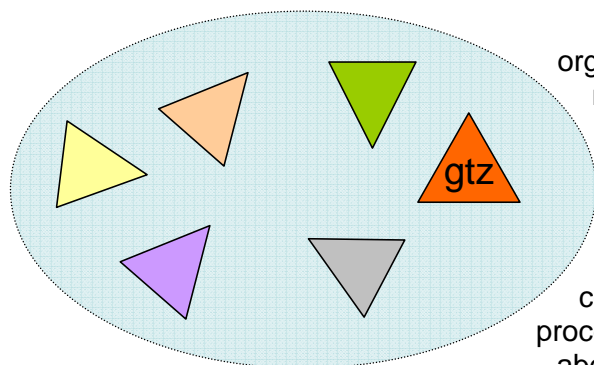
A classical **organisation** such as the gtz (or one of its projects) organises its internal processes so as to 'produce' a good or service which is useful to its clients – here the gtz partners and stakeholders in a cooperation project. Internal component processes here include for example strategy, marketing, controlling, as well as personnel management. These component processes combine to produce the 'product' – be it goods or services – of the organisation.

Several characteristics of this organisational form are relevant for consideration here. Organisations of this type are characterised by formal goals and hierarchies of managers and subordinates. Employees must pass through rituals of hiring (and sometimes firing), are subject to disciplinary rules whilst members of the organisation and are required to comply with decisions made by managers, often reflected in their individual goals and salaries. Organisations develop in this way a particular and individual character over the course of time, with rules, structures and processes that reflect this. This structure not only *enables* management in its strictest sense, but also *requires* it to organise and implement the processes required to produce the product of the organisation.



Quality Management in all its form a variety is predicated upon this basis – an active management function that can design, implement and improve component processes that combine to produce the organisation's product.

In contrast to this is the situation of a **development project**¹, characterised by a high degree of cooperation, negotiation and fluid structures.



Here, the products of the individual organisations are combined together into a network of contributions that together seek to address particular problems in a country or region. This is a *multi-organisational* context based on a convergence of interest rather than any formal, hierarchical rules and decisions are taken through negotiation and cooperation rather than formal management processes. 'Management' – in the sense described above – cannot take place here.

¹ By 'development project' we mean here a project that is a voluntary cooperation between independent actors in pursuit of some kind of societal goal. This is in contrast to a firm's or organisation's internal project in which employees of the same organisation come together from different departments to achieve an individual organisation's or firm's goal. They are outside of the usual departmental structures in an interdisciplinary project team but remain employees of the organisation in the sense described above. They are subject to the logic and management discipline of the classical organisation outlined above.

Similarly, Quality Management techniques predicated on the logic of the organisational/management system, cannot work either. Quality Management, in all the forms developed in the last sixty years, is fundamentally anchored on a systematic analysis of processes and their component parts. This approach to quality control and improvement is predicated on and requires management, hierarchy and a classical approach to decision-making. This is precisely what is missing in collaborative and participatory development projects.

The challenge facing all development practitioners, and the gtz in 2003, is to adapt such QM systems to make them feasible, acceptable and suitable for such multi-organisational contexts.

Capacity WORKS

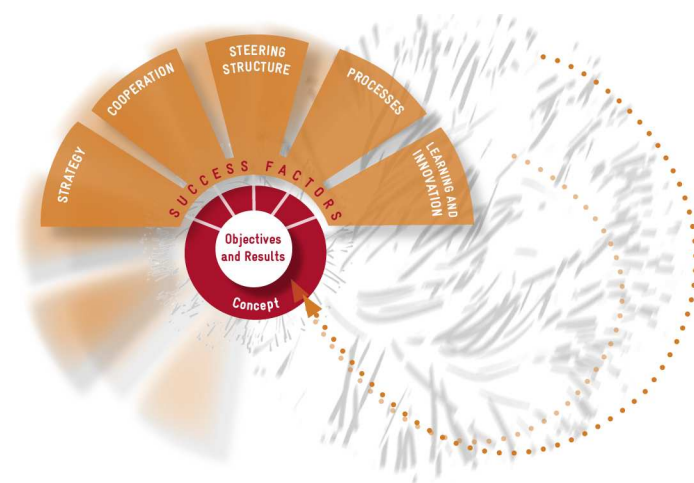
Introduction

Between 2003 and 2006 the gtz developed its management model – Capacity WORKS – as an answer to the problem outlined above. The main question to be answered by this model was how the gtz organised and implemented its projects in order to achieve maximum impact and sustainability. This was especially important for complex projects which had as a goal the stimulation capacity development. Capacity WORKS was adopted by the Managing Directors and the Committee of Executives as “the Management Model of the GTZ for Sustainable Development” in October 2006. Since then there has been an extensive piloting and introduction process for Capacity WORKS in all areas of the gtz’s work.

The gtz intends with Capacity WORKS to provide a framework for conceptualising, designing and evaluating the management quality of its projects – especially in the area of capacity development. This takes place chiefly in two ways; firstly through the consistent monitoring and improvement of the management of the project and secondly by offering an analytical framework for the rigorous alignment of a project’s activities to its objectives – not least through a toolbox of instruments for managing this process.

The Model is based on the specific process knowledge that the gtz has acquired over its more than 30 years’ experience. It can be used in the preparation and evaluation of projects, to monitor and realign existing projects, as well as a knowledge management tool. It is suitable for managing projects in all sectors of gtz work.

The Model Capacity WORKS and its Success Factors



The focal point of the Capacity WORKS model contains the objectives and results of the project, as well as the corporate policy of the Concept of Sustainable Development that underlies all gtz projects.

Supporting this are the five Success Factors. They are central to the structured approach of Capacity WORKS and serve as a methodological guide for the quality management of the project. Through these ‘lenses’ the gtz analyses, plans and monitors its consultancy

interventions. Established as the result of empirical research into project success, they represent the crucial management elements for systematic quality improvement.

A brief description of the factors:

- **Strategy:** negotiating and agreeing with project partners and stakeholders on a clear and plausible strategic direction for the project.
- **Cooperation:** providing cooperation structures and formats with a selected group of partners that allows a network of people and organisations to facilitate change through a clear understanding of who will be cooperating and how.
- **Steering Structure:** negotiating the optimal steering structure with project stakeholders.
- **Processes:** designing, implementing and improving processes that allow social innovation to take place.
- **Learning and Innovation:** focusing the project on generating learning in its participants to facilitate the sustainable capacity development.

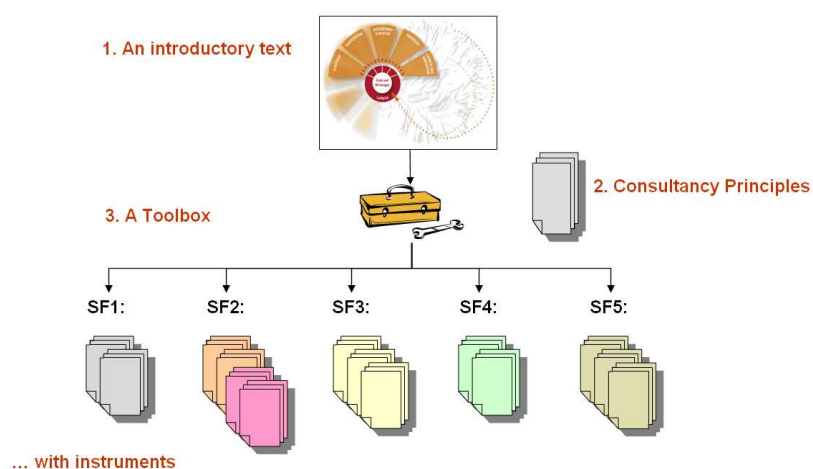
The Capacity WORKS success factors are based in part on the European Foundation for Quality Management (EFQM) approach to quality management. This is the official QM system of the gtz, Capacity WORKS has adapted this framework to suit the unique needs of cooperation projects outlined in the first part of this paper.

The Toolbox and Instruments

As well as the success factors with their guiding questions, Capacity WORKS also possesses other elements, including a comprehensive toolbox.

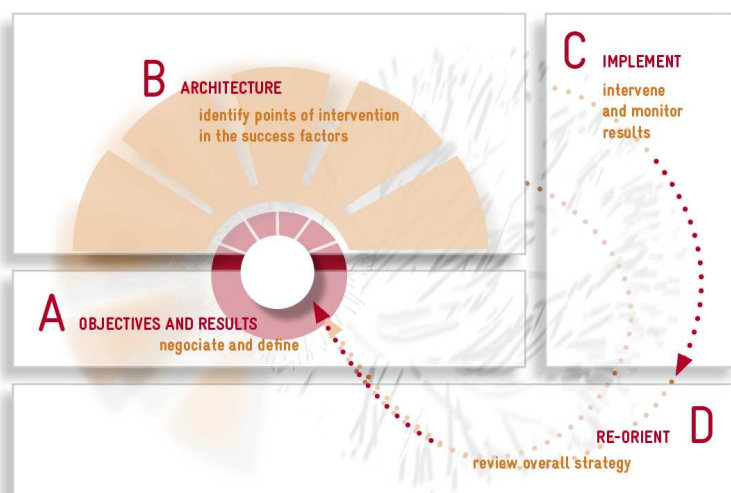
The Capacity WORKS model is accompanied by a short **introductory text** explaining the factor, its key terms and outlining a series of guiding questions. Underlying and supporting the Model are the gtz's eleven **consultancy principles** which provide a backbone of methodological principles gleaned from over 30 years' experience in the field of international

development. The **Toolbox** provides a comprehensive selection of instruments to allow the project staff and partners to work systematically at developing capacity in the five areas. The instruments have been chosen for their originality and relevance, and are grouped into the five success factors. A thorough description of the procedure of each instrument is provided, as well as background information and any material that may be required.



The Procedure with Capacity WORKS

Capacity WORKS is a management model with a structured approach. The process itself is iterative. How often, on which occasions, in which structures and by which rules users will complete each loop is an individual question.



The breakdown of the model into phases and process steps suggests a straightforward linear structure. In reality, the approach is **cyclical** and **open**. During each of the four steps (A-D) the key questions, the tools and the consultancy principles for the various success factors can all be utilised. The **key questions** define the framework. They provide orientation, and play the role of an 'intellectual sparring partner' who can help structure project thinking. The

tools help ensure that the work in the success factors is effectively supported and enable users to reach sound management decisions. The **consultancy principles** guide the selection of interventions.

A - Negotiate and define objectives and results

The context, challenges and hypotheses are jointly described. Results hypotheses are formulated. On this basis, objectives and results are defined and assigned indicators at the various levels in the results chain. Once the results chain and the underlying hypotheses are available, the hypotheses must be reviewed. If necessary, new assumptions, risks, challenges or objectives and results must be formulated.

The results chain implies learning and knowledge objectives. These must also be negotiated and defined. To demonstrate clearly the sustainable learning capacity of a system, we recommend that the learning and knowledge objectives be made explicit.

B - Design interventions

For each individual success factor, the challenges faced by the project/programme are analysed in context and against the background of the defined objectives and results. Various options are considered and evaluated and a selection of appropriate tools is available for each success factor. The results of this step provide an indication of which success factors deserve more attention in the subsequent stages.

The various points of intervention for the individual success factors are then viewed together. Priorities must be set: Which come first, which later, which are mutually reinforcing and which conflict? Do learning loops arise that complement and reinforce each other? This process should result in a coherent intervention architecture.

C - Implement interventions

The planned interventions are implemented. A suitable system is established for results-based monitoring at the various levels of the results chain. For this purpose, GTZ provides guidelines and a broad range of tools (e.g. Guidelines for Results-based Monitoring, e-VAL). Individual monitoring activities enable managers to determine whether the project is

appropriately designed for each success factor, either confirming the appropriateness of our approach or suggesting the need for adjustment.

Learning and innovation play a special role here. The task is to evaluate whether and to what extent the learning and knowledge objectives for capacity development have been achieved, and which improvements might be advisable. How can cutting-edge learning processes be managed with a view to enhancing performance in the system as a whole? What lessons have been learned in the implementation of the interventions? Interventions that have generated direct results for the partner are particularly suitable as learning models. An internal review should be carried out to identify which innovations in models, methods and tools have facilitated this process.

D - Re-align projects

In the implementation phase, monitoring and evaluation focuses on the question "Are we doing things right?" When re-aligning projects or programmes, the focus is on the question "Are we doing the right things?". In all phases, information and data are obtained that provide management with a basis on which to review the overall strategy. Information on possible changes in and impacts on the wider setting is crucial. In learning situations, the project objectives achieved and those not achieved are analysed, the project's positive and negative, intended and unintended results should be evaluated and new approaches developed. Learning should be oriented toward the learning potential of partners, so that they are able to learn in changed settings. In this phase, the focus is on the entire project/programme and its design.

The Character of Capacity WORKS

In summary, it can be said that Capacity WORKS picks up on existing management issues. It **improves the quality** of the project's work, and ensures that more can be achieved with the same effort. It does not introduce new systems or paperwork, documentation or training. It picks up rather the existing questions of quality management and provides new perspectives, questions and instruments to work with them. It does not, however, relieve the manager of the burden of thinking, designing or implementing. It offers no **instant solutions** or **off the peg products for instant success**.

Feedback from work with Capacity WORKS in projects and programmes offers three insights about its appeal for practitioners and policy makers alike. Firstly it offers improved **transparency** as well as enabling the project manager to **communicate openly and coherently** with project staff, managers and other stakeholders about crucial questions implicit in quality management. It does this by offering a **language** and a **vocabulary** through which questions concerning capacity development can be identified, discussed and acted on. This takes place through the success factors as well as the instruments. Secondly, Capacity WORKS makes good practice easier to identify, describe and communicate. **Learning** and **Knowledge Management** on this basis becomes easier and more accessible – even between regions and sectors. Lastly the model offers a structured approach to management that is also **flexible**, enabling the **individual needs** in **different sectors** and regions to be taken account of. It does not introduce new systems, paperwork or demands on the project, rather helping it do more with the same resources by thinking and working differently, using perspectives, questions and simple tools as support.



Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Johanna Knoess (Indonesia/Germany-GTZ) and **Pungky Sumadi** (Indonesia-BAPPENAS): “Political Economy of Reform: A case study from Indonesia”

Political Economy of Reform: A Case Study from Indonesia

By

Johanna Knoess, Social Protection Section, GTZ – Indonesia, and Pungky Sumadi, Director of Social Protection and Welfare - National Development Planning Agency (BAPPENAS) of the Republic of Indonesia

Background

Indonesia has undergone fundamental changes in recent years. The country has progressed from an authoritarian centralised political system to a democracy with a highly decentralised political system. Indonesia has also recovered from the Asian financial crisis of the 90s which had seriously affected the Indonesian economy. The country is now once again ranked as a middle-income economy. The pace of progress and the sequencing of decentralization and democracy are referred to as ‘Big Bang’ by various stakeholders.¹

The economic recovery from a low income country to a middle income country has been supported by several pro-poor programs and reforms initiated by the Government of Indonesia to alleviate poverty and improve human development outcomes: among others by placing social protection, including social security and social assistance high on the political agenda².

Among the various reform steps and programs initiated by the Government of Indonesia (GoI) to reform the political landscape was a revision of roles and responsibilities of various agencies and ministries, among them also BAPPENAS, the National Development Planning Agency³. BAPPENAS’ functions are defined as: (1) Government think tank; (2) coordinator among sectoral ministries; (3) information gatherer and disseminator; (4) network builder. It is responsible for promoting inter-ministerial dialogue and exchange while generating or facilitating expert knowledge and evidence based research into policy design.

This paper intends to enrich the ongoing research and debate on the political economy of reforms by adding lessons learnt and good practices from Indonesia. It reviews the political economy of reform processes by discussing in particular the role of leadership and other “success factors” of policy reform. BAPPENAS and its role in reforming social protection in

The BAPPENAS-German development cooperation (GTZ) case will serve to illustrate the following variables affecting the political economy of reform:

- Interaction of key change agents with the broader institutional setting
- The importance of timing and sequencing both within a development cooperation project and the reform process in general
- Dialogue and mutual trust between involved stakeholders

Social policy and social protection are highly politicised issues that generally reflect upon the existing social order and wealth distribution in a society. Reforming social protection is therefore a difficult and lengthy process. This paper argues that in the case of Indonesia specific considerations and actions need to be taken into account in order to promote policies

¹ Presentation “Adding Value to the Future” Relevance and Perspective of the Indonesian Government, by Dr Bambang Widiyanto, Deputy Minister for Development Evaluation and Performance, National Development Planning Agency, Indonesia, June 2008 at GTZ Annual Meeting and World Bank (2003) Decentralizing Indonesia - A Regional Public Expenditure Review, Overview Report No. 26191-IND, available at <http://siteresources.worldbank.org/INTINDONESIA/Resources/Decentralization/RPR-DecInd-June03.pdf> (accessed January 2009).

² Social protection refers to the entire system of protective measures taken against risks to assist individuals, households, and communities to better manage risks and economic shocks, and to provide support to the critically vulnerable. It includes public interventions, such as social insurance schemes, social assistance and social safety nets, and provides room for private as well as community-based initiatives.

³ Referred to as BAPPENAS in the following.

considering the vast number of political parties that seek to serve their respective constituencies and the 'rainbow' cabinet which makes it difficult for the President to push for reforms that might be unpopular for certain stakeholders since it would change the status quo⁴. This is the case with the passing of Law No 40/2004 that addresses social protection reform.

The Indonesian case and increased recognition amongst development practitioners and academics alike underlines that reform processes can not be dealt with in a technocratic manner and that there are common factors such as stakeholder interests, institutional setting, or timing that influence the success of reform processes⁵. Recognizing and acknowledging these factors in the program design can benefit the progress of reforms.

Social Protection Reform in Indonesia

The passing of Law No. 40 was of major importance in highlighting the commitment of the GoI to provide social protection for the entire population. However, social protection has not played a major role in the past cabinet. It is now becoming more important because Indonesia's long term development plan (2025) establishes the goal to set up a social protection system and reorganize institutions accordingly.

Several pressing issues need to be tackled including:

- low coverage by the existing social insurance system
- fragmentation of the existing system including better coordination between; government ministries and service and insurance providers;
- reaching a consensus and a broader understanding of a comprehensive social protection system amongst all relevant stakeholders.
- reviewing which are the priorities and how to finance a universal system

The Indonesian-German Collaboration on Social Protection Reform

In view of the remaining challenges for the ongoing reform of the social security system in Indonesia the National Development Planning Agency (BAPPENAS) approached the GTZ in 2006 and requested advisory services. The objective was to gather evidence and provide options for reform that could be broadly discussed with all relevant stakeholders⁶.

The main elements of the collaboration were comprised of the following components⁷

- 1.) Provide an evidence base for social protection reform
- 2.) Promote Policy dialogue amongst key stakeholders
- 3.) Facilitate South-South exchange
- 4.) Capacity development of the involved stakeholders.

The person in charge of social protection at that time was the Deputy Minister for Poverty, Labour and SMEs⁸ who pointed out, that in his perception and for BAPPENAS role as

⁴ Forster, P. (2009:10) The Political Economy of Avian Influenza in Indonesia, STEPS

Working Paper 17, Brighton: STEPS Centre: The term rainbow cabinet refers to the fact posts and resources may need to be distributed widely across government institutions to neutralize possible opposition.

⁵ The Political Economy of Policy Reform: Issues and Implications for Policy Dialogue and Development Operations, Social Development Department, World Bank, November 2008

⁶ BAPPENAS' functions are defined as : (1) Government think tank; (2) coordinator among sectoral ministries; (3) information gatherer and disseminator; (4) network builder.

⁷ The Government of Indonesia and the German Government currently collaborate on Social Protection in three important areas:

The **first** is providing specific technical advice to the Ministry of Health on the implementation of Social Health Insurance 2004 as a priority area of Law No 40/2004.

Second, policy advice and technical support to the inter-ministerial National Social Security Task Force headed by the Coordinating Ministry of People's Welfare, which was working on the legislative reform and the introduction and harmonization of new and existing regulations relevant in the context of Law No. 40/2004.

Third, policy advice to the Indonesian National Planning Authority BAPPENAS to support the strategic planning required in the overall reform process.

⁸ Dr. Bambang Widianto, Deputy Minister for Poverty, Labor and SMEs, BAPPENAS (2005-2007) was also Special Advisor to the State Secretary at BAPPENAS during the collaboration phase (2007-2008).

planning agency it was vital to gain a better understanding of the implications and options for reform before engaging in a policy dialogue with involved stakeholders to reach consensus.

The following sections offer a brief outline of how BAPPENAS was able to successfully engage their institution as well as others in the reform process and which factors were important in this process.

Providing an evidence base for social protection reform

In an effort to support informed policy making by providing an evidence-base reform strategy BAPPENAS requested a comprehensive report. The report should outline various options for reforming social protection in Indonesia in order to select a system that would best match the prevailing conditions in Indonesia in the various fields.

A report was prepared by a range of experts covering issues related to old age security, health insurance, social protection for the informal sector and social assistance for the poor⁹. The report “*Options for Social Protection Reform*” was then finalized and presented to a broad audience by the State Secretary of BAPPENAS in May 2008.

Relevance of Technical Support Provided

- Collecting evidence for the reform and presenting options was highly appreciated by academic institutions, government staff, employers associations and other international agencies. BAPPENAS was praised for promoting a comprehensive overview of relevant topics and sufficient options for stakeholders to further discuss which option in a specific field would be the most suitable in Indonesia.
- A peer-review process also increased acceptance of the report and the mutual ownership of those who had commented.

Role of Change Agents

- The Deputy Director’s personal dedication and vision for reform based on evidence and research was a key factor in the design and success right at the beginning of the project. An economist by background, he is a key figure in BAPPEANAS with very good networks to key decision makers in both BAPPENAS as well as sectoral ministries and the Ministry of Finance, including the Finance Minister.
- Due to his co-assignment as university lecturer he was also well affiliated with researchers which proved helpful to bring on board research institutes and researchers that contributed to the discussions.
- His good relationships with international agencies contributed to the participation of these stakeholders in the peer review process and dialogue prior to the finalization of the report.

The importance of timing and sequencing

- Stakeholders confirmed that the report helped understand more at this stage of the reform process which in turn supports reaching consensus on desired options for reform - rather than focusing on the implementation of Law No. 40 at this stage.
- The launching itself was co-hosted by the Deputy Minister’s successor, who took over the position very close to the launching of the report. While the former Deputy presented the report, it was the newly assigned Deputy Minister for Poverty, Labour and SMEs¹⁰ that closed the event and outlined the importance of a further dialogue. He immediately took strong ownership for the process and disseminated the report to more than 100 parliament members in order to increase awareness for social

⁹ See Katja Bender et al. “Options for Social Protection Reform in Indonesia”, GTZ 2008 for the full report outlining the various options in the Indonesian context.

¹⁰ Dr. Prasetyono Widjojo, Deputy for Poverty, Labour and SMEs, BAPPENAS (January 2008-to date)

protection.

- His newly appointed staff, Director for Social Protection and Welfare¹¹, chaired the event. The event offered a good opportunity for a transition of the project to the newly appointed Deputy Minister and his team and created ownership from the beginning.

Dialogue and mutual trust between involved stakeholders

- The options provided fostered mutual learning and networking amongst stakeholders.

Promoting Policy dialogue amongst key stakeholders & Facilitating South-South exchange

Several roundtables and policy dialogues have been held since the start of the project with the participation of international experts, academia, BAPPENAS staff and other relevant stakeholders in Indonesia and abroad.

Relevance of Technical Support Provided for the Reform Agenda

- The Deputy Minister for Poverty, Labour and SMEs, in charge for social protection, attended an international symposium on social protection in Berlin in June 2008 at a round table with Heidemarie Wieczorek-Zeul, German Federal Minister for Economic Cooperation and Development and other prominent German and international stakeholders: this was important in supporting mutual learning and increasing ownership of the Deputy Minister as it was very close to his new appointment with responsibility for the Indonesian-German collaboration. He reported that he had learnt that the Washington Consensus had been challenged and that it was necessary to think about new ways of working and addressing the issues of the poor. His participation at the same time also increased the understanding for the needs of developing and middle-income countries to the German audience and the Federal Minister – which helps increase further support as well as better address the issues that are relevant for these countries.
- The Deputy Minister for Development Evaluation and Performance attended a round-table at the ‘*Eschborner Fachtage*’ (Eschborn Dialogue) in June 2008 on opportunities and risks of global development. He discussed from the perspective of Indonesia how the social and ecological model could be transferred. Upon return from the conference he suggested to visit an annual GTZ staff meeting and present his views and findings. This indicates that he had a strong interest in the topic and wanted to develop his ideas further.

Role of Change Agents

- Both visits of the Deputy Ministers to Germany were very important because they were leading the reform agenda on social protection from within BAPPENAS. Their personal involvement and dedication and continuous update is important to maintain their ownership in promoting the reform agenda in Indonesia.
- It is very supportive to the overall acceptance of the reform process to engage with stakeholders that are not directly linked in the technocratic sense in the subject matters of the reform: This was the case when the Minister of Trade – who at first glance do not play a role in the social policy setting – hosted a round table on macro-economic issues in August 2008 during a visit of the ‘Head of the German Economic Council of Advisors’¹², who has been one of the leading figures of the reform of social

¹¹ Dr. Pungky Sumadi, Director for Social Protection and Welfare, BAPPENAS (January 2008-to date)

¹² Professor Bert Ruerup had earlier attended a regional conference on social protection in the ASEAN countries in Malaysia.

<p>protection in Germany in the last ten years and the architect of the current old age protection system.. Several high-ranking government representatives as well as leading academics and representatives of international agencies attended the event.</p> <ul style="list-style-type: none"> ▪ High-level round table on old age protection: one of the main success factors that can be attributed to the round-table above mentioned old age expert is not only the technical input provided, but the fact that his standing attracted other high level representatives to attend and engage in the discussion. ▪ BAPPENAS representative part of the Indonesian Delegation to the ASEAN seminar on social protection reform in August 2008: the invitation of the Director for Social Protection and Welfare to the ASEAN seminar demonstrates his recognition for promoting national strategies due to his achievements in his past assignment as Director for Poverty Reduction¹³. BAPPENAS is normally not part of the government institutions invited to ASEAN seminars. His active engagement in the presentations and discussions in turn led to his nomination as speaker of the Indonesian delegation by the other members. This reciprocity of active engagement and support by others has recently been confirmed when BAPPENAS was requested to assume the role of a change agent in the future collaboration of stakeholders engaged in social protection reform at a big multi-stakeholder workshop.
<p>Dialogue and mutual trust between involved stakeholders</p> <ul style="list-style-type: none"> ▪ The presentation of the German reform experience at the old-age roundtable was not a showcase of success, but rather a showcase of failures, challenges and determining factors facilitating reform processes - showing that both sides are learning builds mutual trust amongst development partners.

Capacity development of stakeholders involved

BAPPENAS requested support to join international and national trainings, the most frequent being trainings at courses for social transfers held in South Africa and Thailand. . BAPPENAS has extended the invitation for trainings to their counterparts at the Department of Social Affairs and have now offered to extend allocated resources to other interested stakeholders as well.

A recent example is a multi-sectoral training that was hosted by BAPPENAS with an international expert to which they had invited a larger number of stakeholders including staff from the Ministry of Finance, the Coordinating Ministry for People's Welfare, Department of Social Affairs, the Ministry for Manpower as well as insurance carriers and members from the newly appointed National Social Security Council. The three-day training was lauded as very beneficial for their respective work and BAPPENAS was appreciated for opening their training sessions to broader institutions..

<p>Relevance of Technical Support Provided</p> <ul style="list-style-type: none"> ▪ Increasing the staffs capacity to engage actively in the ongoing reform process with more in-depth knowledge about subject matters has increased recognition of involved stakeholders both internationally and nationally – and thus leverages their potential role in the reform process: The Director of Social Protection and Welfare is now a requested resource person at the above mentioned social transfer courses along with several other key academic and international development staff.
<p>Role of Change Agents</p> <ul style="list-style-type: none"> ▪ BAPPENAS decision to share resources and capacity development measures they receive has also resulted in a demand of other stakeholders for BAPPENAS to play a

¹³ The current Director for Social Protection and Welfare was Director for Poverty Reduction at BAPPENAS from Sept 2005- December 2007.

more active role in the overall reform process and act as a lead agent for change.
The importance of timing and sequencing <ul style="list-style-type: none"> By initially focusing on strengthening their own capacities without pushing the reform agenda BAPPENAS managed to build confidence in their abilities to engage in the dialogue based on and informed policy decisions. Thus, their rather tentative approach to engage in the reform process without having enough background information has proven successful.
Dialogue and mutual trust between involved stakeholders <ul style="list-style-type: none"> Extending support and resources is a good way to foster dialogue and mutual trust between partners. Potential institutional barriers can be overcome by mutual interest to learn.

Building confidence and mutual trust by learning and working demand driven

The work on social protection reform is very political and depends on various factors – including changing institutional arrangements and priorities and needs. This section looks at the working modalities of the technical assistance provided and highlights some lessons learnt.

The project modality was very flexible and without a rigid work plan – this allowed the program to be entirely demand driven. It has also been clearly demonstrated that engagement in the social protection reform agenda in BAPPENAS has been very much supported by the people in charge and their personal dedication and networks. Thus, the flexible modality also allowed for a smooth transition period of staff in January 2008 after which new priorities of collaboration were discussed.

The experience so far with BAPPENAS has demonstrated that although BAPPENAS was not actively involved in the National Social Security Task Force three years ago due to a lack of resources and the desire to gain more evidence first – BAPPENAS is now taking a more active role in steering the policy development process¹⁴.

Relevance of Technical Support Provided <ul style="list-style-type: none"> Quick and unbureaucratic support based on partner needs to fill gaps of knowledge and work that arise during reform processes has proven successful. Having time to learn was also very beneficial for the technical advisory staff, as supporting reform processes requires a lot of institutional knowledge – something that requires time and networks. It has for example proven to be useful that supplementary research was conducted on issues even if they are not the current priority area of the cooperation – such as on the conditional cash transfers (CCTs) in 2007¹⁵. Compiling information and data supported helped the technical assistance team gain a more in-depth understanding of issues and the other areas BAPPENAS is actively involved in.
Role of Change Agents <ul style="list-style-type: none"> The appointment of the current Director of Social Protection and Welfare underlined that a transition of staff also often comes along with new priorities based on the academic and working background of the person in charge. His academic background and working experience in poverty reduction and strong personal dedication to poverty alleviation for the poorest has influenced the course of priorities

¹⁴ Several other government institutions and others organizations have requested BAPPENAS to steer the process more actively (e.g. Multi-Stakeholder Workshop on Social Protection 12. February 2009)

¹⁵ Knoess 2007: Introduction of Conditional Cash Transfers Schemes in Indonesia; A Brief Summary, GTZ.

<p>set by BAPPENAS in the collaboration with GTZ. A stronger focus has now been laid to receive advisory services to ensure that social assistance is well incorporated into the social protection system and improve the implementation of social cash transfers.</p> <ul style="list-style-type: none"> ▪ His dedication for equal access of the poor to basic services promises a continued high level of commitment of BAPPENAS is social protection reform.
<p>The importance of timing and sequencing</p> <ul style="list-style-type: none"> ▪ Sufficient time for learning and sharing after the transition of staff for both sides was very beneficial – for both BAPPENAS and GTZ. ▪ It is important to jointly assess which areas of work are suitable for the specific mandate of the institution and the advisory and technical services provided. ▪ BAPPENAS role in the overall reform process is very important during 2009 as they are in the lead of developing the next mid-term plan for the next government administration. This can be seen as a window of opportunity to promote the reform.
<p>Dialogue and mutual trust between involved stakeholders</p> <ul style="list-style-type: none"> ▪ More importantly than the technical knowledge gained by the work of compiling a report on CCTs it allowed making important contacts during the interview phase. One of the key informants for the report on CCTs was the former Director for Poverty Reduction and current Director for Social Protection and Welfare. The atmosphere of sharing information was very open, especially given that sharing information on the progress of the CCT was also very sensitive due to political and institutional issues. This atmosphere of mutual trust and collaboration has been strengthened over the past and has resulted in expanding the ongoing collaboration substantially.

The Way Ahead:

Social protection reform is a lengthy process. It requires that politics and specific criteria of policy-making are taken into account when aiming for reform.

For the social protection reform in Indonesia this means acknowledging that despite the passing of Law 40/2004, ensuring universal social protection to the entire population is a lengthy process. Several political and institutional hurdles lie ahead before this goal can be achieved. In the Indonesian context this specifically means that the law, albeit based on a presidential decree, still needs to be supported by cabinet members and other stakeholders such as employer associations. The change in Indonesian politics and the election history of the current president also illustrates why it might not be able to push through difficult decisions for the president if there is societal opposition. Compared with the two previous presidents, the current president Susilo Bambang Yudhoyono (SBY) politics are described as pragmatic populism, with vacillation or back-tracking common in the face of any opposition due to a lack of a traditional constituency base unlike other presidents before him¹⁶.

Another factor fomenting against change is the fragmented multi-party political system. Under Suharto, only three officially sanctioned and tightly controlled 'national' parties were allowed. The liberalisations of 1998 saw over 100 new parties emerge in months¹⁷.

Haggard points to the difficulties of such systems in which parties may only need a small plurality of votes to win office, and so can focus on providing benefits to their own supporters. This compares with systems involving smaller numbers of parties, where support must be cultivated and maintained across a broader range of social groups¹⁸.

Consensus building therefore requires even more effort in such an environment. The reform needs to take path dependencies of the institutions involved into account.

¹⁶ Former president Wahid's ideology was founded in traditional Islam, and Megawati's in secular nationalism in comparison: Forster, P. (2009: 12ff) *The Political Economy of Avian Influenza in Indonesia*, STEPS Working Paper 17, Brighton: STEPS Centre

¹⁷ Reilly 2007 cited in Forster, P. (2007)

¹⁸ Haggard (1997 cited in Reilly 2007) cited in Forster, P. (2007)

BAPPENAS will continue to strengthen policy makers in the social protection area by providing institutional space and extending technical expertise for policy dialogue and coordination that fosters consensus building and decision-making regarding social protection reform in Indonesia in a way that will be conducive to a reform aiming at universal coverage while being based on sustainable financing. This can only be achieved if several factors are available as well. As the above illustrated example demonstrates this will highly depend on several factors.

Lessons learnt from the social protection reform so far in Indonesia show that the following factors are relevant:

- Change agent with a vision for reform & good networks to relevant stakeholders
- Building evidence base to support informed decisions in reforms – promote informed choice
- Sufficient time to learn and internalise knowledge and distil the aspects that the partner views as relevant for their reform is also essential
- Facilitate dialogues and exchange of ideas to all relevant stakeholders instead of prescribing the reform agenda
- High level figures have proven to be a key success factor in leveraging the issue of social protection on the political agenda.
- Promoting continuous ownership

Specifically with regard to technical assistance it has shown that it is important to:

- Allow for a transition phase among key players in order to build ownership instead of trying to progress on a defined work-plan if the timing is wrong – It does not matter whether it takes longer than intended or things just do not proceed for a while.
- Exchange from other countries about the success factors of reform in other countries encourages learning – but nearly more importantly – it is also important to learn from others
- Empowerment of partners is key to all development measures – Trust and mutual respect and transparency are important especially when working on complex political reforms

In sum, it is important to not solely rely on technocratic approaches when designing policies and strategies – careful attention needs to be paid to other elements that determine the success of reforms and policy making.



Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Afua Ansre (Ghana–UNIFEM): “The Role of Development Cooperation in
Ownership Processes: The Example of the EC/UN Partnership Programme in
Ghana.”

The Role of Development Cooperation in Ownership Processes: The Example of the EC/UN Partnership Programme in Ghana

Paper submitted to the Confederation Suisse/GTZ/LSE International Conference on 'Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies'.

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This paper looks at the implementation of the Paris Declaration through the European Commission/United Nations (EC/UN) Partnership on Gender Equality for Development and Peace in Ghana. The programme is being piloted in 12 countries worldwide to ensure that gender equality and women's human rights are fully incorporated into national development processes and in those cooperation programmes that are supported by the EC. Ghana is one of the twelve pilot countries and an important area of work for the programme has been gender equality and aid effectiveness.

Introduction

The EC/UN Partnership on Gender Equality for Development and Peace is a partnership between the European Commission (EC), the United Nations Development Fund for Women (UNIFEM) and the International Training Centre of the International Labour Organisation (ITC/ILO). The programme is being piloted in 12 countries worldwide to ensure that gender equality and women's human rights are fully incorporated into national development processes and in those cooperation programmes that are supported by the EC. Ghana is one of the twelve pilot countries and an important area of work for the programme has been gender equality and aid effectiveness.

This paper looks at how the EC/UN Partnership programme has worked in Ghana to help strengthen citizens' ownership of development priorities and promote accountability through the two mechanisms of the Gender Equality Sector Group (GEST) and the Experts Advisory Group (EAG). It provides insights into the successes and challenges and concludes with some recommendations.

Scene Setting

Ghana signed the Paris Declaration (PD) when it came into being in 2005. However, even before the PD was signed Ghana was among those countries that had begun to work on ways of making aid more effective. General Budget Support (GBS) and Sector Wide Approach (SWAp) were already being practised and sector groups including one on gender (GEST) were operational. The GEST like other sector groups was set up to harmonise donor response to government and to facilitate dialogue and cooperation between government and development partners. In addition Government and donors were coordinating their work through the World Bank/ Government of Ghana led Consultative Group (CG), and Ghana was almost at the end of implementation of its first poverty reduction strategy paper (GPRS I). Therefore in Ghana as in many other countries the PD brought new insights and a formal structure to a system that was being developed by government and donors.

Gaps in the System

The PD by itself did not provide the answer to effective utilisation of aid. Gender advocates indicated that the PD placed too much emphasis on the modalities of aid delivery and not much emphasis on reduction of poverty and inequality, issues that are of critical importance to women's empowerment and gender equality. The aid delivery modalities and especially the increasing shift towards general budget support, known as the Multi Donor Budgetary support (MDBS) in Ghana were made very technical and did not create room for gender equality advocates to be involved in aid negotiations and policy dialogues. In deed the Ministry of Women and Children's Affairs (MOWAC), women's groups and gender advocates were absent at the level where discussions on aid were made, just as their input were omitted in the preparation of the Ghana Poverty Reduction Strategy (GPRS I). There were

also calls for clarity on the implementation of the PD principles especially with regard to the meaning, inputs, outcomes and impacts of the PD principles of ownership, alignment and accountability. Again on the issue of ownership and accountability, there were calls for transparency and the inclusion of Civil Society Organisations (CSOs) and women's groups in all national development processes. The issue of accountability brought to the fore the general lack of documented information and data on gender equality and aid effectiveness and the need for gender disaggregated data. The need for capacity building on gender and aid effectiveness was also noted.

The EC/UN Partnership Programme Response:

These gaps in the gender equality and the aid effectiveness discourse were confirmed by findings from the EC/UN Partnership programme mapping study in Ghana (2008). The mapping study provided an assessment of how gender equality and women's rights are reflected in each of the principles of the PD. On the principle of ownership, the mapping study found that the concept has been narrowly implemented in Ghana as gender activists and civil society groups in general did not feel a part of the national development process. The mapping study noted a need for a broader interpretation of ownership that looks at the participation of CSOs (including women's organisations), parliamentarians and the media at all the key stages of the preparation, planning, implementation and monitoring and evaluation of the policies and programmes.

Based on the premise that nothing in the PD directly addresses the gendered nature of poverty, and based on the recommendation of the mapping study for a broader interpretation of the concept of ownership, the EC/UN Partnership programme put in place a multi stakeholder group called the Experts Advisory Group (EAG). The EAG was instituted to help design and manage the programme and serve as a steering committee. It is made up of representatives from the Ministry of Women and Children's Affairs (MoWAC), the Ghana Statistical Service (GSS), the National Development Planning Commission (NDPC), and the Ministry of Finance and Economic Planning (MoFEP), donors, and civil society groups made up of the media and proven gender activists.

Successes

Although the GEST is a different mechanism from the EAG, some members of the GEST are also members of the EAG. This has fostered work between the two mechanisms. In most instances the GEST is able to leverage the issues identified by the EAG, which although is made up of a broader group of stakeholders is not as influential and as recognised as the GEST. Work with the EAG and GEST have been around a number of important issues including preparing stakeholders especially the national gender machinery, gender activists and women's groups to participate in the third high level forum on aid effectiveness (HLF 3). Preparing the stakeholders for HLF 3 included disseminating findings from the mapping study and demystifying the PD by explaining the concept to participants from the views of

government, donors, the EC amongst others. This was very important because discussions on the PD had been at a level that tended to exclude especially civil society groups. The national consultation was used to help civil society groups and gender activists to identify their roles in the aid effectiveness agenda and to raise awareness on the importance of monitoring policies and programmes from a gender perspective.

Another national consultation was held with diverse stakeholders – national women's machinery and other government partners, civil society organizations, women's groups and networks, EC delegations and bilateral and multilateral organizations to also identify capacity needs and agree on indicators for monitoring the aid effectiveness agenda. The national consultation also created a forum for CSOs to begin to dialogue with government and donors on the Paris Declaration, the aid modalities and gender equality in Ghana. It was to set the scene for civil society groups to begin to be involved in policy discussions (ownership) and to begin to seek accountability from government and donors.

Based on the recommendations of the mapping study, the EAG has engendered the PD indicators. This has been followed up with work with the GEST group to ensure that gender targets are being included in the Performance Assessment Target (PAF) of the MDBS and in the successor document to the GPRS II. Follow up work will be with the EAG to build the capacity of CSOs to monitor these targets and to advocate for the inclusion of more gender responsive indicators for monitoring national development plans and budgets. Other work will focus on the establishment of processes, bench marks and the identification of issues for accountability. This will mean further expanding the range of stakeholders holding governments and donors to account and also ensure that gender is a key dimension that is tracked in assessing mutual accountability.

In implementing its advocacy plan on the centrality of gender in the aid effectiveness agenda and creating awareness on accountability issues, the EAG has acknowledged the importance of the media. A number of media houses have received training on gender equality and aid effectiveness. The programme has resulted in the formation of an informal group of journalists known as the Media Women in Development Forum (MWDF). The purpose of MWDF is to provide a platform through which the media can deepen their knowledge of aid and development effectiveness issues and effectively share such information with the general public. Detailed capacity building plans have also been developed in the area of aid and gender equality and gender responsive budgeting for government and civil society groups.

Based on work by the EAG, the GEST has been equipped with data to share with Heads of Agencies and Missions. This is very important especially as the Heads of Agencies and Missions are the major decision makers and participate in the CG Meetings. In addition the EAG would work with the GEST to ensure that civil society is represented on the GEST to promote regular dialogue between civil society, MOWAC and donors. Partnerships would be strengthened with the government, CSOs and other development partners to achieve the

objectives of the PD from a gender perspective. A robust monitoring and evaluation system would be developed and put in place to support work on ownership and accountability from the perspective of government and development partners including CSOs. To ensure that all these happen, gender responsive budgeting would be fully pursued within the confines of the government roadmap on gender budgeting.

Challenges

Although both the EAG and the GEST try to bring together different stakeholders, both have very limited legitimacy. The EAG is not a formally recognised body and exist only as an steering committee and a working group for the EC/UN Partnership programme. The CSO representation on the EAG is not representative of CSOs because there is no formal or democratic way of identifying the representative. In much the same way although the GEST recognises the need for CSO participation this has not been realised as CSOs are not currently represented on the GEST. Parliament is also a very important body for ensuring local ownership and accountability and their participation on the EAG and GEST would have given some legitimacy to these committees. However parliamentarians' participation in activities relating to the gender equality and aid effectiveness has been very minimal and do not serve on any of these committees. Donors are represented on both the GEST and the EAG. However different donors have different and sometimes competing agenda and different modalities for engaging with stakeholders. Pressures from their headquarters to deliver sometimes create challenges for especially the GEST and generally for gender equality and aid effectiveness agenda.

Both the GEST and the EAG as voluntary associations have clearly defined terms of reference. However there is no formal way for either mechanisms to account to any individual or institution neither has any institution or body demanded accountability from either the GEST or the EAG. Instead their activities may be captured in wider reports of donors or government or as in the case of the EAG in the EC/UN partnership activity reports but by themselves do not adhere to any reporting mechanism.

As the GEST and EAG operate at the national level awareness of their existence and their role among stakeholders is very limited. However the GEST has progressed over the five years of its existence from a donor group to a sector group. The EAG in just over a year since its inception has already attracted the interest of prominent gender advocates in Ghana.

The GEST and the EAG are not self financing and this directly affects their ability to implement programmes. The GEST even as a recognised body for donor harmonisation and a coordinating body with government is only as powerful and influential as the power and influence that the individual members exercise.

Main Conclusions

Together with the EAG and the GEST, the EC/UN partnership has contributed to building the capacity of CSOs and opening up spaces for CSOs to engage with government and other development partners on gender equality and aid effectiveness. Information on gender equality and aid effectiveness has been made available; the PD indicators have been engendered and gradually being fed into national monitoring frameworks. Advocacy work on making gender equality central to the aid and development effectiveness discourse especially through partnerships is ongoing.

However there is a need to institutionalise the participation of gender advocates in the aid effectiveness processes and indeed in national development processes. This would mean instituting mechanisms that are versatile to work at both the national and district levels. If the EAG would be able to form the nucleus of such a body, it would require that it works with other national and district level bodies that are able to influence behaviour change amongst the different stakeholders – political and technical. Also in that sense the CSO representative on the EAG would need to be able to liaise with donors and government to ensure that relevant issues are identified on time for gender advocates to get involved in national development processes. The EAG would need to be self financing and develop a mechanism for reporting on its mandate.

Nevertheless the EAG and GEST would function optimally only in a conducive environment. A vibrant and well informed civil society is required. Strengthening the national women's machinery and women's civil society groups would be a very difficult task as experience from other countries confirm but these are the very fundamental requirements for ensuring that women and gender advocates fully participate in the national development processes including helping to identify the real priority areas for the country's development.

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Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies

London, 22-24 April 2009

Conference Discussion Paper

Vivian Sundset (Dominican Republic-COPDES): “Ownership and the Millennium Development Goals: Challenges and Lessons Learned at the National and Local Level in the Dominican Republic.”



COMISION PRESIDENCIAL
SOBRE LOS OBJETIVOS DEL MILENIO
Y EL DESARROLLO SOSTENIBLE

Ownership and the Millennium Development Goals: Challenges and Lessons Learned at the National and Local Level in the Dominican Republic

Developed and submitted for the

GTZ-LSE

Beyond Accra: Practical Implications of Ownership and Accountability in National Development Strategies Conference

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The Presidential Commission on the Millennium Development Goals and Sustainable Development (COPDES), created by His Excellency Dr. Leonel Fernandez, President of the Dominican Republic, is charged with monitoring and coordinating the country's progress towards achieving the United Nations Millennium Development Goals (MDG). The Presidential Commission includes the participation of various sectors such as government, private sector, civil society, and the United Nations, as well as its Millennium Project.



In the year 2000, 145 Heads of State and Government gathered at United Nations Headquarters in New York City to make one of the century's most important commitments; the signing of the U.N. Millennium Declaration led by then Secretary General, Kofi Annan.

The signing of this document and its creation of the U.N.'s Millennium Development Goals (MDGs) meant that both developed and developing nations could focus their development agendas towards eight concrete, time-bound measurable goals, allowing countries to track long-term progress over the course of the following 15 years. The year 2015, was set as the deadline for achieving the goals, which has enabled many countries to think more long-term while speeding up development progress. Although broad in scope, these goals have served as a road map and have been adapted to fit most countries' particular challenges and needs.

For the Dominican Republic the MDGs have been a unique opportunity. The commitment of His Excellency Dr. Leonel Fernandez, President of the Dominican Republic to the MDGs, politically, cross-sectorally, and institutionally¹ has been coined the "Dominican Model", which "became a tool for Dominicans and their development, giving them a sense of ownership that is intrinsically important to achieving the freedoms and rights encompassed in the MDGs and sustainable human development"².

The MDGs have been an opportunity for the Dominican Republic to gather political will at all levels of government and society and address the most pressing and basic needs, while working to make the impressive sustained economic growth of 5.5% over the last 50 years have a significant positive impact in the lives of millions of Dominican citizens. It has also been an opportunity to address these basic needs within the context of a multidimensional collective participatory process known more formally as the MDG Needs Assessment.

The Dominican Republic has gone through remarkable change in recent decades. Throughout the 20th century, the country went through one of the cruelest and most violent dictatorships in Latin America and periods of political instability. Today, it is one of the most stable democracies in the region. The government and its institutions, a strong civil society, and an ever-growing private sector are finding new ways to create accountability, new forms of participation, and new ways to ensure the well-being of every citizen by way of democracy.

¹ Gagain Jr. John R. "The Dominican Model: a 'Work in Progress' towards Sustainable Human Development", *Globalizations*, June 2006, Vol. 3, No. 2, pp. 237-243

² *ibid.*



Creating an ownership sensitive management model by way of finding the most pressing needs: The MDG Needs Assessment Exercise

In 2004, President Leonel Fernandez, created by Presidential Decree 1215-04, the Presidential Commission on the Millennium Development Goals and Sustainable Development (COPDES), the first of its kind in the world. The main objective of this Presidential Commission has been to promote multi-sectoral collaboration in order to monitor and coordinate efforts between national government, the United Nations Country Team, civil society, and the religious community towards achieving the MDGs in the country.

The Dominican Republic was selected as one of the eight official pilot countries of the U.N.'s Millennium Project—being the only country in the Western Hemisphere. The Millennium Project, created by Secretary-General Kofi Annan in 2002, was directed by Professor Jeffrey Sachs and has been charged with making concrete recommendations to U.N. Member States on how to achieve the MDGs through global Task Forces and discovering lessons learned and best practices by way of the work of these pilot countries.

The Presidential Commission (COPDES) began its work amid an internal financial crisis, which developed during the previous administration. According to the World Bank³, more than 1.5 million people fell into poverty as a result of this domestic financial crisis. In 2004, the new administration of President Fernandez was in need of bold actions to recuperate the economy. President Fernandez understood that combating poverty was to be one of his utmost priorities. The Presidential Commission (COPDES) was charged with developing a methodology that would allow the government to integrate all relevant actors and to deliver cohesive technical interventions that would help the government to make the most priority investments.

In 2005, COPDES created a series of national dialogues to assess what the country would need to achieve the MDGs at a national level. National Task Forces were formed. They were composed, not only of Ministers, but also representatives from different political parties, community and religious leaders, technicians and the heads of U.N. agencies in the country, as well as some of the Dominican Republic's best thinkers and experts.

That same year, Dr. Sachs visited the Dominican Republic to discuss progress and assess the outcomes from the national Task Forces. In a major event in the Presidential Palace with the presence of President Fernandez, Ministers of Agriculture (SEA), Education (SEE), Women's Affairs (SEM), Public Health (SESPAS), the Presidential Commission on AIDS (COPRESIDA), Environment (SEMARENA) and Public Works (SEOPC) presented their findings that included a diagnosis of the current situation, detailed interventions and concrete recommendations for fulfilling the country's needs.

³ <http://go.worldbank.org/RT0KGTIWM0>



This exercise was coined the first national MDG Needs Assessment and Costing Analysis, more formally entitled *“Investing in the Sustainable Development of the Dominican Republic”*, which put a price on achieving the MDGs. President Fernandez emphasized the importance of this process, which had equipped him and his government with real figures on “the cost of transforming the Dominican Republic in order to ensure our achievement of the MDGs”⁴. The President stated that this process was an “historic step for the public administration of the Dominican Republic”⁵. The total cost of achieving the MDGs for the entire country was U.S. \$29.5 billion between 2005-2015.

Needs at the national level were numerous and overarching, so much so that an end result was the common understanding that this exercise needed to be conducted more closely with those of whom it was actually addressing. As a U.N. Millennium Project pilot country, this was a learning process and COPDES came to the conclusion that those citizens who possess the most dire needs at the local level needed to be included in the process.

As the Office of the President of the country, an entity of the Central Government, the Presidential Commission decided to make an innovative change to its national work program. It went local. President Fernandez created the “Pueblo del Milenio” (Millennium Province) initiative. The First Lady of the Dominican Republic, Dr. Margarita Cedeño de Fernandez, launched on 30 November 2005, the initiative in the poor rural province of El Seibo, in the Dominican Republic.

Going Local: The “Pueblo del Milenio” Initiative in the Province of El Seibo

The province of El Seibo was chosen for four reasons: it was then the second poorest province of the country with almost 70% of its households living on less than U.S. \$2 dollars a day; it possesses immense natural and cultural wealth, it has tremendous development potential, and it already had community groups forming around the MDGs, thanks to the Office of the First Lady’s program “PROGRESANDO”, which actively engages extremely poor families and single mothers by strengthening family values and local civic engagement. It has since embarked on an agenda to support women’s work towards small business development.

The initiative was defined as *“harnessing leadership at the local level so that citizens themselves take control and lead the development of their region, province, and community, through a bottom-up, community-based approach to the U.N.’s Millennium Development Goals that will help identify the most pressing and direct needs as well as solutions”*⁶.

⁴ COPDES, “Dr. Jeffrey Sachs Visits the Dominican Republic”, p.27, Santo Domingo, 2005

⁵ *ibid*, p.28

⁶ Cedeño de Fernández, Margarita, “Pueblo del Milenio Inaugural Session”, Santa Cruz del Seibo, El Seibo, República Dominicana, 30 November, 2005



Seven working groups were created; Hunger and Poverty, Health & HIV/AIDS, Infrastructure, Gender Issues, Information and Communication Technologies (ICTs), Education and Environment. Two additional areas, energy and tourism, were identified by the community as critical to the development of their province. They felt that they could not effectively achieve the MDGs if those two areas were not part of the discussions.

After four general workshops and several meetings, President Leonel Fernandez officially presented the Local Needs Assessment of the province of El Seibo to former Secretary-General Kofi Annan, during his visit to the Dominican Republic in August 2006.

Ownership or President's Office?

The primary task of COPDES of the President's Office in creating ownership in El Seibo was to engage the average citizen and empower through decision-making its citizens by making everyone feel like these goals were their own.

This transition took some time, particularly because Dominicans do not feel that their voice is heard. This mind-set comes from unfulfilled promises, made by politicians, administration after administration, one presidential campaign after the other. Culture dictates that the only way to improve one's situation is to have "personal connections" or a "special relationship" with the political elite and ask for favors based on individual needs, rather than aspects that would benefit a community as a whole. COPDES wanted the community of El Seibo to translate their personal needs into a collective, cohesive list of needs that would benefit everyone in the province. This situation has affected people's level of commitment, and it has proved to be one of the main current obstacles in transferring ownership to the local level.

The process was not easy. Local authorities and the community were disconnected from the responsibility they had in the development of their province. They thought that COPDES would assume an operational role and implement the needs identified by the Local Needs Assessment rather than as a guiding advisor from the President's office. The Central Government is in a constant struggle to have the community assume the responsibility for the process to which they dedicated more than one year's work. After all, it is their province.

This journey has been an interesting one. The "Pueblo del Milenio" Initiative will continue to be an iterative learning process. The Presidential Commission will continuously find aspects to improve upon, and new ways to engage the community will arise. Globalization and technology is taking democracy and participation in a new direction and President Fernandez's Administration has made significant efforts to harness its benefits through the use of information and communication technologies (ICT) and social networks. This second phase will take the "Pueblo del Milenio" towards new levels of involvement that will revolutionize democracy by allowing citizens to participate in new and different ways.



The above collection of papers served as discussion material for the conference “Beyond Accra: Ownership and Accountability in National Development Strategies”. The views and ideas expressed in the papers do not necessarily represent those of the conference Organisers nor the organisations the authors represent. For queries regarding the collection please contact Dr. Ulrich Mueller at Ulrich.mueller@gtz.de