ODI

Politically smart, locally led development

September 2014   David Booth and Sue Unsworth

Discussion paper

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Key messages

- Aid donors have found it hard to move from thinking politically to working differently, but there is evidence that they can do so and that this improves outcomes

- In seven such cases, keys to success included iterative problem-solving, stepwise learning and brokering relationships to discover common interests

- These interventions were politically smart – not just well-informed but astute in their way of working

- They were locally led – focusing on locally salient issues and harnessing the local capacity to discover sound yet feasible solutions

- These experiences could be replicated and taken to scale

- But donors would need to abandon practices that assume development progress to be simple, predictable and deliverable from the outside

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Abbreviations

ART	Anti-Retroviral Therapy
AusAID	Australian Agency for International Development
FLEGT	Forest Law Enforcement, Governance and Trade
CRC	*Centre résolution conflits* (DRC)
CSO	Civil society organisation
DDR	Disarmament, demobilisation and reintegration (of combatants)
DFID	Department for International Development
DRC	Democratic Republic of Congo
EITI	Extractive Industries Transparency Initiative
ESP	Enabling State Programme (Nepal)
EU	European Union
G8	Group of Eight
GBV	Gender-based violence
HIV	Human Immune-Deficiency Virus
ICAI	Independent Commission for Aid Impact (UK)
IDP	Internally displaced person
INGO	International NGO
LAMP	Land Administration and Management Project (Philippines)
MEDG	Monastic Education Development Group (Burma)
NGO	Non-governmental organisation
RDIF	Rights, Democracy and Inclusion Fund (Nepal)
TAF	The Asia Foundation
UK	United Kingdom
UN	United Nations

USAID	United States Agency for International Development
VPA	Voluntary partnership agreement
WORLP	Western Odisha Rural Livelihoods Programme (India)

Executive summary

This paper is a contribution to ongoing debate about the need for donor agencies to think and work more politically. It presents seven cases of aid-funded interventions that show how donors have been able to facilitate developmental change 'despite the odds'. The central message is that donor staff were successful because they adopted politically smart, locally led approaches, adapting the way they worked in order to support iterative problem-solving and brokering of interests by politically astute local actors.

The seven cases addressed different types of problems, in different contexts. All the interventions resulted in some tangible, short- or medium-term benefits for poor people. In all cases, there is evidence to suggest that the approach adopted was the critical factor in achieving these results. The interventions were also demonstrably more effective than comparable efforts to address similar problems in similar circumstances.

The cases fall into three broad groups:

1. A rural livelihoods programme in western Odisha, India; two cases of economic reform in the Philippines; and a programme supporting the disarmament, demobilisation and reintegration of ex-combatants in DRC. These all addressed relatively well-defined problems and adopted iterative, politically smart approaches to finding and implementing specific solutions to them.

2. The FLEGT Action Plan to reduce illegal logging addressed a problem that was large-scale, complex and initially only broadly defined. The team used politically astute, iterative approaches to identify and define an effective strategy, and subsequently to explore and negotiate more specific solutions including locally led voluntary partnership agreements with timber-producing countries.

3. Programmes in Burma and Nepal were initiated in very challenging, volatile political environments where donors used locally led, iterative approaches to identify effective entry points, and to adapt to rapidly changing circumstances. The programmes were designed to find ways of engaging with the politics, as the key to progress in the medium term, but did so by facilitating local actors to organise around and pursue issues of salience to them.

In all the cases, iterative problem-solving, stepwise learning, brokering relationships and discovering common interests were key to success, allowing actors to understand the complex development challenges they faced, identify and negotiate ways forward, and find solutions that were both technically sound (if not optimal) and politically feasible. The cases thus have much in common with other approaches advocated by researchers and practitioners with the aim of improving aid effectiveness, including problem-driven political economy analysis (Fritz et al., 2014), a 'good fit' approach to governance improvement (Booth and Cammack, 2013) and problem-driven iterative adaptation (Andrews, 2013). The call for politically smart, locally led approaches highlights the changes that donors need to make to their own thinking and practices in order to act as effective facilitators of development change. They need to be politically informed and astute to assess the scope for change, and to make good choices regarding issues to work on and partners to work with; and they need to allow local actors to take the lead in finding solutions to problems that matter to them.

The cases show that donor staff can work – directly or through partners – in ways that we call politically smart and locally led if the political and bureaucratic environment within their own agencies is supportive. In all the cases, flexible funding arrangements facilitated iterative approaches to project design and implementation, and aid was deployed strategically as funding requirements emerged. Donors made long term commitments, with good continuity of staffing. Conversely, the cases underline why significant aspects of current practice undermine iterative, local problem-solving. These include a focus on achieving direct, short term results based on project designs that over-specify inputs and expected outputs; pressure to spend that makes relationships with

partners aid-centric and allows insufficient time for iterative learning; and squeezes on expenditure deemed 'administrative' which, when coupled with high staff turnover, impede the acquisition of in-depth political knowledge and the application of skills.

Politically smart, locally led approaches are not mainstream practice, but neither are they rocket science. They have much in common with good policy-making anywhere; indeed it is a measure of how detached the aid business has become from everyday reality that we should consider any of the seven cases remarkable. An obvious first step is for donors to change the practices and procedures (some of relatively recent origin) that directly impede iterative problem-solving. This would increase the chances that innovative, committed individuals could find sufficient room to work flexibly and opportunistically within the current system. However, for politically smart, locally led approaches to become the norm, a more radical shift is needed in the way donors conceive development challenges and their role in addressing them. They need to abandon oversimplified concepts of 'ownership' and 'partnership', and unrealistic assumptions about the scope for outsiders to lead transformational change. Moreover, politically smart, locally led approaches will not work if they are under-resourced or pursued half-heartedly; iterative problem-solving that is not locally led, or attempts to bolt political economy analysis onto conventional practice, will have limited impact. On a more positive note, the cases suggest that donors, as outsiders, can sometimes be particularly well placed to stimulate change and facilitate constructive local problem-solving, providing that they combine technical knowledge with politically smart ways of working and look for opportunities to make strategic use of aid.

1 Introduction

Western development agencies increasingly acknowledge that aid is more likely to be effective, and less likely to do harm, when it is politically well-informed. Yet getting better informed and analytically more sophisticated about the political dimensions of development has proven easier than finding ways of using aid that are consistent with the insights gained. While donors may have come to recognise the central role of politics in development, this has been at best an 'almost revolution' (Carothers and de Gramont, 2013). They have found it hard to move from thinking politically to working differently (Rocha Menocal, 2014).

There is a growing demand from staff of donor agencies for examples of what 'thinking and working politically' entails in practice. They are also looking for evidence that it is feasible and that it does indeed produce better results than more traditional, politics-blind aid programming. In much of the discussion, until now, the evidence base has seemed rather slim.

This paper has been written as a contribution to the debate. It presents seven cases that show how donors have been able to achieve better outcomes by thinking politically and working differently. The case material suggests that one reason why it has been hard to find evidence that such approaches work is that those looking for evidence have not been looking in the right places. The best examples of the potential of thinking and working politically may not be ones where formal political analysis is used to contribute to better programme design, or where donor staff themselves act in a radically different way; and they may not be interventions that have political change as an objective. They may be about working with non-obvious partners, discovering ways of working that are politically astute, as well as better informed, and contributing to development in indirect ways.

The seven cases of aid-funded interventions presented below have something in common: they demonstrably achieved positive development impacts, with good prospects of being sustainable and generating potentially significant secondary effects. The paper explores the factors that contributed to this success. The aim is to add to the evidence that donors can facilitate normally difficult developmental changes within a variety of different contexts; to provide some practical examples showing the mechanisms at work and why these have achieved better outcomes than alternative, more conventional approaches; and to explore what the enabling conditions are and the implications for mainstream donor practice. The conclusion is that donor staff can work – directly or through partners – in ways that we call politically smart and locally led if the political and bureaucratic environment within their own agencies is supportive. Conversely, the paper shows how some aspects of current practice – notably an emphasis on meeting spending targets and short-term, pre-programmed results – undermine locally led, iterative problem solving.

Politically smart, locally led development has much in common with other approaches recently advocated by researchers and practitioners with the aim of improving the effectiveness of development aid. These include problem-driven political economy analysis (Fritz et al., 2014), a 'good fit' approach to governance improvement (Booth and Cammack, 2013) and problem-driven iterative adaptation (Andrews, 2013). We have chosen the strapline 'politically smart, locally led' to highlight the features that seem most significant in facilitating the more effective approaches that others have identified. 'Politically smart' refers to ways of thinking and working, whatever the objective and the specific level or arena of action. 'Locally led' is a way of underlining the importance of the tacit knowledge, relationships, capacities and motives that can be brought to bear on a problem by actors who are local in the sense of not being mere implementers of a donor agenda.

The next section explains in more detail what we mean by politically smart, locally led development. Section 3 presents the seven cases in brief, with some words about why we selected them. Section 4 discusses what we mean by success; why we think the selected interventions qualify as successful; and with what reservations and

on what basis we claim that the results could not have been obtained by more conventional – less smart, less locally led – donor action.

Section 5 then unpacks the process that contributed to the outcomes, identifying common features across all the cases. Section 6 looks at the political and bureaucratic environment within the donor agencies that enabled politically smart, locally led approaches to be followed. Section 7 considers some of the challenges involved in this way of using aid resources and sets out the implications for development policy-makers, together with some recommendations.

2 What do we mean by politically smart, locally led development?

There are two factors that underpin the case for politically smart, locally led approaches to aid interventions. The first is the proposition that development is a political process (that is, shot through with politics in the Leftwich sense).[1] It is largely endogenous and cumulative – though influenced by changing regional and global contexts; and not dictated by any universal sequences, such as those associated with modernisation theory or liberal internationalism (Root, 2013). This suggests that donors, as outsiders, can play a supportive but not a leading role in facilitating progressive change. The second factor is that developmental challenges are complex, in the technical sense of the term (Ramalingam, 2013), and processes of change are accordingly unpredictable. While we have bits and pieces of evidence about how development has happened historically, there are also many unknowns. This implies that whoever aspires to facilitate progressive change needs to be committed to an active learning process, working iteratively and opportunistically, and adapting the approach to experience and events.

Politically smart, locally led approaches offer a way for donors to adjust the way they work to these fundamental propositions about the nature of development.

By **politically smart** we mean:

- *Politically informed* – this includes a sense of history (awareness of what has happened previously in a particular country and in the world); and some in-depth understanding of country and sector context, including embedded structures, local informal institutions, relationships and actors. Donors and their partners need to be armed with the best *knowledge* they can muster about local political economy dynamics (and this needs to be constantly renewed, not limited to undertaking formal analysis as a one-off exercise).
- *Politically astute* – this refers to ways of working that use information about the politics (including political economy) with intelligence and creativity. Donors or their partners need political *skills*. That is, they must be not just well-informed but clever operators, with the capacity to work *with* the politics or *around* them according to what works best in the context. Political skills may be harder to acquire than political knowledge. In the case of donor staff, the most important political skills may be those involved in devising funding and management arrangements for third parties who are more politically informed and astute than outsiders can ever be.

By **locally led** we mean:

- i) *Locally owned* – that is, focused on issues and problems that have local salience, both for potential beneficiaries and for at least some individuals and groups with the power to support, influence or block change. Of course, the donor agency brings its own values and objectives to the development enterprise, and these will inform the choices it makes. But research and experience point conclusively to the importance of a reform agenda being locally owned – and not just in the narrow, technocratic Paris Declaration sense. Addressing development problems as they are posed in context, with the resources available in that context, is a crucial first step in identifying development interventions that have the desirable combination of impact and tractability.

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[1] 'All the activities of conflict, cooperation and negotiation involved in the use, production and distribution of resources, whether material or ideal, whether at local, national or international level, or whether in the private or public domains'.

- ii) *Locally negotiated and delivered* – this means giving priority to local leadership and local capacity in the search for solutions to contextually identified problems (Peace Direct, 2012). For obvious reasons, locals (broadly defined) are more likely than outsiders to have the motivation, credibility, knowledge and networks to mobilise support, leverage relationships and seize opportunities in ways that qualify as 'politically astute'. Deliberation and negotiation in local networks and organisations are essential in reaching an adequate understanding of complex development problems, and in finding ways of addressing them that are practical, appropriate and sustainable.

Political understanding, political skills and locally led approaches need to be deployed alongside a wide range of more traditional expertise to find ways forward that are both technically sound (though not necessarily optimal) and politically feasible. Politically smart approaches are not a substitute for a social science understanding of such issues as the social effects of different patterns of economic growth or the key determinants of public health. But they are crucial to making good judgements about the pace and kind of progress that it is realistic to expect in a given context and to making good choices about what to work on, whom to work with, how to set about it and how to assess progress.

People outside the aid business might wonder why any of this is a big deal. Most good policy-making requires iterative, adaptive approaches to support stepwise learning, and to identify and negotiate solutions that are relevant and feasible in a particular context. Where only domestic actors are involved, many will have tacit political knowledge and access to networks that support politically astute ways of working. However, donors seeking to influence policy-making as outsiders need to make deliberate efforts to be politically informed and to prioritise local leadership. They have not often done so because aid and relationships with countries dependent on aid have traditionally given them some leverage, encouraging false assumptions that they can bypass local politics and policy-making processes. In that sense, the appeal in this paper for donors to adopt politically smart, locally led approaches is a long overdue wake-up call.

The cases discussed below show that donor agencies can do this work – it is not rocket science. In all the cases, we find some combination of donor actors showing a higher level of political awareness and astuteness, including appreciation of the implications of uncertainty, and operators embedded in the local environment in a way that enables them to chart a course though the complexities of a particular change. Moreover, they have been able to do this in a range of different contexts and in relation to a wide variety of different development issues. Conversely, the cases highlight why these experiences are exceptions. Many mainstream donor practices work strongly against this approach, encouraging poor choices based on imagined universal solutions and international 'best practices'. Such practices undermine local ownership, initiative and capacity to find solutions.

3 The cases in brief

The seven cases were selected on the basis of personal knowledge and contacts rather than a more systematic trawl, and were subject to an initial review by an informal network of researchers and practitioners.[2] One drawback of this informal method of selection is that DFID-supported interventions are over-represented; there is no implication, however, that politically smart, locally led approaches are not being taken by other major development agencies.

The order in which the cases are presented has some significance, and they fall into three broad groups:

1. The Western Odisha Rural Livelihoods Programme, the two economic reform cases in the Philippines and the DDR programme in DRC all addressed relatively well-defined problems and adopted iterative, politically smart approaches to finding and implementing specific solutions to them.

2. In the case of the FLEGT Action Plan, the problem – how to reduce illegal logging – was large-scale, complex and initially only broadly defined. The team used politically astute, iterative approaches to identify and define an effective strategy; and subsequently to explore and negotiate more specific solutions through EU legislation, public procurement policies and voluntary partnership agreements with timber-producing countries.

3. The programmes in Burma and Nepal were initiated in very challenging, volatile political environments where donors used locally led, iterative approaches to identify effective entry points, and to adapt to rapidly changing circumstances. The programmes were designed to find ways of engaging with the politics as the key to progress in the medium term. However, while oriented towards influencing governance by building social capital and more constructive relations between state and society, they sought to do this by facilitating local actors to organise around and pursue specific issues of salience to them.

In summary the seven cases are as follows:

Western Odisha rural livelihoods programme
The Western Odisha (India) rural livelihoods programme (WORLP) was a ten-year DFID-supported project (budget £32.75m), ending in 2011. It reduced poverty in four of Odisha's poorest districts by improving communities' water resources, agriculture and incomes, and piloted approaches that have been taken up by the state government and Government of India. What distinguished WORLP from other, less successful rural livelihood projects was DFID's initial ten-year commitment and long-standing involvement in Orissa/Odisha; diligent learning from previous rural livelihood and rain-fed farming projects; an iterative, participatory design process; and the nurturing and prioritisation of local ownership at all levels. An independent evaluation (ICAI, 2013) awarded it a 'green' rating.[3]

Land titling in the Philippines
The Asia Foundation (with funding from USAID) searched out, encouraged and supported a team of local 'development entrepreneurs' to find technically sound, politically feasible approaches to improving security of property rights in land. A small legislative change in 2010 achieved a huge increase in residential land titling, with potential for wider economic and social benefits (Chikiamco and Fabella, 2011; Booth, 2014).

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2 The record is at http://www.thepolicypractice.com/papers/PoliticallySmartLocallyLedDevelopment.pdf
3 'Green' is ICAI's top rating and indicates that the programme performed well overall against ICAI's criteria for effectiveness and value for money.

Tax and health reform in the Philippines (the sin tax)
The Asia Foundation, with flexible funding from USAID and AusAID, identified and supported a self-starting team of local reformers to tackle a steady decline in revenue from excise taxes on alcohol and tobacco. The reform team coordinated a broad coalition of interests and, in the face of strong opposition, secured the passage in 2012 of Republic Act 10351. This closed loopholes in previous legislation leading to an 85.6 % increase in revenue from the relevant excise taxes in 2013, much of it earmarked to subsidising health insurance for poor people (Sidel, 2014; Booth 2014).

Disarmament, demobilisation and reintegration in DRC
Peace Direct has been supporting an innovative approach to DDR in North Kivu since 2008, led by local NGO Centre Résolution Conflits (CRC). The approach emphasises reintegration, not disarmament, as the entry point for sustainable demobilisation and sees DDR as part of wider community development efforts. It appears to be achieving significantly better outcomes than alternative (much more costly) DDR programmes and is starting to influence international approaches and to scale up its efforts (Gillhespy and Hayman, 2011).

The EU's Forest Law Enforcement, Governance and Trade Action Plan
The EU's Forest Law Enforcement, Governance and Trade Action Plan (FLEGT) seeks to reduce illegal logging and trade in illegally logged timber by excluding illegal timber from the EU market and improving forest governance in timber-producing countries. The Action Plan adopts a multi-faceted approach, including tougher public procurement policies in EU member states; EU legislation making the handling of illegal products a criminal offence and requiring timber importers to exercise due diligence; and voluntary partnership agreements (VPAs) between the EU and individual timber-producing countries. Under VPAs, local stakeholders define what constitutes 'legal' timber, and governments create systems to license exports, which are backed up by independent audit and third party monitoring. The case is a particularly interesting example of how changes in the external environment can help stimulate local change. The UK government, and especially a small group of DFID forestry advisers, played a high-profile role in conceiving, negotiating and implementing the FLEGT Action Plan (Unsworth, 2014).

Pyoe Pin in Myanmar/Burma
Pyoe Pin in Myanmar/Burma was initiated by DFID in 2006 to explore ways of supporting nascent civil society groups using a salient 'issue' as an entry point around which a broad range of stakeholders – including influential interest groups – might come together. The programme (phase 1 budget £4m, phase 2 £12.8m) facilitates the creation of 'issue based' networks and coalitions and provides them with practical help to pursue tangible outcomes (improved rice marketing, policy changes relating to HIV, improved quality of monastic education). It also aims to achieve less tangible outcomes, including building social capital, with the longer-term aspiration of building political capital and supporting democratic transition.

The Enabling State Programme in Nepal
The Enabling State Programme in Nepal was a 13-year, DFID-supported programme with a budget of £33m. It ended in December 2013. It sought to address issues of weak governance and social and political exclusion that research had identified as underlying causes of conflict and poor development outcomes. It took a long-term perspective, working through a team of politically astute, well-connected Nepali staff and providing very flexible funding to a wide range of groups, including many hitherto unreached by aid programmes. It achieved tangible benefits for poor people and helped shape specific government policies as well as contributing to more inclusive electoral arrangements. It is also widely recognised as having made a significant but less tangible contribution to shaping a more inclusive political system (Brown et al., 2013).

4 Assessing results: what counts as success?

Advancing the discussion about the potential gains from thinking and working politically calls for, among other things, more and better evidence that results can be obtained with this approach which have typically not been obtained with more conventional aid interventions. Until now, this has been problematic for two main reasons.

First of all, formal evaluations, if undertaken at all, often take place too soon to assess the sustainability of observed short-term changes and the likely effects (positive and negative) in the longer term. The attribution of results to aid-related causes is often challenging, as is the assessment of sustainability.

Second and more fundamentally, managers of interventions that are innovative in terms of ways of working have often paid insufficient attention to defining objectives that are susceptible to measurement, albeit *ex post*, and that withstand scrutiny in regard to sustainability and attribution. They have been satisfied with targeting broad changes in institutional relationships on the assumption that these are necessary steps towards results of a more tangible kind in the longer term. This tendency has been particularly strong, for understandable reasons, in programmes that were set up to improve development outcomes by ameliorating state-society relations and governance.

Our seven interventions addressed a variety of problems, over different time periods, and with different levels and kinds of ambition. In all cases, there has been a recent, positive, external review or evaluation; in three cases (the two Philippines interventions and the Odisha rural livelihoods programme), independent reviews were conducted two years or more after the end of aid funding. All the interventions resulted in some tangible, short- or medium-term benefits for poor people. In all cases, there is evidence to suggest that the approach adopted was the critical factor in achieving these results. The interventions were also demonstrably more effective than comparable efforts to address similar problems in similar circumstances; or (as in the case of the Burma and Nepal programmes) were pioneering in attempting to engage with the politics in a highly charged environment.

In terms of the balance between specific, measurable and sustainable development achievements – what have been called 'self-implementing reforms'[4] – and important preliminary changes in institutional relationships, our seven interventions sit at various points on a spectrum. The success of some of them is largely of the self-implementing reform type, yielding immediate socio-economic benefits, often with significant knock-on effects on institutions and governance. Several others, notably the two that are formally set up as governance interventions, have achieved tangible breakthroughs of some significance and offer useful guidance about how politically smart, locally led approaches can help donors find their bearings in very challenging, conflict affected contexts. However, their main claims to success depend on the assumption that institutional relationships have begun to shift in ways that make such breakthroughs more feasible in the future.

Case by case, the key details are as follows:

- The Odisha rural livelihoods project was independently evaluated by ICAI two years after DFID support ended. The evaluation found significant improvements in rural livelihoods, including increased income from micro-enterprises and improved land and water management: this is a striking achievement in a particularly poor part of one of the poorest states in India. Outcomes were

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[4] This phrase, coined by Jaime Faustino of The Asia Foundation in the Philippines, refers to laws or administrative decisions that are guaranteed to have impact because there are actors with both the power and the incentive to implement them. The contrast is with measures that reflect a commitment in principle to do something, but the follow-up is not guaranteed, or is only likely with a substantial further reform effort and/or further donor funding.

significantly better than in areas where the project had been only partly implemented or did not operate. They were also better than those arising from previous rural livelihood programmes in India and elsewhere, from which lessons had been learned. There are reasons to believe that at least some of these benefits will be sustainable, given the positive impact on livelihoods and success in securing the active engagement of beneficiaries. There are good prospects of continuity of project support given that the government of Odisha has taken full ownership of the project and will provide ongoing funding. There have also been positive spin-offs; the project has been highly influential in shaping design and implementation of similar programmes in the state and elsewhere in India.

- In the Philippines, the enactment in 2010 of a law on Residential Free Patents resulted in a 1400% increase in the rate of residential land titling, which is likely to be sustained. This offers the prospect of significant, direct benefits in terms of increasing incentives for household investment in property, an improved residential property market, and increased tax revenues. More indirect social and political benefits include reduced social friction and reduced vulnerability of households with insecure titles (including vulnerability to political cronyism). This approach to improving land titling has been much more successful (and better value for money) than a parallel and more comprehensive reform programme supported by the World Bank and AusAID (the Land Administration Management Program, LAMP – see Box 1).

Box 1: First-best approach to land administration reform in the Philippines

The Land Administration and Management Project (LAMP) was supported by the World Bank, AusAID and the Philippines government between 2001 and 2010. It aimed to centralise all land-related government functions in a single department and to pass a comprehensive Land Administration and Reform Act. It was formally endorsed by the government departments concerned (a condition of World Bank funding), but was unable to adapt to the obstacles that arose in the course of implementation. The reform bill became fatally stalled in Congress and the project ultimately failed to have any significant effects. It was wound up prematurely. Phase 2 of the project (2006-10) alone cost $10 million in World Bank and Philippines government support, and $28 million in bilateral Australian support.

- Also in the Philippines, the approval in 2012 of a law restructuring excise tax on alcohol and tobacco (the so-called 'sin tax' reform) has had direct, tangible benefits, bringing to an end a precipitous decline in the value of such taxes caused by loopholes in previous legislation. Under the new law, revenues increased year-on-year by 85.6%, yielding fresh revenue of some 51 billion pesos (about $1.18 billion). Nearly 80% of this is earmarked for healthcare subsidies for very poor people. In terms of both revenue gains and redistributive impacts on the public expenditure side, the intervention was markedly more successful than previous tax-reform initiatives undertaken in comparable political circumstances (i.e., a reformer in the presidency), but which adopted a more comprehensive and less politically astute approach.

- The DDR programme in eastern Congo supported by CRC appears to have been significantly more successful than the other three main approaches to DDR in DRC since 2002, including programmes implemented by the government, the UN plus NGOs, and UNDP under the World Bank's Multi-country Demobilisation and Reintegration Programme, with a budget of over $200 million (Gillhespy and Hayman 2011: 35-36). Evaluation results to date of the CRC programme are based on a small sample, but indicate that CRC delivered better outcomes in terms of reintegration: 10% of ex-combatants under the CRC programme would consider rejoining a militia compared to 58% of those in other DDR programmes and 81% of those who had received no support. CRC programmes also scored better on other indicators of sustainable reintegration, including whether ex-combatants were able to meet basic needs, had built a house, owned land and were married. Communities supported by CRC reported less fear of ex-combatants than communities not covered

by the programme, and perceptions of security were higher (although factors other than CRC support may have been at work). The evaluation also suggests that CRC-supported cooperatives are working: 96% of ex-combatants in the sample belonged to one, and 59% were involved in other community groups (suggesting a knock-on effect). Finally, international donors, including DFID and the UN, are showing an interest in CRC approaches and, therefore, there is potential to both scale these up and influence the design of programmes supported by others.

- The FLEGT action plan has produced tangible results, including the signature of six voluntary partnership agreements with timber-producing countries, and nine more under negotiation; EU legislation[5] to control illegal imports (FLEGT has also influenced landmark legislation in other major consumer countries, including the US); and stronger public procurement policies in individual EU member states. Although FLEGT timber licensing systems are not yet up and running, voluntary partnership agreements have resulted in significant policy and legal reform in timber-producing countries, with commitments of more to come. While changes in some VPA countries (for example Cameroon) are still largely confined to formal legislative measures, there is evidence in others, notably Indonesia and Ghana, of changes in practice (see Box 2). More broadly, a 2010 report from Chatham House, in the process of being updated, found that illegal logging, particularly for export, had declined substantially in major timber-producing countries, including Brazil, Cameroon and Indonesia; and while this was due to a range of measures, action under FLEGT had contributed. Moreover, FLEGT has already achieved much more than previous donor-supported efforts to improve forest governance through top-down, financial and technical assistance. For example, DFID's Indonesia Tropical Forest Management Programme (1991-1999) provided finance, training and technical assistance to assist data collection and support reform of forest legislation, planning and management – DFID stopped most activities in 1999, judging it to have yielded poor results. DFID also supported a range of forestry projects in Ghana prior to FLEGT, including one to assist institutional change and improve the responsiveness and effectiveness of the Forestry Department. But (unlike FLEGT) these failed to engage with the underlying political economy dynamics in the forest sector and had limited impact.

Box 2: Impact of FLEGT Voluntary Partnership Agreements

The real test will come with implementation of timber licensing systems that are still under development. However VPAs are making an impact. For example, a recent study of illegal logging in Republic of Congo (Lawson, 2014) finds that the FLEGT VPA has been a major driver of improvements in the regulatory and legislative framework, the chain of custody procedures and allocation of harvesting rights, while acknowledging that very serious problems remain. In Indonesia, 50% of log production is covered by a local legality certification system (the SVLK), with independent audit and civil society monitoring, which is intended to form the basis for FLEGT licensed timber. In Ghana, forest laws have been clarified and public procurement policies and regulatory capacity have been strengthened. Moreover the VPA has given civil society groups an entry point to challenge untransparent practice. For example, the definition of legal timber included in the VPA provides for competitive bidding for timber utilisation contracts; this has provided the basis for a successful challenge by civil society groups to the practice of ministers making discretionary awards of such contracts through the issue of special permits.

- Working in Burma's tightly constrained political environment and starting from a low base, the first phase of Pyoe Pin (2006-2011) explored ways of promoting social and political change by bringing together coalitions of individuals and interest groups to address particular issues of social, political, environmental and economic concern. Pyoe Pin has achieved both tangible results in terms of changes to sector policies and laws, and more intangible but significant changes in the capacity of broadly based civil society groups to engage effectively in public policy-making. The Pyoe Pin

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[5] The EU Timber Regulation, adopted in 2010, came into application in 2013.

team was politically smart in identifying tractable issues with local salience around which to start rebuilding relationships of trust and cooperation, including between nascent civil society groups and parts of government (see Box 3). The programme was thus very well placed to seize opportunities that emerged with greater political openness from 2011. An independent mid-term review (Shields 2013) concluded that the programme had built confidence and capacity in a significant proportion of Burmese civil society, and demonstrated the value of more open, better-informed processes of policy deliberation. However, it should be noted that all these gains are quite fragile, and that the programme risks being swamped by the large number of donors and large amounts of aid money now pouring into Burma.

Box 3: Pyoe Pin issues-based programmes

Rice: Control by the military government over the rice market chain, together with constraints on credit, led to stagnation of output and a virtual collapse of rice exports. An opportunity for change arose in 2008, following Cyclone Nargis and a drought which exposed the fragility of many rice-growing farms. Traders, input providers and processors could all see benefits from sector reform. Pyoe Pin supported a series of measures, including farm-level piloting of credit and extension advice; a seed multiplication scheme and upgrade of local milling standards; and links with a rice trader to demonstrate the potential for exports and increased revenue. This showed that better credit and extension advice could result in very significant improvements in yield and quality, and led to the development of policy proposals for improved management of the sector. These were taken up by key stakeholders and contributed to influencing government policy, including increased credit support for farmers and the removal of barriers to the movement of rice between regions and removal of export taxes on rice.

Education: In response to low standards in the non-formal sector – on which poor people depend disproportionately – Pyoe Pin has facilitated the creation of two main groups. The Monastic Education Development Group (MEDG) brought together senior monks from all states and regions who had not previously met as a group to develop a policy framework for the sector. Yaung Zin, a teacher's education group that includes all major service delivery actors in the non-formal sector, has developed and piloted the first competency-based teacher-training programme in Myanmar. The MEDG has developed a comprehensive strategic plan that includes rolling out this competency-based training programme across the country. Both groups are now collaborating around a common agenda and are having some success in influencing the development of a government policy framework for the professionalisation of teachers in both the state and non-state sectors.

Another partner, Shalom, working with a coalition of ethnic state actors, has conducted research on problems of access to education of ethnic children, including the highly politicised issue of mother tongue language. The research has helped to advance politically neutral technical advocacy, leading to changes to the law allowing mother tongue instruction and the translation of education materials into ethnic languages.

HIV/AIDS: Since 2008, Pyoe Pin has supported the development of a network of organisations working on HIV/AIDS, which now has active members in every state and region. A specific achievement was to influence the Ministry of Health to reverse its initial position and agree to include funding for civil society organisations in its proposal to the Global Fund. The networks have also been successful in influencing the distribution of anti-retroviral treatment to townships, resulting in more effective and equitable distribution. HIV network leaders have played a vital role in delivering the national HIV response by improving prevention initiatives and strengthening treatment provision for marginalised groups, including ethnic and faith groups and sex workers. Advocacy work by the Sex Workers in Myanmar network has succeeded in changing the criteria for access to ART, allowing sex workers to receive treatment. Recently, by working with other actors and drawing on their convening and political skills, the seven HIV networks helped secure revisions – through inclusive public consultation – to a new draft Association Law affecting civil society organisations. This has provided a positive model for open and informed policy development in Myanmar.

Media coverage of issues targeted by Pyoe Pin, including HIV, EITI, Rule of Law, land and forestry has increased significantly, with journalists trained by the programme becoming active writers on the topics covered. Research into print media coverage between 2011 and 2013 found that the number of journalists covering the issues had increased in each subject area as well as the number of journals covering the topics. The calibre of reporting is improving, with more citations from a wider selection of sources and with a more critical voice in the media.

- Nepal's Enabling State Programme (ESP) operated in a highly polarised and volatile political environment over a period of 13 years, seeking ways to address issues of weak governance and social/political exclusion. Starting in 2001, the DFID office in Nepal undertook intensive analysis and research which identified exclusion as a major underlying cause of the Maoist insurrection, civil conflict and weak social and economic development. While ESP was guided by an overarching, strategic objective of reducing social and political exclusion, it deliberately adopted iterative, experimental approaches to finding effective entry points and worked with a wide range of local partners. The impact was cumulative and progress over the life of the project was uneven. It is therefore challenging to assess its achievements, and in particular to identify tangible results and trace the processes that contributed to them. Nevertheless, a series of independent evaluations point to ESP having been a major player – along with others – in helping to shift the 'rules of the game' in the direction of greater social and political inclusion, as well as achieving more specific, quantifiable results (see Box 4).

Box 4: ESP's tangible results

- ESP made a significant contribution to achieving a more inclusive political system in Nepal, building on early analysis and research by DFID Nepal that identified social and political exclusion as a major source of conflict, and publications that stimulated public debate (including A Kingdom Under Siege [2003] and Unequal Citizens [2006]). More specifically, ESP support to the Election Commission and the Nepal Law Society contributed to changes in election laws in 2007; and a range of ESP programmes (including support for previously excluded groups, and for voter education as well as collaboration with the Prime Minister's Office and political parties) contributed to the election of an unprecedentedly inclusive and proportionately representative Constituent Assembly in 2008.

- ESP was pioneering and successful in reaching hitherto unreached groups, through the Janajaati and Dalit empowerment programmes and (from 2005) the Rights, Democracy and Inclusion Fund (RDIF). A 2013 evaluation found that the RDIF operated in 68/75 districts in Nepal, including very poor and remote areas, resulting in tangible benefits from improved access to resources by previously marginalised groups, and advances for women at local levels. More broadly, there has been a significant increase in the awareness of human rights among previously excluded groups; indeed, this has attracted criticism for raising expectations without generating an effective government response (although there is evidence of some improved responsiveness at local levels). A recent pushback from more elite groups specifically focused on ESP as being responsible for stimulating grassroots activism.

- Specific examples of ESP impact include piloting of single treasury accounts in 38 districts (now rolled out in all 75 districts); support for the Public Service Commission that contributed to modest but positive increases in appointments of women and other excluded groups; and provision of disaggregated data and other evidence to the National Planning Commission (ESP contributed to the chapter on social inclusion in the interim plan for 2007-2010, which recognised exclusion as one of the major causes of poverty and deprivation). ESP's Community Mediation Project was a key source of evidence and technical inputs for drafting Nepal's Mediation Act (2011). ESP support helped the Office of the Prime Minister establish a Gender-Based Violence unit and revise existing GBV-related legislation (while changes in the law have not necessarily led to changes in behaviour, addressing GBV is now firmly on the

government's agenda).

- ESP was able to keep adapting and evolving in response to a volatile political context. For example, it made a very rapid response to the crisis in 2005 brought about by the royalist coup, offering support to democratic political parties and (in collaboration with other donors) setting up the RDIF within two months. This provided an important political signal that donors rejected the coup at a time when the king was seeking international legitimacy. It also made ESP very well placed to influence policy following the overthrow of the monarchy and the Comprehensive Peace Accord.

Sources: Awasthi and Adhikary (2012), Hext et al (2013), and Brown et al. (2013).

5 How were the results achieved? Unpacking the process, and explaining success

This section aims to pick apart the process leading to the outcomes reported in Section 4, dwelling on the common patterns. Having laid out reasons for believing that the interventions produced better results than could have otherwise been achieved, we now consider *how* the impacts were brought about. We conclude that a key factor in all the cases was adoption of a politically smart, locally led approach. However, it is important to understand why these aspects of the approach enabled better results to be achieved. We consider first the contributions of iterative problem-solving and brokering of relationships, and then make the case for political smartness and local leadership.

5.1 Iterative problem-solving, stepwise learning

Resonating strongly with the evidence presented by Andrews (2013), the results were achieved by a way of working that started with a significant development problem and searched for a workable solution in an iterative, learning-oriented way. None of the initiatives started with a blueprint, applying a known solution mapped out in advance. Project management involved an element of 'muddling through' but this was purposive muddling, with definite goals in mind. It involved experimentation, but this was not random; it was well informed and strategic.

- For the Odisha rural livelihoods programme, a great deal of learning about what worked and didn't work had taken place as a result of earlier rainfed farming and livelihood programmes in India and elsewhere, and the Odisha project team benefited from good institutional learning within DFID about effective approaches to promoting rural livelihoods (reflected in DFID's sustainable livelihoods framework). The project team (a joint effort between DFID and the Odisha state government) spent a great deal of time on project design and preparation, working with potential beneficiaries, allowing them time to decide whether to participate and what priorities to include for funding in community-level micro-plans (these generated a lot of debate). Spending built up slowly, with a deliberate strategy of piloting different approaches at watershed and community levels, and testing different practices and procedures.

- For the land titling programme in the Philippines, the problem was fairly clearly identified, but how to formulate specific, attainable reform objectives was not. It took four years to find effective ways forward. Initially two subgroups were involved, exploring and abandoning several different avenues, and eventually hitting on a way of sidestepping major opposition by restricting the reform to residential land titling (so avoiding vested interests opposed to changes in agricultural land titling). Residential titling was in any case a priority, accounting for 70% of untitled land; and the reform could be implemented through a small legislative change without requiring government restructuring (so avoiding confrontation with potential opponents in the civil service and the justice sector).

- For the 'sin tax' reform in the Philippines, the reform team adopted iterative approaches in working out their political strategy and tactics. They found ways of tweaking the detailed content of the sin tax bill to align it with the strategic interests of political supporters (for example by limiting excise

taxes on a popular brand of beer). They also found ways of increasing public acceptability of tax increases by earmarking new revenue to pay for health care subsidies for poor people and public welfare spending in tobacco growing areas. As a result, the legislation eventually passed was different from the bill envisaged at the outset, reflecting the reform team's ability to respond to unanticipated events, and to make trade-offs between technical soundness and political reality.

- The DDR programme in eastern Congo built on learning from earlier approaches including a government 'cash for weapons' programme that did not work well, and an evaluation that highlighted the importance of sustainable reintegration. A critical first step was to recognise the need to build relationships of trust between the main stakeholders (militia leaders, ex-combatants and the communities to which they were returning) before attempting to design reintegration measures. The programme design evolved over time: community-led taskforces, originally created to assist negotiations with militia groups, have broadened their remit to take on support for local conflict resolution. Local radio was originally seen as a way to communicate with militia groups, but CRC revived radio clubs that quickly evolved from supporting peace-building mechanisms to playing an important role in stimulating and organising local development and self-help initiatives. They have become a focal point for village-level planning and development. Other ways in which the programme has evolved as new needs and opportunities became apparent include using ex-combatants as labour for community projects, as part of the reintegration process; equipping the task forces with greater land conflict resolution skills in order to respond to conflicts associated with the return of refugees and IDPs; and (as a response to unmanageable demand) limiting the core number of cooperative members but extending micro-finance schemes beyond the core group.

- Iterative problem-solving was central to the success of the FLEGT Action Plan. The core team, with strong leadership from DFID foresters, worked for over a decade to find an effective entry point for tackling illegal logging. They learned from the limited success of previous forest governance projects in Indonesia and elsewhere; from failure of multilateral approaches (for example at the Rio Earth Summit in 1992); and from attempts to achieve sustainable forest management through voluntary codes of practice. This experience, combined with targeted research and networking, informed two critical decisions: to support the multipronged approach embodied in the EU's FLEGT Action Plan (combining public procurement policies, EU legislation and voluntary partnership agreements) and to identify the legality of timber harvesting and production rather than sustainable forest management as the main entry point and focus for action. The design of VPA processes emerged through iterative negotiation with partner governments and these are still evolving. Biannual stakeholder meetings at Chatham House together with a comprehensive website on illegal logging were particularly important in nurturing learning and problem-solving in a neutral and non-threatening forum.

- The Pyoe Pin programme deliberately avoided pre-defining the sectors in which it would work; the approach was designed to identify locally salient issues as an entry point around which a broad range of stakeholders – including influential interest groups – might come together. It applies iterative approaches, supported by political economy analysis, to identify issues around which to mobilise coalitions. These bring in people with a deep understanding of the issues, while the range of different stakeholder perspectives generates debate and ideas, and stimulates problem-solving. Programme management supports the process through a range of activities including funding for networking, research studies to provide evidence, study tours to learn from regional experience, and piloting to demonstrate potential benefits (for example, from changes to rice marketing policies or from community forest management). Piloting can also provide a good way of limiting the perceived threat to vested interests while encouraging support from potential beneficiaries.

- Many ESP interventions in Nepal started with very small scale, exploratory initiatives to identify problems and opportunities, and to bring different groups together, using small amounts of 'seed' funding to support research and networking. There was a deliberate policy of piloting interventions before scaling them up to larger projects: good examples include the single treasury accounts (see

Box 4 above) and the Community Mediation Programme. The latter started on a small scale, working to integrate alternative dispute resolution in several of Nepal's most conflict-affected districts, and expanded in scope and geographical coverage (eventually covering 10 districts) over several phases lasting nearly a decade. But more generally, the ESP itself evolved from an initial focus on a more conventional good governance agenda in 2001 to becoming increasingly concerned (especially after the royal coup in 2005) with the underlying causes of conflict. They worked in iterative ways, seeking to address multiple aspects of social and political exclusion through a wide variety of different partners and approaches at national and local levels.

5.2 Brokering relationships, discovering common interests

A lot of iterative problem-solving involves building relationships with major interest groups, so there is overlap between this and the previous subsection. But, brokering relationships and building alliances around common interests were such critical activities in all seven cases that they merit some separate discussion. What is particularly striking is the amount of time and effort invested in these processes, and the skill and persistence with which they were pursued. For example:

- As already noted, DFID managers of the Odisha rural livelihoods programme invested heavily from the outset in building relationships with project beneficiaries and local NGOs. They also spent time creating genuine partnerships with Odisha programme managers, involving them in all stages of design and including them in a visit to London to seek formal approval for the programme. More broadly, they made extensive efforts to build and sustain engagement and support from state and national government officials, working through formal and informal development and diplomatic networks, and hiring recently retired, senior government officials to support design and help build trust and credibility.

- For the Philippines 'sin tax' reform, the alignment of forces was extremely polarised between opponents, including tobacco companies and others benefiting from the status quo and those pressing for reform (in the final Senate vote, the bill was approved by 10 votes to nine). The core reform team supported by The Asia Foundation played a pivotal role in coordinating a broad-based campaign of potential supporters, building alliances and making tactical decisions about how to divide the opposition. They made common cause with the anti-smoking movement and reformist medics, built tacit alliances with carefully selected business interests, brokered compromises with politicians linked to a local beer company, and negotiated concessions to 'pork-barrel' interests in tobacco growing areas. In other words, they worked with the realities of the country's political system, not just around them.

- Re-establishing relationships of trust within communities affected by conflict, and between receiving communities, local officials, and militia groups is central to achieving reintegration of ex-combatants in eastern Congo. For example, CRC staff invest an enormous amount of time in establishing trust and credibility with militia groups, first identifying a militia leader's own contacts and allies, then using them as intermediaries, and following that up with intensive one-to-one relationship building with the leader himself. All this happens before any work is started to negotiate the return of ex-combatants with community groups, or organise income-generating activities. Intensive relationship building – including relationships between receiving communities and ex-militia members – has to be sustained over time. CRC also manages other critical relationships with local government and UN organisations responsible for disarmament and demobilisation.

- The core group leading on the FLEGT Action Plan made persistent efforts for over a decade to build long-term alliances and relationships between different ministries within the UK government; with governments of major timber-producing countries (especially Indonesia); with governments of G8 and EU timber-consuming countries; with different directorates within the European Commission; with environmental and development INGOs; and with the private sector. The team used innovative, iterative approaches to test the scope for building alliances (for example seconding

a member of DFID staff to the UK Timber Trade Federation, and bringing a delegation from the Chinese state forestry administration on a study tour to Europe in 2008, leading to a long-term partnership to help build more robust timber verification systems). These intensive efforts to build and sustain relationships were central to securing support for new legislation and policy change as well as brokering compromises.

- The theory of change underpinning the Pyoe Pin programme is rooted in the idea of bringing together and facilitating joint action between different interest groups, including NGOs, faith groups, professional and academic organisations, business interests, government officials, and (more recently) parliamentarians. For example, in 2012 the Land Core Group brought together for the first time civil society and government officials in a national dialogue on land tenure and land use rights reform. Pyoe Pin support has facilitated networks involving different ethnic and faith groups to improve HIV prevention and treatment for marginalized groups in remote areas. Coalitions do not necessarily consist of like-minded groups, except in the sense that they have overlapping interests in resolving a particular problem; indeed, contestation is often part of the process. Coalitions can range from loose groups of individuals who meet regularly to much more formal and structured civil society networks. Efforts are always made to build links to decision-makers or other people with authority and influence, making use of personal contacts, family networks and trusted insiders (for example, retired officials). Coalitions can also foster links between individuals who are regionally dispersed, such as the Monastic Education Development Group (see Box 3 above).

- The DFID office in Nepal was itself unusually well networked with local actors including party politicians, the military, the police, human rights activists, journalists and individuals close to the King. The purpose was to inform DFID's overall programme and to help shape an international response to the conflict. The ESP team also spent a huge amount of time building and maintaining relationships with a wide range of individuals and groups, including civil society organisations, journalists, business people, political parties, professional groups and government officials. They facilitated partnerships between state and non-state actors around specific issues and interests (for example, over Right to Information); sought to feed evidence from project activity into government policy and link local and national actors; and fostered relationships (for example, through RDIF) between citizens, local civil society and government at village and district levels. Relationships with government broke down following the royalist coup in 2005 and ESP was criticised for being slow in re-establishing them but overall, intensive investment in building relationships and networks was a key success factor.

5.3 Politically smart

It is largely obvious in the light of the above that the approach adopted called for, and would not have been possible without, a high level of both political information and political astuteness. It mattered that the process of finding solutions was undertaken by individuals who were both knowledgeable about, and skilled at operating in, the relevant context. It was this awareness and ability that allowed them to identify the opportunities and obstacles, and to make good judgements about what was both useful in the particular development context and likely to work.

In all seven cases, the leaders of the interventions were politically well informed and had the skills to deploy that knowledge effectively. They acquired their knowledge and skills in a variety of ways:

- DFID specifically built up its understanding of Western Odisha through detailed analysis during project preparation of the political, social and environmental situation. More generally, the project team benefited from personal experience and institutional knowledge built up over long-term engagement in the state and specifically in the rural livelihoods sector. DFID were politically astute in using their own development and diplomatic networks to build support for their efforts; they also worked through local partners who were well informed and networked.

- Project funders and managers of the Philippines land titling and sin tax programmes and of the DDR programme in eastern Congo worked through politically informed, well-connected local intermediaries and gave them the freedom to find their own ways of navigating the ambiguities and complexities of clientelist and post-conflict politics, and of informal institutions and relationships. When needed, the Philippine managers and their advisers could formally articulate their assumptions about the workings of the country's formal and informal institutions (e.g., Faustino and Fabella, 2014), but most of the time they drew on this understanding implicitly.

- The leaders of the FLEGT Action Plan to tackle illegal logging undertook no formal political economy analysis. They were professional foresters with long personal experience of living and working in tropical timber-producing countries, including in remote areas away from capital cities. They drew on this experience as well as specially commissioned research to gain an in-depth understanding of the political economy dynamics surrounding illegal logging. They were politically astute in recognising that restricting the import of illegal timber into the sizeable EU market offered a way of changing government and business incentives in timber-producing countries. They were also smart in seizing opportunities to put the issue on the international agenda and building extensive networks and personal relationships with a wide variety of stakeholders (see subsection ii above).

- By contrast, the project managers of Pyoe Pin in Burma made extensive use of formal political economy analysis at country level to identify salient development issues. This was followed by filtering to produce a shortlist and further local level analysis and consultation to understand local perceptions and political economy dynamics around a specific issue. They were thus politically informed and astute in selecting tractable issues with local salience around which to help assemble broad coalitions of interest groups to pursue reform. Project Managers actively contributed to the research and to development of political economy analysis in order to share insights as a team and support synergies between coalitions.

- With the eruption of violent conflict in late 2001, the DFID office in Nepal was itself increasingly involved with politics and well informed about the political situation. It embarked on an unprecedented programme of analysis and research into the underlying causes of the conflict, including the political, economic, gender and ethnic dimensions, as well as the impact of DFID programming. This research helped to refocus the work of the ESP team away from good governance and towards the critical conflict issues. They were able to recruit a number of well-informed, very well-networked (elite) Nepali staff (some of them high ranking former civil servants) who also proved to be politically astute operators. In particular, they were skilful in navigating a highly charged political environment (especially in 2005-6) and in seizing opportunities (from 2007 onwards). ESP undertook continuous analysis and research including a great deal of contextual analysis at the early stages of exploring project opportunities.

5.4 Local leadership

In all seven cases, the interventions addressed issues with real local salience and the solutions were locally negotiated and delivered because project managers allowed local actors to take the lead. Formally, this happened in a variety of ways and made use of different funding and management modalities, but across the cases there was a common willingness of the ultimate funding body to take a back seat. Donors provided external stimulus and had their own vision of the kind of change they were seeking to support, but they avoided dominating either the agenda (in the sense of specifying what to do) or the process (specifying how to do it). This was critical in freeing the front-line personnel to explore pathways towards changes that were both worthwhile and tractable.

There is more than one way a donor organisation can kill off the ability and motivation of local actors to assume the lead in this way. One, obviously, is to design a programme in detail and to hire a local organisation to do the implementation. Another is the standard approach to supporting civil society organisations to undertake 'demand side' governance advocacy, such as the challenge fund model where CSOs bid for funding within a donor-defined framework. Although the funder under this type of arrangement may believe it is taking a back seat, the

competitive scramble for funding means almost inevitably that proposals will come from 'usual suspects' who share a donor agenda; will be based on second-guessing what the donors are likely to support; and will not foreground a 'searching' approach, even if the organisation in question knows that this is the most likely to have an impact.

In our cases, the question of local leadership is not about the nationality of the front-line actors; nor is it about donor agency staff not being involved in the process. It is about relationships in which aid money is not the primary motivator of what is done or a major influence on how it is done. The donors are not just channeling money through local NGOs; the starting point is a genuine effort to seek out existing capacities, perceptions of problems and ideas about solutions, and to enter into some sort of relationship with leaders who are motivated to deploy these capabilities.

Case by case the details are as follows:

- For the Odisha programme, improving rural livelihoods was a genuinely shared objective between DFID, local NGOs, potential beneficiaries, the Government of India and the Government of Odisha (both concerned that Naxalite groups were gaining support from socially and economically excluded people). Beneficiaries were actively involved from project inception through to design and implementation, and assets were transferred to local communities at the end of the project. Local NGOs (selected through a 'let 1000 flowers bloom' approach, with subsequent weeding) provided ongoing support for community groups organised around different interests. Funding and management arrangements were designed with local ownership and long-term sustainability in mind (project management was based within the state government's Watershed Development Mission through which DFID and subsequently state government funding was channeled). The ICAI report concluded that 'it would be reasonable to view [the programme] as an Indian project, funded and facilitated by DFID' (ICAI, 2013).

- In the two Philippines cases, the problems to be addressed (the need to extend land titling and to close loopholes in collection of excise taxes on alcohol and tobacco) were reasonably clear and agreed between the donors and The Asia Foundation (TAF), the organisation through which the funds were channeled. However, TAF had considerable freedom in assembling local reform teams of 'development entrepreneurs', which took the lead in working out the specific scope of reform that was politically feasible, and the political strategies and tactics to adopt. In both cases, the teams were led by a prominent public intellectual with strong personal and political networks and an excellent understanding of technical issues. They managed tacit coalitions of supporters and engaged directly in political horse-trading in ways that no outsider would have been able to contemplate.

- Congolese NGO CRC took the lead in conceiving, designing and implementing the disarmament, demobilisation and reintegration programme. It has built on its understanding of local social, cultural, economic and political dynamics and its local networks to broker negotiations between militia groups and the communities to which ex-combatants will return. An understanding of how problems were perceived locally led them to recognise the need to prioritise reintegration, and to use that as an opportunity to catalyse broader community development and peace-building efforts. These are supported by small task forces comprising religious and community leaders and ex-combatants which help facilitate dialogue with militia groups and by village-level cooperatives that bring together civilians and ex-combatants around livelihood issues. All rely heavily on voluntary efforts.

- The FLEGT Action Plan was unusual in that donor governments were also direct stakeholders with an interest in controlling imports of illegal timber into the EU. However, the Action Plan was locally led in the sense that illegal logging was recognised early on as a shared problem between producer and consumer countries; the decision to enter into a VPA agreement was voluntary; and the requirement that legality be locally defined respected sovereignty. Most importantly, multi-stakeholder processes in timber-producing countries, through which forest governance reform

measures were identified and new legal frameworks negotiated, were locally led. The EU designed the overall framework within which VPA negotiations took place, but deliberately avoided a blueprint approach – they did not attempt to specify the content of individual partnership agreements or manage the process (and indeed resisted pressure from northern NGOs to be more prescriptive with a view to securing specific social and environmental safeguards).

- The Pyoe Pin programme in Burma is managed by a predominantly Burmese team that plays a facilitating role in putting together local coalitions to pursue issues that concern them, with the freedom to identify their own specific objectives and ways of working.

- The Enabling State Programme in Nepal was (for most of its life) led by Nepali staff with very good local political knowledge and contacts. This helped to give it local access and credibility while retaining a close relationship with DFID advisers (it operated inside DFID until 2010). ESP was focused on the Nepali context, not on a donor-driven or normative agenda. It invested a lot of time in trying to involve marginalised groups in understanding their own situation and problems (for example involving a group of Dalit activists in an initial analysis of the situation of Dalits in Nepal and helping to convene groups of women to undertake early informal debate, analysis and joint problem-solving). ESP had a deliberate policy of reaching groups outside of Kathmandu (70% of RDIF funding was allocated for such groups) and put a lot of effort into searching for groups with good ideas but limited capacity and experience of working with donors (for example enlisting the help of students and schoolchildren to reach out to marginalised communities). The programme deliberately sought to balance maintaining a strategic vision with flexible responses to local perceptions of needs and opportunities to address them.

In summary, there were two processes that underpinned success in all seven cases: iterative problem-solving to explore the dimensions and ramifications of a problem and test possible solutions, building on earlier learning, and a huge investment in building relationships with a wide range of stakeholders to explore common interests and create alliances around them. Project leaders were able to work in this way because they were politically smart, that is, politically informed and skilled at operating in a particular context, and because the process was locally led. Crucially, the relationships in play were not primarily influenced or motivated by aid money.

There are two other factors that were important in all the cases in facilitating these ways of working. First, flexible funding arrangements supported iterative approaches to design and implementation and allowed people to respond to opportunities as they arose. None of the programmes was under pressure to meet particular spending targets or timetables. Secondly, in all cases funding agencies were prepared to make long-term commitments, and in many cases there was an unusual degree of staff continuity.

5.5 Flexible, strategic funding

This was a key condition allowing local programme leaders to work opportunistically and adaptively within a strategic perspective. For example:

- The Odisha rural livelihoods programme took four years before significant spending began. The lack of pressure to meet spending targets facilitated the highly participatory, iterative approach to programme design.

- In the two Philippines cases, the funding modality was critical in facilitating politically smart, locally led approaches. The USAID funding was given to The Asia Foundation under two cooperative agreements supported by flexible grants (this was in contrast to USAID funding arrangements used for other projects that were based on competitive tendering and pre-programmed project objectives). The Australian funding that supported the final phase of the 'sin tax' work benefited from the flexibility and scope for development entrepreneurship that were built into the Coalitions for Change programme. These funding modalities gave TAF considerable freedom to identify and manage a strongly motivated group of reformers, with relationships based on mutual trust and respect; while there was formal and informal accountability, the intermediary role played

by TAF protected the front line reform teams from inappropriate donor compliance requirements, such as output scoring against pre-programmed targets.

- Funding for CRC's programme in North Kivu came from two three year grants from the Baring and Ellerton Foundations, as well as from DFID, all channeled through Peace Direct. The arrangements have been flexible and the spend very modest, averaging $153 per former combatant compared to an estimated average of $1,434 per head for other DDR programmes.[6] In addition, there are modest inputs from a range of other donor organisations for training, transport, seeds, etc. The CRC programme relies heavily on large amounts of voluntary effort: for example, task force members contribute a minimum of 4,400 hours of voluntary time per year, receiving start-up costs of $1,500 and annual running costs of $500.[7]

- The FLEGT policy-makers were never under pressure to spend given amounts of aid money. FLEGT was not aid focused but problem focused, encompassing environmental, commercial and development objectives. Small amounts of aid,[8] flexibly deployed, played a strategic role in supporting research, networking and (once the Action Plan had been agreed) civil society participation in multi-stakeholder processes and technical assistance for building timber legality assurance systems. But even for DFID staff, aid spending was never the dominant preoccupation, and it was never used to impose conditionality. Relationships between producer and consumer countries revolved primarily around trade and diplomacy, not aid.

- Funding under the Pyoe Pin programme has been relatively modest, running at under £1 million a year for phase 1 and £3 million a year for phase 2. Most of it is spent on earmarked activities by local partners. There are deliberately no 'calls for bids', and project management is alert to the risk that obtaining the money could come to displace problem-solving as the main source of motivation. One way round this is to avoid funding a single dominant partner, to make it easier for the programme to disengage if it feels that the money incentive is driving behaviour. The programme also recognises the need to manage the tension between holding partners to account for how they use the funding, while retaining local leadership and innovation.

- Overall, ESP was modestly funded (£33.3 million over 13 years) and the ESP team was not under pressure to spend given amounts of aid money. They had considerable flexibility over spending decisions for amounts up to £25,000; this was critical in enabling them to respond quickly to changing circumstances and new opportunities, experiment with new partnerships and approaches, invest seed money in small interventions – studies, workshops, training – to support emerging partnerships and networks, and contribute to public debate at critical moments.

5.6 A long-term commitment, with continuity of staffing

In all seven cases, there was a long-term commitment by the funder which was critical in supporting iterative problem-solving, stepwise learning, building relations of trust and securing local engagement. In many cases, there was also unusual continuity of donor and project level staffing.

- DFID made a ten-year commitment at the outset to the Odisha livelihoods programme – this was unusually long and critical in securing genuine buy-in from state and federal government. There was also relatively good continuity of staffing: only two Odisha government project directors and three DFID advisers over a ten-year period.

- The USAID funding to The Asia Foundation that contributed to two Philippines reforms consisted of two three-year grants with a gap in between, during which the key players continued to work

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[6] Escuola de Cultura Pau, 2008, cited in Peace Direct (2012: 57).

[7] Gillhespy and Hayman (2011: 8).

[8] Under £1 million was spent between 1998 and 2002; a subsequent budget of £3.6 million was agreed in 2002 to fund research and networking activities. It was not until 2006 that a budget of £24 million was allocated to support VPA processes over a five-year period.

without funding – not a model of long-term commitment. On the other hand, the long-term presence of The Asia Foundation in the Philippines and the permanence of its senior staffing, including the key manager of the reform support, assured continuity of the moral support and guidance to the reform teams.

- The CRC that leads the DDR programme in north Kivu has over fifteen years experience of working in the area and has had a relationship with its funder, Peace Direct, since 2004.

- The FLEGT programme has involved very long-term commitments – NGOs were active from the early 1990s; DFID has been directly engaged since 1998; and the European Commission has been involved since 2002. There was also remarkable continuity of the main people involved in the FLEGT programme. Many of the participants in the first Chatham House meeting in December 2002, including NGO activists and officials, are still involved today. The DFID team leader worked on FLEGT for 12 years, resisting attempts to move him and arguments that failure to diversify would damage his career prospects. Three other members of the DFID team are still actively engaged in FLEGT. There was also unusual continuity at ministerial level; Hilary Benn played an important role as a junior minister and subsequently as Secretary of State at DFID between 2001 and 2007, and as Secretary of State for the Environment, he was directly involved in negotiating the EU Timber Regulation from 2007 to 2010.

- Pyoe Pin has been running since 2006 and was always conceived as a long-term endeavour whose results would be cumulative.

- ESP lasted 13 years, with an unusually long initial commitment of eight years from DFID. There was good continuity of Nepali staff. As the 2013 RDIF evaluation among others noted, there would have been benefit in longer-term commitments to individual projects and project partners.

6 A supportive environment in the donor agency

In all the cases discussed, at every level of the operation, there were remarkable people – highly committed, skilled individuals – who played a crucial role in achieving successful outcomes. They were what The Asia Foundation calls 'development entrepreneurs'. However, just as important was the relatively benign bureaucratic environment within which they worked, providing them with sufficient room to innovate, experiment and seize opportunities.

A benign environment within donor agencies – one that allows entrepreneurs to pursue politically smart, locally led approaches even if donors are not actively advocating them – is important for several reasons. Iterative, adaptive problem-solving requires an underlying relationship of trust between the funder and front line operators: the funding agency must show some willingness to let go, and to refrain from detailed pre-programming. Moreover, the factors listed in Section 5 that contributed to successful outcomes were interlinked, so the environment within donor agencies needs to facilitate all the different aspects of thinking and working politically. For example, conducting formal political economy analysis and then trying to bolt it on to conventional donor-led practices will not work any more than trying to promote iterative problem-solving without also facilitating approaches that are politically smart, and locally led.

A supportive environment was achieved in some of our cases by setting up funding modalities that enabled the entrepreneurs to work at arm's length from the donor providing the bulk of the funding. This was the case in the Philippines where USAID channeled flexible grant funding through The Asia Foundation to local reform teams, providing themselves with some political cover and deniability, and leaving the teams free to adopt their own strategy and tactics. Peace Direct played a similar intermediary role in North Kivu, serving as a channel for donor funding and as the ongoing point of contact with CRC.

However in other cases relationships with the funder were much closer. The small group of foresters within DFID who provided much of the drive and inspiration for the FLEGT Action Plan had the confidence of ministers and senior officials, and enjoyed considerable freedom to work in unorthodox ways because they were trusted insiders. The project managers for Pyoe Pin and the Enabling State Programme in Nepal had close relationships with DFID advisers and administrators located in the country, who were themselves convinced of the need for politically smart, locally led approaches – no doubt stimulated by the exceptionally challenging and volatile environment in Burma and Nepal. Finally, the advisers and project managers involved in the Odisha rural livelihoods programme may have benefited from the protection provided by a professional cadre of livelihoods advisers within DFID who had developed their own practices, embodied in a livelihoods framework (although this by no means guaranteed success in the case of other livelihoods programmes).

It is not generally the case, then, that an arm's-length approach is required. Indeed, even in the Philippines examples it does not appear that providing flexible funding through an intermediary implied a lower level and quality of engagement on the part of the donor staffs than under conventional project supervision; the relationship was in some important respects not at all arm's length (Booth, 2014: 34). We are therefore inclined to place the emphasis on political and bureaucratic features of the funding environment that facilitated locally led, politically savvy, iterative problem-solving.

For the most part, political and official leaders of donor agencies were not themselves advocating politically smart, locally led approaches (a notable exception was that Clare Short, as Secretary of State for International Development, actively pushed DFID Nepal to undertake the initial research into underlying causes of the Maoist

insurrection). But they were providing sufficient flexibility to allow experienced and committed individuals to experiment, take risks, learn from mistakes and find effective ways forward. It is surely not an accident that each of the four DFID funded programmes was initiated at a time (in the late 1990s and early 2000s) when country programme management was highly decentralised, and well before recent preoccupations with spending targets, short-term results and restraint on administrative costs took hold. A good way of looking at this is to consider what kind of political and bureaucratic environment would have killed off our seven programmes or arrested their development early on. Among the obvious, killer conditions would be:

- a requirement at the outset to write a 'business case' setting out options and assessing their relative value for money, based on a theory of change that fails adequately to capture complexity and unpredictability;
- conducting a diagnostic analysis to define the conditionalities attached to a large loan;
- setting spending targets rather than allowing funding requirements to emerge;
- requiring regular progress reports against predetermined targets;
- banning funding to politically connected individuals and organisations;
- placing ceilings on the share of administrative costs in project budgets; and
- tolerating high staff turnover.

Conversely, features of the donor agency environment that were significant in facilitating success in our seven cases include funding arrangements that were sufficiently flexible to support iterative approaches to project design and implementation; willingness to make long-term commitments; and a relatively high level of continuity of staffing at various levels, permitting management based on strategic vision.

7 Challenges and implications for development policy-makers

The cases presented above show that staff of donor agencies can play a useful role in facilitating positive developmental change, sometimes in very challenging circumstances and 'despite the odds'. The processes involved – iterative problem-solving, stepwise learning, brokering relationships, and discovering and negotiating common interests – worked because they responded to the reality that developmental challenges are complex and processes of change are unpredictable. They also worked because the interventions were led by people with a very good understanding of how to operate effectively in a particular political context, and with strong personal commitment to achieving results. Donors were able to make a useful contribution because they adapted their own aspirations and practices in ways that stimulated and facilitated local policy processes without distorting or undermining them.

An optimistic message from these cases is that the processes that contributed to success are those common to almost all good policy-making – they represent exceptions to mainstream donor practice, but in essence there is nothing very remarkable about them. The Odisha rural livelihoods project is noteworthy in this respect, because its success is essentially due to the conscientious application of established good practice. However, the cases are also sobering because they underline the challenge for donor agencies of trying to influence local processes of change as outsiders, and align their policies and procedures with the demands of politically smart, locally led approaches.

As Section 6 implies, many of the impediments to more iterative, local problem-solving would be well within the power of donor agencies (and their political leaders) to address if they had a mind to, and some are of relatively recent origin. The most problematic include approaches that are aid-centric rather than problem focused; project designs that over-specify inputs and expected outputs; timetables and spending targets that allow insufficient time for iterative learning; inflexible and risk-averse procedures that inhibit experimentation and strategic opportunism; and squeezes on expenditure deemed 'administrative' which, coupled with high staff turnover, impede the acquisition of in-depth political knowledge and the application of skills. But other challenges arising from politically smart, locally led approaches may be more intractable and call for some discussion.

One obvious challenge is to reconcile the need for project implementers to work in flexible, iterative, politically smart ways over extended periods with the imperative for donor agencies of demonstrating to parliaments and voters that aid is being spent well. This is not easy, as the natural tendency for aid budget holders under political scrutiny is to fall back on the blueprint approach to project planning and contract management. This provides the appearance of a high level of control and accountability, even if largely illusory and achieved at the cost of stifling adaptive, problem-solving approaches and, therefore in many cases, delivering inferior development results. However, our cases indicate that this tension *can* be managed, under two sets of conditions. On the one hand, it helps if the starting assumptions are realistic, if results frameworks are sufficiently flexible and adaptable, if there is a willingness to rely on unconventional monitoring arrangements, and if there is sufficient trust and interest in mutual learning between funders and implementers. On the other, project managers must pay due attention to the generation of persuasive progress reports and evidence of impact, if and when possible, in addition to standard activity reports and financial accounts.

Some of our cases – for example ESP in Nepal – neglected formal monitoring and evaluation arrangements until a relatively late stage in the life of the project (although there were periodic independent reviews). This has made it harder to capture tangible outcomes. But the ESP team did undertake a lot of informal monitoring of

partner organisations that contributed to effective ongoing learning and adaptation, and were themselves subject to scrutiny through their close relationships with DFID advisers. The FLEGT VPA team was subject to standard monitoring by DFID and European Commission managements, and also to constant public and private scrutiny by a range of NGOs. However, the team could have done more to capture the impact of VPA processes, including changes in relationships and capacity which anecdotal evidence shows have been important outcomes of multi-stakeholder engagement. The Pyoe Pin project is developing self-assessment systems with peer review to support ongoing reflection and learning, and to capture qualitative changes in the effectiveness and capacity of issues-based coalitions, as well as more tangible outcomes.

The Philippines project teams faced the problem of convincing funders that their efforts were worthwhile during periods of several years while they explored options and built alliances, and before any specific legislative gains were achieved. They relied heavily on regular face-to-face contact between the frontline team, The Asia Foundation as intermediary, and USAID as the funder. This regular, informal interaction served the purpose of checking up on what was being done and why, but also helped build robust relationships of trust, and supported mutual learning – the model was that of 'peer review and challenge' rather than conventional monitoring. Personal interaction was backed by a flow of written materials from The Asia Foundation to USAID, which gave the donor a sense of progress towards an objective (and/or of necessary corrections being made) while relieving the front-line team of onerous reporting obligations. The written materials included 'stories' geared to the needs of higher-level donor management and public relations as well as conventional progress reports. Importantly, in the end, the projects were able to demonstrate large and incontrovertible impacts, thanks in part to having selected objectives with unambiguous and easily measured effects.

A second issue that poses a potential challenge for donors, and is to some extent inherent in the adoption of more iterative, locally led approaches, is the question of whether it is possible to work in this way at scale. Our cases suggest a number of answers to this. The FLEGT Action Plan shows that it is possible to use such approaches when working at a global scale, provided donor agencies are prepared to be bold and make very long-term commitments. The Odisha rural livelihoods programme is achieving impact well beyond the initial project area by influencing the design of rural livelihoods approaches at state and national level. The Philippines land titling case shows that if an issue is targeted because it has been identified as being strategic, then a small legislative change can have a massive impact. Opportunities for further scaling up, by taking implementation to local level, have been identified, but they lack funding. The Pyoe Pin coalitions are extending their reach through building vertical and horizontal linkages with other groups. The ESP had a significant cumulative impact in contributing to a more inclusive political system in Nepal. All this suggests that by working patiently and strategically over a period of time, politically smart, locally led approaches can work at scale; conversely the assumption that more conventional, top-down approaches to reform can achieve results at scale has proven largely illusory.

Our cases show that politically smart, locally led approaches are not incompatible with the need for aid donors to be accountable to their own taxpayers, and to demonstrate that aid is achieving significant impact. But despite growing rhetoric within donor agencies about the importance of thinking and working politically, this is very far from being mainstream practice. Section 6 highlighted features of the bureaucratic environment within aid agencies that were important in facilitating politically smart, locally led ways of working, and some specific procedures and practices that inhibit their adoption more widely. An obvious step would be to remove or reduce these particular obstacles with a view to increasing the chances that committed, innovative individuals will seize the opportunities created by a more flexible bureaucratic context and find sufficient room to manoeuvre. To put this more positively, donor agencies could do more to make it clear through recruitment and promotion practices that they value in-depth country experience as well as technical knowledge; could keep staff in post longer; encourage them to invest in understanding local context (through formal analysis but also by building broad relationships and networks); give them flexibility to (re)define outputs and outcomes as their knowledge of specific challenges increases; support the development of more systematic learning mechanisms and less prescriptive monitoring practices; and avoid setting unrealistic spending targets or requirements to achieve short-term, pre-defined results.

But for politically smart, locally led approaches to move into the mainstream, our cases suggest the need for a subtler, more radical shift in donor thinking and in the assumptions and attitudes that underpin aid practices. What is striking about all seven cases is the critical importance of local leadership and commitment; the

persistent efforts to pursue the nitty-gritty of policy and institutional change; and the quality of relationships motivated by shared values and interests, not primarily by the prospect of aid money. If donors are to work effectively in facilitating such processes, albeit often to some extent at arm's-length, they need to escape the artificial narrative created by the aid business. This too often oversimplifies concepts of 'ownership' and 'partnership', relies on money and 'policy dialogue' to influence behaviour and shape relationships, encourages shortcuts to inducing participation and wishful thinking about the scope for transformational change in institutional relationships. Pursuing policy and institutional change through politically smart, iterative problem-solving is an entirely different ball game, requiring donor staff (and their political leaders) to have a much stronger grip on reality outside of aid networks and capital cities, to value the genuineness (and tolerate the messiness) of locally led processes of change, and to accept that while they can play a useful role in facilitating and sometimes stimulating developmental change, they should not aspire to take the lead.

Another striking feature of the cases is the interdependence of the different factors that contributed to success. This, together with the huge investments of time and energy made by project leaders and donor staff to gather evidence, explore options, build relationships and negotiate compromises, suggests that politically smart, locally led approaches will not work if they are partial or half-hearted and under-resourced. So, iterative problem-solving led by donors, without political understanding and skill to operate in a particular context, is likely to have limited impact. Equally, donors have struggled to apply insights gained from political analysis to conventional donor strategy and policy-making processes. The relative ineffectiveness of half measures is another reason for thinking that for politically smart, locally led approaches to become more than the exception; donor agencies would need to make a fundamental shift in the way they think about development and their role in it.

On a more positive note, the cases point to some important things that donor agencies as outsiders may be particularly well placed to do. In the case of the FLEGT Action Plan to tackle illegal logging, external actors working within the context of the EU played a direct role in stimulating change by using market power to shift incentives of governments and business in timber-producing countries. In all the cases, sometimes more directly than in others, donors or the local project leaders they supported were able to play a useful and sometimes catalytic role in bringing together different interest groups and providing them with small amounts of timely support through studies, training or workshop opportunities. The Odisha rural livelihoods project demonstrates the value of really good institutional learning and is a useful reminder of the contribution donors could make by more systematically capturing lessons from practice and evaluations (not to be confused with reverting to best practice models). In Nepal, DFID, working through the Nepali led ESP team but with the status of outsider, was able to make a significant contribution to public understanding and debate about the causes of the Maoist insurrection and weak development performance. In Burma, especially before the political opening from 2011, the diplomatic cover enjoyed by the Pyoe Pin team gave them some freedom to operate and the confidence to take risks.

More generally, the cases show the value of targeted research and outside expertise (for example, constitution making in Nepal or building legality assurance systems in VPA countries), providing it is offered in the context of locally led interventions. The larger donor agencies are important repositories or channels of access to expertise on many of the technical and sectoral issues on which politically smart, locally led reforms may want to focus. They are not the only such resource, but they may be the easiest to access, especially in lower-income countries. In selecting change objectives to work on, locally led reform teams need to be concerned not only with political feasibility but also with likely impact, based on the best available evidence and theory. An approach to choosing issues with local salience that fails to draw on this sort of expertise may end up doing rather conventional things with limited effects. The cases examined underline the importance of making full use of the available opportunities for cross-disciplinary dialogue and learning within donor organisations (notably between governance specialists and institutional economists) and between project teams working in different sectors.

A legitimate question prompted by these reflections, and in particular the suggestion that donors need to find a way of escaping the unreality of current aid narratives, is how the deeply entrenched political economy incentives that shape the assumptions and practices of aid agencies can be overcome. Experience suggests that this is very challenging. However there are several reasons for thinking that things might change. One is the rapidly shifting global landscape, as aid dependency plummets and with it the leverage traditionally exercised by

Western aid donors. The second is the greater priority being given to working in fragile and conflict affected countries, where the risk of doing harm by failing to understand the impact of aid on local institutions and political processes has been recognised in influential quarters, including the OECD (Putzel, 2010). Finally, the cases presented in this paper add to a growing volume of evidence that good results can be achieved through approaches that are problem focused, politically smart and locally led, and supported by a very strategic use of aid resources. This is surely relevant to making the political argument that aid is worthwhile and to be defended even in times of budget stringency. In summary, donors need to adapt and change if they are to remain relevant in an aid environment that is increasingly competitive and unpredictable, and subject to (often unfriendly) scrutiny.

The good news is that there is nothing inherently new or esoteric about politically smart, locally led approaches that support iterative problem-solving: they have much in common with good policy-making anywhere. Indeed it is a measure of how detached the aid business has become from everyday reality that we should consider any of the seven cases remarkable. They show that donors can facilitate developmental change in very challenging contexts, but only if they are prepared to align their own thinking and practices with the uncomfortable reality that processes of developmental change are complex, unpredictable, mainly endogenous, and pervaded by politics.

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