Politics into practice

A dialogue on governance strategies and action in international development

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STRENGTHENING TRANSATLANTIC COOPERATION

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Acknowledgements

Acronyms

APPP	Africa Power and Politics Programme (ODI)
CEIP	Carnegie Endowment for International Peace
CSO	Civil Society Organisation
DFID	Department for International Development (UK Government)
DGIS	Netherlands Ministry of Foreign Affairs (Directoraat Generaal Internationale Samenwerking or Directorate General for International Cooperation)
EC	European Community
EITI	Extractive Industries Transparency Initiative
FCO	Foreign and Commonwealth Office (UK Government)
GIZ	German Agency for International Co-operation (Deutsche Gesellschaft für Internationale Zusammenarbeit)
GPE	Governance and Political Economy (Analysis)
NGO	Non-governmental organisation
NORAD	Norwegian Agency for Development Co-operation
ODI	Overseas Development Institute
OECD-DAC	Organisation for Economic Co-operation and Development - Development Assistance Committee
PEAiA	Political Economy Analysis in Action
SCAGA	Strategic Governance and Corruption Assessment
Sida	Swedish International Development Co-operation Agency
SOE	State Owned Enterprise
TIMAP	TIMAP (stand up) for Justice, Sierra Leone NGO
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

Foreword

Most development aid practitioners struggle hard to learn from experience. When results fall short they try to understand what went wrong. When progress is made, they take note of what seemed to work. All around the remarkably extensive realm of development aid, such learning takes place. Yet despite these efforts, the perception is nevertheless widespread that the aid enterprise has not attained as great a certainty of knowledge as it should have. Fundamental debates over its value are common in policy circles. The learning that has occurred is somehow more elusive than hoped for. Appealing new concepts and ideas regularly emerge but then often fade away quickly. When scrutinised carefully, many of them turn out to be merely the relabelling of ideas that were fashionable decades ago. Even lessons that do appear original, solid, and practical, end up having much less effect on aid practice than they would seem to merit. And at times different lines of learning contradict each other, confusing policy makers more than guiding them.

The insight that development aid should take politics into account deeply and thoroughly has come on strongly during the past 10 years. Of course one does not have to look hard to find references to similar admonitions in writings from the formative decades for development work of the 1960s and 1970s. Yet it seems to be achieving a greater level of attention than ever before. Aid organisations that long hesitated to speak openly about the political dimensions of their work are now doing so. Political economy analyses are proliferating in donor circles. Work on governance, which often ties directly to political institutions and processes, has mushroomed.

The promise of a more politically informed approach to development is significant. It holds out the hope of finally getting to the root obstacles that chronically impede socioeconomic progress in many countries. Some practitioners believe that the aid community may be close to embracing in practice an integrated conception of development in which political progress and socioeconomic progress are understood as inextricably intertwined. Yet it is far from certain that this promise will be realised. Understanding which elements of this new political agenda are really new and which are old ideas in new terminological clothing remains weak. Translating insights from the politics agenda into real changes in developmental practice has so far only just begun. And it is altogether possible that the lessons emerging from the politics agenda will clash with one another and fail to cohere into a usable body of knowledge for practitioners.

Recognising the critical state of this important line of thinking in development practice, the Overseas Development Institute brought together last year an engaging group of thoughtful practitioners and active thinkers concerned with politics in development to identify and discuss the key questions at hand and ahead. It was a group made of people who eschew easy answers yet believe strongly that the politics agenda in development is of fundamental importance. The results of their discussions, summarised in this report, represent a useful overview of the state of thinking about these important issues and some lines to pursue going forward.

Thomas Carothers
Vice President for Studies,
Carnegie Endowment for International Peace

Executive Summary and key messages

1. Strengthening applied political analysis

- **Significant progress has been made in recognising the need to take political context into account in development programming**. Many donors now use analytical tools and frameworks to understand the political economy of aid-recipient countries. Some are investing in political economy training to build the skills and capacities their staff need to effectively engage in the politics of development.

- Unlike more normatively-oriented assessments, **political economy analyses seek to enable donors to set more realistic operational objectives and to better manage risk**, by helping them to understand power structures and the interplay of political and economic incentives in aid-recipient countries.

- **The use of political economy tools and frameworks should lead to new ways of working, but there has yet to be a significant shift in development practice**. Lessons from first- and second-generation tools suggest that it has been difficult to translate analysis into concrete operational actions, and that there is a need for more focused and demand-driven approaches.

- **Recent innovations in the use of political economy analysis hold promise for overcoming these challenges to putting politics into practice**. Donors are increasingly interested in applying political analysis to the sectoral level and to specific operational problems. New frameworks have been developed that both provide a common approach and allow donors staff the flexibility to tailor the analysis to the particular problem or context. These suggest that **tailored, discrete and problem-focused approaches are better able to identify feasible interventions**, in addition to explaining constraints and challenges.

- **This focusing of political economy analysis at the national and sub-national levels has been accompanied by a broadening of its scope to the international level**. Increasing understanding of the international drivers of good and bad governance in developing countries could improve the effectiveness of existing global initiatives and suggest new ways of working that will bring together coalitions for reform. Success in this area will require bilateral donors to foster genuinely cross-government relationships.

- **Political economy analysis needs to continue to evolve so that it better articulates the operational implications of its insights**. This may mean adopting more problem-focused approaches, improving quality and consistency through the development of common standards and approaches, and documenting examples where more politically informed programming has led to better results.

2. Uptake of findings from research and evaluation

- **The ability of research programmes and large evaluations to generate systematic findings, and to get them taken up in the relevant communities of practice, is a critical issue**. To achieve more politically informed programming, exercises in applied political analysis need not only to draw on country- or sector-specific understandings, but also the generic knowledge and theories of change generated by research programme and large evaluations. The increased level of funding for governance and political research and evaluation is therefore another sign of donor commitment to this agenda.

- **Evidence-based knowledge about the politics of development questions whether existing aid approaches are fit for purpose, and suggests that donors need to radically change both these and the ways that they work**. The dominant 'good governance' approach to politics in developing countries has been widely critiqued for its use of ideal models and technocratic 'best practice' solutions that take insufficient account of political realities.

- **Donors need to support forms of governance that are 'good enough' or that achieve 'best fit' with the political and social realities of aid-recipient countries**. A growing body of research now shows that informal power and personalised rule is both widespread and subject to only gradual change, suggesting that it is a reality that donors need to engage with rather than ignore. At the same time, research is indicating that institutional and economic progress *can* be achieved even when there are ongoing challenges to governance.

- **Donor-funded large-scale research programmes are generating findings that suggest what a 'good enough' or politically informed approach might look like in practice**. The Africa Power and Politics Programme is making the case that some forms of neo-patrimonialism have achieved substantial economic growth and poverty reduction. Case studies from the Centre for the Future State show that a more realistic approach to improving social accountability depends on building the linkages across the state-society divide that are critical to success.

- **For uptake to be improved, researchers must learn to express their findings in propositions and recommendations which are useful to policy**, and to better communicate these to policy makers and programmes.

3. Overcoming constraints to more politically informed aid

- **Donors are likely to find it difficult to absorb and act upon some of the policy messages being generated by political economy analysis and research**. The need for researchers to better articulate policy-relevant messages partly explains the limited success in translating political economy insights into changed practice. However, donors also face significant challenges in responding to this agenda, and these will require a concerted response if donors are to change their practice in ways that produce more politically informed programming over the longer term.

- **Some policy messages are ideologically challenging for donors**. Some of the institutions that research suggests are likely to best work with local and social realities to generate economic growth and poverty reduction over the short- to medium-term can challenge dominant ideological approaches to governance and associated theories of change. However, the emergence of a wider range of development actors are already altering incentives for OECD DAC donors and this may encourage further reflection on the efficacy of institutional blueprints. Better understanding of political realities may also help to build common ground and 'mutual respect' across this increasingly varied group of development actors.

- **Addressing the internal incentives that militate against more politically informed programmes should be a priority for donors**. Internal organisational incentives and cultures in donor agencies are among the most significant obstacles to putting politics into practice. Information asymmetries, rapid staff turnover, pressures to disburse aid and to 'do more with less' staffing, as well as the need to comply with reporting requirements and demonstrate effectiveness can also prevent more realistic and politically feasible ways of working. Many of these incentives are particularly acute in fragile contexts.

- **Political economy advocates should embrace the results agenda and communicate the critical importance of more politically informed strategies to achieving better results**. In a climate of fiscal austerity, many donor countries are exercising greater scrutiny of the results of development assistance. There are concerns that this trend will impact negatively on governance work, where results tend to take longer to achieve and can be harder to quantify. Rather than being at odds with the growing momentum to demonstrate results, however, robust political analysis is the natural ally of good design and evaluation practice – and therefore results. These approaches can ground programming in more plausible theories of change, which enable the identification of measurable intermediate milestones towards the achievement of feasible reforms.

- **Successful deployment of more politically informed strategies for development requires communication and outreach with a broad set of actors**. The politics into practice agenda has remained confined to a relatively small vanguard within development agencies. A wide range of actors contribute to development progress, including sector specialists, other government departments, the private sector, NGOs, and the media. Donors need to engage with these – not least because some of these actors may have the skills, such as negotiation and brokering, called for by new aid approaches.

- **The development of strategies for engaging with Northern parliamentarians and general publics are particularly pressing**. There are signs of growing public scepticism regarding international aid budgets, and of fragile political consensus on aid. This means that greater political debate about aid is unavoidable. The prevalent model of communication, based on moral obligation and charitable giving, has led to 'broad but shallow' public support and left aid vulnerable to examples of failure and charges of waste. More and better communication, bringing public opinion progressively towards a more realistic understanding of development processes, is therefore desirable. Parliamentarians could become key allies in communicating with the public.

4. Putting politics into practice: the way forward

There is now growing acceptance that development interventions are more effective when they take account of political context. The next big challenge for the politics of development agenda is to improve its operational relevance and uptake. Priority actions identified during the conference include:

(i) **Provide clearer policy and operational implications**
- Continue to refine political economy tools and frameworks to increase their operational relevance. At present, this seems to be most achievable when analysis is conducted at the sector level, focusing on specific problems and driven by agencies' operational staff.
- Better articulate the policy implications of political analysis, research and evaluation by researchers, and clearly communicate these to policy-makers.

(ii) **Improve organisational incentives**
- Provide more intensive staff training to build awareness of political analysis and the skills needed to foster close and productive links with actors on the ground.
- Change reward structures to incentivise staff to understand country contexts and adopt more nuanced approaches to programming, including the use of innovation and piloting where standard approaches have been tested and found wanting.
- Improve staff handover procedures and increase the amount of time spent in each country to encourage the accumulation of local knowledge and its retention in institutional memory.
- Embrace the results agenda and emphasise the need for political economy research and applied analysis to build plausible theories of change, with intermediate change processes and milestones. These should be the foundation of effective programme design, and rigorous monitoring and evaluation – and hence results.

(iii) **Broaden engagement**
- Develop communities of practice and identify ways to generate interest among broader operational staff, such as by documenting and sharing the value-added of incorporating political insights into programming.
- Engage with a wider set of actors to build greater knowledge of, and support for, politically informed aid and programming. In particular, engagement with Northern parliamentarians and general public should not be avoided. Explaining the history of donor countries' own development may help to explain the complexities and trade-offs involved in supporting developing countries.

1

Why politics matters

nterventions to combat global poverty and insecurity are most effective when informed by a good understanding of the political context in which they are made. They are least effective when political realities are neglected. These principles are increasingly accepted, but it remains difficult to apply them in practice.

In recent years, development organisations have made major investments in tools for applied political analysis, as well as in politics and governance research. As a result, evidence-based political insights are more available and better disseminated than ever before. Lessons from experience are also being more systematically reviewed and shared by practitioners in different countries. Yet uptake in the form of significant changes in policy and practice has been disappointing. Translating findings into changed practice is arguably the next big challenge for donor agencies as well as for a range of other international actors.

With this in mind, ODI's Politics and Governance Programme hosted a policy dialogue event on 8-9 December 2010 to debate these issues, identify different aspects of the challenge and identify ways forward. The dialogue brought together policy makers, researchers and practitioners with an active interest in these issues. This report arises from that event. It builds on the discussions and reflects on some of the key areas of agreement and tension that emerged in the various sessions. It offers some recommendations on how to put into practice more of what we know about the importance of politics in development. It addresses three particular topics:

- Progress being made in the use of applied political, or political economy, analysis;

- Challenges to uptake posed by emerging research findings and evidence-based arguments;

- Incentives and disincentives to uptake both within development agencies and in the wider politics of aid.

Applied political economy analysis

A growing number of development-agency staff are persuaded that development interventions are more effective when they take account of political context. This is increasingly recognised at strategic levels too,

as evidenced by the high priority given to developing specific tools to assist agency staff in turning political or political economy analysis to operational uses. But has this trend gone as far as it can, and what are the remaining challenges?

In addressing these questions, the dialogue built on the conclusions of a series of previous international encounters on the contribution of political economy analysis to improved practice in international development. These include a joint donor workshop on sectoral political economy analysis in 2009 (Foresti and Wild 2009), the launch of DFID's 'How To Note on Political Economy Analysis' (2009), the World Bank's Problem Driven Framework (World Bank 2010) and the European Community's (EC) sectoral analysis tool (EuropeAid 2008). A recent engagement between ODI, the Carnegie Endowment for International Peace (CEIP), DAI and USAID also prepared the ground. It is clear that this agenda is gaining prominence in many international agencies; however, the evidence about the difference it makes in practice remains patchy and more needs to be done to achieve the on-the-ground changes that the agenda implies.

Uptake of research and evidence

The output of governance and politics research programmes, along with the findings of major programme evaluations, should in principle feed into operational planning though applied exercises in political economy. But it is unclear whether this is happening on a significant scale. There can also be problems in taking up and applying research findings. For example, there is a widespread view among practitioners that research generates conclusions that are 'too academic' or otherwise impractical. Researchers and evaluators, for their part, often feel that their findings are ignored.

The dialogue aimed to address the questions arising from this state of affairs.

- Are researchers doing enough to articulate the policy implications of current evidence for the politics of development and aid?

- What are the incentives and political imperatives operating at different levels of the development assistance community that prevent uptake in practice?

- Which of these problems are tractable and what can be done to address them?

Incentives and the politics of aid

Taking political realities seriously should mean using a political economy analysis routinely in designing and monitoring aid programmes. And it should mean a wider awareness of the relevant evidence from research, evaluation and other systematic reflection on experience. However, there are barriers to this happening at several levels. In one view, the aid community has adopted a technocratic mindset that generates disincentives to making the sort of programme innovations that the evidence on political realities suggests may be necessary. Another view blames the short-termism and political trends of Northern politicians, while yet another places the emphasis on the state of public opinion about aid and development. The dialogue provided an opportunity to weigh up these arguments and consider their implications with a richly varied group of policy-makers, researchers and development practitioners.

The report is structured as follows. Section Two offers highlights of the progress that various development agencies have made in equipping themselves with analytical tools and skills for applied political economy analysis. Section Three illustrates the issue of uptake of research and evaluation findings, including emerging insights and their implications for current models of good governance. Section Four examines the biggest opportunities and challenges in putting politics into practice: donors' internal incentives and organisational cultures; political pressures for 'results'; and public attitudes and communication about development. Section Five offers final reflections and recommendations.

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Progress in applied political analysis

New analytical frameworks have become a key vehicle for donor agencies to take forward the politics agenda. Tools such as Drivers of Change and Power Analyses were early attempts to address these challenges. More refined tools have since been developed – some of which connect more closely with operational concerns, often at sectoral level. Competition for attention between normatively-oriented governance assessments on the one hand, and tools which place the *understanding* of power structures and incentives at centre stage on the other, has been a recurrent theme. Multilateral agencies like the World Bank and bilaterals such as the Dutch Ministry of Foreign Affairs (DGIS) have developed frameworks that are specifically for analysis, not evaluative assessment, the purpose being to help staff in setting more realistic objectives, managing risks and generating more feasible implementation options. Agencies like DFID have promoted the use of a variety of tools, most of them primarily analytical. The expression 'political economy analysis' is becoming widely used to signal this difference.

The dialogue recognised a number of achievements in terms of tools, frameworks and the acquisition of new skills, and drew attention to some important recent developments. In this report we note the highlights and discuss the new attention being given to sectoral and problem-focused applications, and to international drivers shaping the incentives of national actors. Participants reached a broad consensus on a number of emerging lessons and remaining or upcoming challenges. These are brought together at the end of this section.

Tools, frameworks and skills

A useful example of the type of analytical framework used by a bilateral donor understand the political economy of their aid partners is the Power and Change Analysis, which forms part of the Strategic Governance and Corruption Assessment (SGACA) process developed in the Netherlands. The Netherlands Ministry of Foreign Affairs (DGIS) and its embassies introduced SGACA in 33 countries between 2006 and 2009. The aim was to promote a more strategic approach to analysing governance conditions in aid-recipient countries (see Box 1).

Box 1: Strategic Governance and Corruption Assessments (SGACA)

The SGACA process was introduced in 33 countries between 2006 and 2009. The aim was to promote the integration of political and economic objectives and to improve the design of governance support. It has four main components:

- Track Record: provides the starting point by drawing on embassies' standard monitoring of other available evidence.
- Power and Change Analysis: conducted by a local or international consultant, looking at structural factors, rules of the game, and the 'here and now' in terms of political actors and dynamics.
- Workshop: to design an appropriate strategy for donor assistance.
- Strategic Choices: a summary of key findings and strategic choices for donor assistance.

Reviews of the SGACA suggest that their implementation has made embassies more aware of the need for politically informed development strategies. However, the scale of its adoption contributed to a perception that these assessments provided few specific operational recommendations. The reviews also revealed that pressures regarding disbursement, capacity and donors' own political priorities can be in tension with attempts to develop more politically informed and strategic programmes. The process itself was seen as requiring considerable time and resources. As a result, the SGACA process is unlikely to be repeated. Analysis of the political context is still regarded as important, but it is felt that this should be done in a more country-specific and demand-driven fashion.

Multilateral agencies have also increasingly taken up the political economy agenda. In the World Bank, there is growing recognition of the role of governance and political economy analysis in providing effective support to development. This builds on commitments set out in the 2007 Governance and Anti-Corruption Strategy, which sought to incorporate governance analysis more systematically into World Bank operations. The World Bank has developed a good-practice framework, 'Problem-Driven Governance and Political Economy Analysis', which includes guidelines on good practice but also allows for some flexibility in terms of how these are applied (see Table 1).

Table 1: Problem-Driven Governance and Political-Economy Analysis

Problem-Driven GPE Analysis	Vulnerabilities/ challenges?	Evidence of poor outcomes to which GPE weaknesses appear to contribute.	E.g. repeated failure to adopt sector reforms, poor sector outcomes.
	Institutional & governance arrangements & capacities	What are the associated institutional set-up and governance arrangements?	Mapping of relevant branches of government, ministries, agencies, and State-Owned Enterprises (SOE) and their interaction. Existing laws and regulations. Policy processes (formal rules and de facto).
	Political economy drivers	Why are things this way? Why are policies or institutional arrangements not being improved?	Analysis of stakeholders, incentives, rents/rent distribution, historical legacies, and prior reform experience.

Source: World Bank (2010)

An innovative feature of this framework is the emphasis on linking analysis to a specified operational problem, for example to understand why particular reforms have not gained traction or how a particular blockage might be addressed. In addition, the World Bank has prepared a menu of options for analyses of varying size and complexity to guide staff commissioning such work. While the framework has been well received, organisations like the World Bank face particular challenges. Task Managers and other operational staff who do not see the value of these forms of analysis, or who are working to inflexible timetables, may opt to not invest resources in them.

Like DGIS, DFID began with a comprehensive programme of national studies (known as Drivers of Change) but now prefers more ad hoc commissioning of specific political economy studies in selected countries or sectors. DFID has not developed a specific framework in the way the Dutch have, but its 'How To Note: On Political Economy Analysis' draws on existing frameworks and tools while allowing for some degree of flexibility regarding their selection and use (DFID 2009). Other recent DFID publications, such as the 'How To Note: On Electoral Assistance', also reveal a strong emphasis on the need to understand the wider political economy context before designing and implementing support to country institutions (DFID/FCO 2010).

A number of agencies have joined DFID in recognising the need to reassess their own skills and capacities for effective engagement with national political processes. One result is the growing demand for a course on Political Economy Analysis in Action, originally designed for DFID advisory and programme staff (see Box 2).

Box 2: Political Economy Analysis in Action (PEAiA) training course

Development interventions are more effective when they are informed by an understanding of the realities of power relations, incentives and change processes. To get real benefits from aid, and minimise the risk of doing harm, development actors need to appreciate the political and economic 'rules of the game' in the places in which they work. This is what the PEAiA course is about. It equips participants to understand better:

- what political economy analysis is, and where it comes from;
- why it has the potential to improve development policy and operations; and
- the differences among the available political economy perspectives and tools.

The course is based on active learning and makes use of practical exercises using adapted Power and Change Analysis frameworks. It places a strong emphasis on sectoral and problem-focused applications and on the scope for better understanding of actors' decision-logics and the room-for-manoeuvre in change processes, as well as institutional rules and power structures. It was run successfully eight times between 2009 and early 2011, with participants from DFID and UK embassies, GIZ, NORAD, Irish Aid and UNDP.

Source: David Booth, ODI

New interest in sectoral and problem-focused studies

The use of frameworks and training aims to ensure that political economy analysis informs practice and leads to new ways of working. Where the imperative to 'put politics into practice' seems to be gaining most traction, however, is at the sectoral level, particularly when there is a desire to address a particular operational challenge. This shift towards more focused and problem-focused approaches seems promising. Experience is suggesting that when it is more closely focused, political economy analysis is better able to suggest new practical options and ideas about feasible interventions, rather than being limited to explaining constraints and challenges. Box 3 contains brief summaries of recent sectoral exercises, each of which exemplifies an attempt to grapple with core operational problems and blockages.

Box 3: Recent sectoral political economy analyses

Bus Operations, Dhaka (World Bank): Focused on understanding why problems have persisted in bus operations. Recommendations were to modify the project design, with a shift towards institutional strengthening and building consensus.

Roads Sector, Uganda (DFID/ODI): Sought to address the potential for success in a large-scale roads reform process in Uganda. Recommendations focused on programme design, emphasising a learning-process approach with emphasis on skills in change facilitation.

Water Sector, Ethiopia, Bangladesh, Vietnam, Sierra Leone (DFID/ODI): Country case studies are being conducted to explore how best to analyse the governance and political economy of water and sanitation service delivery. The focus varies by country – in Vietnam, for example, the study has been designed to help identify challenges and opportunities to scale up seemingly effective pilot initiatives in rural sanitation. Findings and recommendations will be available in the latter half of 2011.

Power, Nepal (DFID): Sought to enhance understanding of the political factors and institutional characteristics that influence policy choices and performance in the power sector in order to make DFID's engagement more effective.

The new interest in sectoral applications is no more than a shift in emphasis, however, and the mix of focused and more contextual analysis will vary according to context. Current ODI work on political economy frameworks for the water sector, for example, has found that this level of analysis has great potential both to connect findings to the work of sector specialists and to draw on their tacit knowledge. Work at the sectoral level may even help to negotiate some of the sensitivities of political economy research by grounding the analysis of complex, and often controversial, governance challenges in generally recognised operational challenges.

Nevertheless, the balance between a more contextual analysis and a more problem-focused analysis depends on the needs of the sector staff in question. In the context of a new programme of support, or where a sector adviser has recently arrived, a more contextual analysis may be appropriate. In contrast, where the programme of support is relatively mature, a sector adviser has significant in-country experience and/or contextual analysis has already been carried out, it may be more useful to proceed directly to a more focused analysis. In either case, achieving maximum operational relevance depends not only on the level of analysis, but also on clarity of purpose, specifying the operational objective of the analysis and designing an appropriately tailored strategy.

Understanding global drivers

Alongside the shift from national to more sectoral and problem-focused exercises, there has been a broadening of the scope of political economy analysis to include understanding of the international drivers of good and bad governance at the national level. It is anticipated that better analysis may help to address blockages at this level too.

Various aspects of globalisation have negative impacts on the incentive structures for elites in poor countries. In fragile states in particular, a growing body of research suggests that the global environment can exacerbate fragility by generating perverse incentives for political elites. For example, by providing access to unearned sources of income from natural resources rents and/or criminal activities, it effectively weakens elite incentives to engage with citizens, build public institutions, and nurture the domestic economy (Moore et al. 2009; Centre for the Future State 2010; Sogge 2006). Box 4 looks at the example of Angola in this respect.

Development agencies need to find ways to alter the perverse incentives generated by international drivers. There is considerable scope for international action to address a range of issues in the global arena. Some initiatives, including action on international tax evasion and money laundering, the Kimberley process on conflict diamonds, and the Extractive Industries Transparency Initiative (EITI) to make revenues from oil more transparent, are already in place. It is hoped that political economy analysis can help to unlock the incentives within which these initiatives work and suggest new ways of working that will bring together coalitions for reform. For bilateral donors, success in this area implies genuinely cross–government ways of working that involve development agencies alongside foreign ministries, treasuries, departments of trade and others.

Emerging lessons about applied analysis

Lessons arising from these studies and examples, brought to the fore during the dialogue, include the following:

- There are clear gains from adopting a problem-focused approach, which starts with the identification of a specific blockage or operational challenge and proceeds to illuminate it by using the tools of political economy analysis.

- Strong local knowledge is vital. There is likely to be a need to use local consultants or teams of local consultants and international specialists (in order to achieve the desired skill set). This should be complemented by ongoing efforts to improve the skills of development agency staff and to tap into the knowledge of local staff.

- Applied political economy analysis needs to be treated as a process that requires engagement from operational staff at key stages throughout, rather than a one-off product.

- Strong processes are needed to manage political sensitivities regarding the circulation of findings and to decide how to engage national counterparts, including appropriate fora for this.

> ## Box 4: International drivers: the case of Angola
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> Angola illustrates the role played by international drivers. Angola's essential character as an externally oriented 'petro-diamond' state (Hodges 2004) has led analysts to describe Angola as a 'state without citizens'. As David Sogge has put it, 'Angolans may matter occasionally in political rituals (as ballot fodder) but not very much economically, since most of what the political class needs can be obtained without Angolan labour, taxes and consumption'. Such increased autonomy of the state from its citizens has reduced the need for state leaders to develop long-run broad-based political bargains with different groups in Angolan society. The 'resource curse' is thus fundamentally a political curse that destroys reciprocity and linkages between rulers and ruled (Sogge 2006).
>
> Source: Rocha Menocal (2009)

There is now a strong body of evidence on why development interventions should better incorporate political awareness, and how they can do this. However, the balance sheet also includes some liabilities. These relate to the forms and methods of analysis involved as well as to agencies' incentive structures and ways of working:

- There remains a good deal of inconsistency in the way political economy analysis is carried out. There are as yet no quality standards or benchmarks applicable across the field. There are different views on whether this matters and what might feasibly be done about it.

- There remains room for improvement in generating findings that have direct implications for programme design and implementation. While this can be addressed with better definitions of the problems to be tackled, and by working more with sectors, there are also challenges arising from the lack of relevant, evidence-based theory about the forms of intervention that are appropriate and effective for addressing particular kinds of institutional blockages or governance patterns. This is linked to the issue of research uptake, discussed in the next section.

- Development agencies may be limited in their ability to translate analysis into programming because of their own disbursement incentives, capacities, and political constraints. Some see the growing prominence of the 'results agenda' as posing a particular challenge in sectors where improvements cannot be easily quantified.

- International commitments are in some respects a source of countervailing pressures. Commitments to common targets across all developing countries (such as the Millennium Development Goals) do not lend themselves easily to context-specific programming. Commitments on aid effectiveness, such as those made in Paris and Accra, can be problematic when they are interpreted as providing technical remedies in the form of better donor alignment and harmonisation to the political challenges of development.

- To date, this agenda has been largely confined to a 'vanguard' within development agencies; it has not gained more general support within these agencies or among the wider group of actors who shape the environment in which official agencies operate, such as campaigning NGOs, pressure groups and parts of the media.

Rather than shying away from these debates or seeing them solely as threats, those engaged in these issues need to welcome them. An important first step would be to assert more frequently and more robustly the direct links between the quality of understanding of political contexts that development actors acquire and their ability to make a positive contribution to development outcomes.

The remainder of this report explores some of the frontier issues that need to be addressed to take this further, with a focus first on uptake of research, and then on organisational cultures and incentives of development agencies, results and evaluation approaches, and wider communication with other actors and with citizens.

3

Uptake of findings from research and evaluation

A key condition for achieving more politically informed programming is the generation of new insights that encapsulate some of the main findings and implications of research and evaluation on governance issues. Exercises in applied political economy analysis need to be able to draw upon generic knowledge as well as on country- or sector-specific understandings. The growing use and application of political economy analysis has revealed the need for new theories of change on how reform happens. The ability of research programmes and large evaluations to generate systematic findings, and get them taken up in the relevant communities of practice, is therefore a critical issue.

In this section we reflect on some of the emerging insights that seem to chart alternative approaches and illustrate ways in which programming may need to adjust in order to gain a better fit with political realities in aid-recipient countries. The general theme of the section is that evidence-based knowledge about the politics of development calls for more radical changes both in approaches to aid and in donors' ways of working than are currently contemplated.

We first review the overarching message from recent research and evaluation – the need for alternatives to the 20-year-old 'good governance' agenda, and to explore reform approaches that are both politically viable and 'good enough' in terms of their contribution to development. Next, we use two main topics to illustrate the possible implications of a 'good enough' or 'best fit' approach: informal power and political regime types; and social accountability programming.

Good enough governance

Over the last decade, research has consistently challenged conventional approaches to the promotion of 'good governance'. The institutions of economic and political governance that have been most actively promoted by the donor community since the early 1990s include stable property rights, the rule of law, free communications media, and formal arrangements to ensure that governments are accountable, including democratic elections and 'horizontal' accountability arrangements such as audit authorities and anti-corruption units. This approach has been widely critiqued for its use of ideal models, which work badly in the contexts to which they have to be applied, and technocratic 'best practice' solutions, which take insufficient account of political realities. This is now the subject of active debate in the World Bank.[1]

1. See the World Bank blog on this subject: http://blogs.worldbank.org/governance/

The growth of interest in applied political economy, discussed in the previous section, is in part a response to the perceived inadequacy of promoting ready-made institutional solutions based on recent experience in developed countries. In the best cases, applied analysis has succeeded in applying the idea articulated most effectively by Merilee Grindle (2011): institutional progress can be achieved even when there are ongoing challenges to governance. However, this is also a research problem. As Grindle reminds us, the 'good enough' governance concept alone does not get us very far. While there is growing recognition of the limitations of current approaches, to date there has been much less clarity about what to do differently and what this new approach might look like in practice. What are the feasible options and major alternatives?

This agenda is currently at something of a crossroads because there are now relevant research findings. Answers to some of these questions can be found in the publications of the DFID-funded Crisis States Research Centre and Centre for the Future State (2010). Current research in the Africa Power and Politics Programme is also developing middle-range propositions about institutional arrangements that either work, or cannot be expected to work, for development in the context of sub-Saharan Africa. Greater uptake of some of the major themes from recent research and evaluation has now become an unavoidable option.

Informal power and political regime types

The interaction between formal and informal institutions and rules is the key to understanding how politics and governance really operate. For political scientists, this is an elementary insight (e.g. Helmke and Levitsky 2004) and donors often commission analytical work on this theme. However, uptake of the implications for policy and practice is typically problematic – as Box 5 illustrates with reference to Sierra Leone.

Engaging with informal power as a means of supporting 'best fit' arrangements is challenging at the local level, as shown in addressing particular sectoral issues, such as justice in Sierra Leone. However, the biggest question for donors and researchers is how to handle what research suggests about the kinds of national regimes that are associated in practice with transformative development and large-scale poverty reduction.

Box 5: Formal versus customary justice in Sierra Leone

While donors increasingly recognise the importance of informal actors, it is nevertheless a challenge to transform this recognition into practice. In Sierra Leone, DFID has funded the Justice Sector Development Programme, which is intended to reform both the formal and the customary justice systems in the aftermath of civil war. Investments have, however, focused overwhelmingly on the formal justice system. For instance, only one of four components deals with the entire informal or 'primary' justice system, which caters to approximately 80% of the population. Engagement with customary justice has tended to neglect the role of chiefs, who are the predominant providers of justice services to the Sierra Leonean population. As a result, opportunities for improved justice are being missed and oppressive justice services remain widespread.

Chiefs and secret societies frequently abuse human rights and operate in a highly unaccountable manner, while also attracting great allegiance among their subjects. The (not always pleasant) politics of these informal actors poses a challenge to the normative commitments of many donors but must be confronted head-on if donors are to engage effectively with locally legitimate powers. Civil society organisations (CSOs), like TIMAP for Justice in Sierra Leone, work with a broader array of informal actors and engage with illiberal practices in order to reform them. Donors could learn from such approaches.

Source: Lisa Denney, ODI

Box 6: The role of rent seeking in Tanzania

Building on Khan's earlier work (Khan and Jomo 2000), Gray and Khan emphasise that states need capacities to address market failures and that this inevitably creates rents. For example, the South-East Asian experience shows that successful development requires states to be able to manage rents and rent-seeking behaviour where these enhance growth, while limiting those that do not. This might include support to acquire new technologies and ensure higher productivity (which entails significant costs until higher productivity is achieved).

Khan and Gray reflect on Tanzania, which is often seen as an example of successful governance reforms, for example in public expenditure. They argue that, while these reform processes were initially regarded as positive (i.e. where they decreased corruption), over time these benefits were eroded. Moreover, the focus on removing rents (as part of tackling corruption) may actually have undermined the development of state capacity to manage rent processes in areas that are key to Tanzania's growth prospects, such as natural resources or land reform. This suggests the importance of examining the political economy drivers that shape rent-seeking, rather than uniformly opposing all rent-seeking.

Source: Khan and Gray (2010)

Box 7: Developmental patrimonialism?

Neo-patrimonialism is usually associated with practices of clientelism, patronage and corruption which are plainly antithetical to development progress. However, there is a growing body of analysis for countries in Africa as well as Asia where state actors have engaged in forms of rent-seeking or corruption or have used clientelist forms of rule, but have achieved substantial economic growth and poverty reduction. Thus, while clientelism and rent seeking play an important role in all political systems in Africa, the extent to which this undermines development progress may in part be a function of the way in which it is politically organised. Two particular factors that seem to shape whether or not forms of clientelism will be 'developmental' are the degree of centralisation of rent management and the time horizon which rulers adopt. Cases of centralised, long-horizon rent management include Malawi under the first two decades of Banda's rule and Rwanda since 2000, although the Rwandan regime can only be categorised as 'developmental patrimonialism' with qualifications.

Sources: Kelsall et al. (2010); Cammack and Kelsall (2010); Booth and Golooba-Mutebi (2011).

Conventional approaches to governance have prioritised the rule of law – the supremacy of 'impersonal' rules – as a necessary precondition for development. However, North et al. (2009) remind us that various forms of personal rule are a widespread reality. These forms of power are not easily eradicated except though extended evolutionary change. Instead, they require, over long timeframes, the development of what North et al. term 'perpetually lived institutions' – that is, institutions that can outlast particular individuals – combined with self-disciplined elites and civilian control over the military (Ibid.). Accepting the realities of personal rule where it exists, alongside consideration of the longer timeframes and complex interventions needed to address it, has to be an element in a context-sensitive, 'best fit' approach.

Mushtaq Khan, a leading contributor on these questions, offers an analysis based on different patterns of rent-seeking and the use of economic rents. He has shown that, as normally assumed, rent-seeking behaviour can undermine development processes, but rents can also be used in growth-enhancing ways. The ability to manage the generation and utilisation of rents is a key distinction between states that are supportive of development and those that preside over stagnant economies or non-transformative growth processes. While there are never any guarantees that this capability will be acquired, 'good governance reforms' can actually inhibit states from moving in the direction of supporting development. Khan and Gray (2010) argue that this has happened in Tanzania, as Box 6 explains.

Khan's argument draws on the experiences of many South-East Asian countries, where rent creation, and the building of institutions that are far removed from those promoted under the good governance agenda, have played a key role in achieving significant levels of economic growth. The Africa Power and Politics Programme (APPP) is extending this type of analysis to comparative studies of business–politics relations in sub-Saharan Africa. This has meant examining the concept of neo-patrimonialism. Neo-patrimonial regimes are defined as hybrid forms combining formal legal–bureaucratic principles with informal systems that are strongly personalistic and clientelistic. Conventional approaches have usually identified the prevalence of clientelistic behaviour and patterns of patronage as a constraint on development and have uniformly recommended their eradication. The APPP argument is that regime types are more diverse than this implies, as explained in Box 7.

Facing up to the reality that neo-patrimonialism may have more and less developmental forms is tricky. It involves determining which forms of rents and rent seeking are likely to support or undermine development processes, as well as distinguishing between those negative forms that may be inevitable and acceptable in a 'good enough' perspective from those that are damaging in all respects. Donors already do some of these things in practice, but are likely to find it more difficult to acknowledge this formally.

For these reasons, some researchers believe that the most interesting question remains the conditions contributing to

what Leonard (2010) has termed 'pockets of effectiveness' within weakly governed states. This refers to particular areas that seem to be insulated from wider weaknesses; for example, where specific agencies or offices have maintained staff discipline in the face of prevailing behaviour in the national political system and within the public sector at large. APPP research has uncovered examples of this type of progress as well as ways to build on existing institutional arrangements on a broad front (Booth 2011a). Brian Levy's work on alternative trajectories of national governance (2010) suggests that some countries may achieve substantial socio-economic development with governance improvements that are for a long time limited to pockets of effectiveness.

Social accountability and political realities

A second major area in which research and evaluation findings pose challenges to uptake is social accountability and the governance of public services. Conventional approaches to improving governance have responded to weaknesses in the 'supply side' of state provision through increased attention to the 'demand side' (via local democratisation and citizen-empowerment initiatives). In many poor countries and new democracies, however, this sort of demand is weak, usually reflecting historical legacies, socio-cultural attitudes and particular power dynamics. There are numerous well-documented case studies from the Centre for the Future State (2010) and other research programmes that support the proposition that bottom-up demand only works to improve public provision when there is action on the side of the state, on the part of political movements and/or among the professional organisations of front-line providers. Recent ODI work in Tanzania and Sudan (Box 8) supports a similar view. At their best, the power that social accountability movements have derives from building linkages across the state-society divide.

The research findings suggest that aid programmes should be informed by a realistic approach to the power dynamics and incentives that limit demand-side pressures, including from voters. Programme design needs to integrate the interaction between the actors, interest structures and institutions (both formal and informal) that constitute the broader accountability system. Donors are still some way from adopting these principles in practice.

Evaluations show that attempts to consolidate the 'demand side' tend in practice to fall back on creating institutions and organisations from scratch rather than empowering the actual users of public services. In some cases donor support for civil society organisations (CSOs) has produced organisations that are largely the creation of this support and therefore have little traction in local communities (Rocha Menocal and Sharma 2008). Worse still, in some cases genuine popular movements are turned into local NGOs, with the availability of funding diverting grassroots organisations from their objectives and creating new hierarchies and procedures that kill off the possibilities of self-help (Booth 2011b). The

Box 8: Social accountability

An important challenge for donors in working to support social accountability is to work more fruitfully at the interface between state and society. In Tanzania there has been donor support for social accountability efforts in the forestry sector, which include strategic actions from below to generate better governance institutions. This has involved working to change incentive structures for different stakeholders along the governance and the logging chains to leverage buy-in to accountability institutions, taking account of informal institutions and relationships.

In Sudan women's groups have mobilised effectively in both north and south despite important structural constraints. They have used the available – albeit limited – political space following the Comprehensive Peace Agreement to achieve some concrete gains in terms of political participation. Thus, support for efforts to achieve social accountability can have impact. But, to be effective, coalitions for change need to span different actors across state and society to achieve transformative change in power relations. In both cases, effective social accountability is not only a matter of demand-side processes, but involves political engagement across different levels of state-society relations.

Source: Pilar Domingo, ODI

incentives for official donors and Northern NGOs to continue working in this way are quite strong because 'donor-friendly' organisations and structures offer low transaction costs and good accountability, which would not be the case with more fluid networks and coalitions of actors.

Emerging lessons about research uptake

The brief discussion of research and evaluation themes included in this section reveals the extent to which politically informed analysis challenges 'business as usual' in much of the development community. Communicating these insights through clear, jargon-free arguments that relate to specific operational problems faced in development processes should be one of the major priorities for action among both researchers and policy-makers. This is not just about better or clearer communication, however; some of the insights referred to above raise fundamental questions about whether existing aid approaches and modalities are fit for purpose.

An issue that has not yet been broached is the extent to which normative governance approaches can be reconciled with attempts to work realistically and pragmatically in national political contexts. Normative approaches, for example those grounded in the international human rights framework or in particular theories of democracy, might appear to conflict, or at least be in tension, with some of the ideas generated by recent developments in political economy analysis.

Although this issue will not be easy to resolve, it is important to recognise that international norms are a mixture of universal minimum standards and other objectives that poor countries may only be expected to achieve over the long term. For the long-term goals, the key question is how to reach them. Careful consideration of governance reforms that are realistic, feasible and effective in incremental ways – which meet the criteria of 'best fit' – is therefore not an alternative to the pursuit of high normative standards, but is the only way to do so consistently.

4

Towards more politically informed aid: constraints and opportunities

The commitment to politically better informed and more realistic aid programming appears to be growing. The current interest in applying political economy analysis in operational settings is one indication of this. The level of funding for governance and politics research and evaluation is another. But the translation of research findings into practice is proving much more challenging. In part, no doubt, this is because researchers are not as good as they need to be at articulating the policy-relevant messages arising from their work, but it is also because some of the most significant messages are ideologically challenging or otherwise difficult to apply. In the remainder of this report we examine the issue of uptake, considering what it might take for development agencies to change their practice in ways that would produce more politically informed programming in the long term.

This question has several dimensions, which were variously discussed during the dialogue. We begin with the internal incentives in donor organisations, then widen the discussion to the political pressures on agencies, particularly the imperative to 'demonstrate results'. The final topic is the broader climate of opinion about aid to which politicians respond. The focus throughout is on identifying constraints with a view to taking action to change them.

Organisational cultures and incentives

Internal organisational cultures, incentives and structures in development agencies are without question among the significant obstacles to the design and implementation of more politically informed programming. The dual imperatives to disburse aid and demonstrate its effectiveness can also militate against more realistic and politically feasible ways of working. While there are differences among agencies, several issues and challenges will require a common response if politically informed programming is to make further headway.

A number of factors have been identified that shape the incentives and organisational cultures within development agencies. Ostrom et al. (2001), in one of the most in-depth studies of the institutional incentives of a donor agency (in this case Sida), highlight how information asymmetries, rapid staff turnover and pressures to disburse create incentives that influence how programming is done. The particular focus of the study was on the sustainability of Swedish aid projects, but the analysis is relevant to a wider range of issues about effectiveness, including the need to base programmes on a sound contextual analysis.

Information asymmetries occur when different actors have access to different information. According to Ostrom et al. (2001), Sida staff are in practice separated from the beneficiaries of their programmes by a range of intermediary actors, each with their own incentives to select and transmit only the information which benefits them. It is consequently harder for staff to understand realities on the ground.

Rapid staff turnover and rotation between postings is cited by Ostrom et al. and many other observers as a key barrier to building a better understanding of context. In many development agencies, staff stay in a country for a maximum of three or four years (less in many fragile contexts) before moving on to their next posting. While this ensures their exposure to a wide variety of experiences and guarantees their loyalty to the organisation, it works against the acquisition of deep knowledge, experience and social networks of any particular country.

Another commonly cited challenge lies in organisational imperatives to allocate and disburse funds. Commitments to increase aid obviously increase disbursement pressure, especially if such commitments include or even prioritise fragile countries, where absorptive capacity tends to be lower. According to Ostrom et al., disbursement pressure reduces the incentive to take seriously the potential obstacles to project sustainability, since doing so is likely to be time-consuming and may lead to the conclusion not to provide support.

These problems are compounded by widespread cuts in programme and administrative staff – leading to pressures to 'do more with less'. More politically realistic programming is often labour-intensive; requires attention to processes as much as results; and involves intensive engagement with stakeholders for facilitation and coalition-building. Pressures to disburse aid with limited staff resources can encourage the use of models that can be easily replicated across different contexts, because they are familiar or recognisable and are therefore perceived as safer.

In addition to the three factors emphasised by Ostrom et al. (2001), Andrew Natsios, the former USAID Administrator, highlights the ways in which compliance with reporting requirements can militate against an agency's ability to support transformational change (Natsios, 2010). In the USA, the multiplication of performance indicators and reporting requirements, motivated in theory by the need to control bureaucracy and waste, has diverted programming away from the complex and slow-maturing institutional interventions that are typically recommended by staff who know country contexts well (Box 9).

Box 9: The counter-bureaucracy

In his contribution to the dialogue, Andrew Natsios made a powerful indictment of the 'counter-bureaucracy' that undermines USAID's development practice. Regulatory pressures in the USA have produced 'a force of auditors, accountants, lawyers, and procurement and contracts officers' to ensure that aid programmes are in line with federal laws and regulations, follow federal management and accounting processes, and use quantitative indicators of performance in the manner prescribed by programme–management manuals. For experienced development professionals within USAID, this emphasis on narrow compliance is at odds with the reality that the most transformational programmes often involve high levels of risk and uncertainty, and have effects which are hard to measure in conventional ways. To address these tensions, Natsios advocates more sophisticated systems for impact measurement, reducing some levels of oversight and regulation, and better alignment of programme goals with organisational incentives.

Source: Natsios (2010)

All large organisations tend to resist change. It is challenging to abandon established ways of working, particularly in the radical ways that would be required to alter the incentive structures discussed above. Moreover, as noted in the previous section, the shifts in programming suggested by some of the evidence on what works at the country level run counter to the political ideologies – and, superficially at least, the normative commitments – of donor agencies and many of their staff. In such circumstances, it will be particularly hard to achieve change.

At the same time, recent global shifts are altering the incentives for OECD Development Assistance Committee (DAC) donors. There is now a wider range of development actors, including emerging powers that do not share the same normative commitments. As the UK Secretary of State for International Development recently emphasised, the rise of these players (including Brazil, China and others) will necessarily mean a move away from institutional blueprints (Mitchell 2011). It will call for fostering 'mutual respect' across a range of actors with differing motivations (Ibid.). Incorporating better understanding of political realities in country programmes may play a useful role in helping to find this common ground.

Several of the factors discussed in this section seem to work quite strongly against moves towards more politically informed programming. However, there are ways to mitigate some of these potentially perverse incentives. These include:

- Strengthened contextual analysis, which offers clear operational implications; at present, this seems to work best when it is conducted at the sector level, focusing on specific problems and driven by the agencies' operational staff.

- Improved staff hand-over processes, and exploration of extending posts in key countries (which may also require stronger incentives for staff to develop deep country knowledge as opposed to rewards for generic skills and organisational know-how).

- More intensive staff training to build an awareness of political analysis and the skills needed to develop close and productive links with actors on the ground, with the reward structures to support this.

- Greater emphasis on innovation and piloting of new approaches where tried-and-tested models have had only limited impact (discussed in more detail in the following section).

- Fostering learning environments and new approaches to results (see following section).

- Developing communities of practice and identifying ways to generate interest among operational staff (for example by documenting the value-added of incorporating political insights and sharing this widely).

Embracing the results agenda

In a climate of fiscal austerity, many donor countries are exercising greater scrutiny of the results of development assistance, although this trend has undoubtedly been on the agenda for some time. This is particularly the case in a context like the UK, where the government's 2010 decision to protect the aid budget, in the context of far-reaching public spending cuts, has meant additional pressures to demonstrate results and the impact of development investments.

This has led to some concern about the implications for support that focuses on institutional reform or governance shifts. Results in this area are perceived as being harder to quantify than in other areas of spending. They may involve change processes with longer timeframes and in which attribution is more challenging. More broadly, Natsios and others suggest that a narrow focus on results may skew attention towards what is easily measurable at the expense of questioning whether substantial change has been achieved (see Box 9 above).

While these are real challenges, the argument for better evidence and understanding of politics should not be seen as being at odds with the growing momentum to demonstrate results. Rather, there is a need to better articulate the critical importance of more politically informed strategies in achieving better results. In many ways, putting politics into practice is in fact the key to better results:

- By identifying politically feasible reforms, sound political or political economy analysis can help to ensure that development resources are effectively used and, no less important, help agencies to take seriously the principle of 'do no harm'.

Box 10: Theory-based approaches to evaluation

Pawson and Tilley's (1997) work on realistic evaluation highlights that programme implementation necessarily involves a theory about what 'might cause change', even if that theory is not explicit. A key task is therefore to make these theories explicit, in other words developing clear hypotheses about how, and for whom, programmes might 'work'. The implementation and evaluation of the programme tests these hypotheses. This means collecting data not just about programme impacts, or the processes of programme implementation, but about the specific aspects of the wider context which might affect programme outcomes, and about the specific mechanisms which might create change. For example, this approach may ask whether a programme works differently in different localities (and if so, how and why); or for different population groups. Data-collection processes (interviews, focus groups, questionnaires and so on) should be constructed to help refute or refine theories about how and for whom the programme 'works'.

Realistic and theory based evaluation approaches can reveal useful findings which, in turn, are key to improved programming. A framework to elaborate models of change was developed and applied in several case studies as part of an ODI evaluation of donors' approaches to 'voice and accountability' programmes (Foresti et al. 2007). These models of change were used to better understand the logic and implicit assumptions of donors' interventions, as well as for identifying the steps which constitute the main elements of the causal chain, linking inputs and outputs to both expected and unexpected results.

In Benin (Foresti 2007), the models of change elaborated for a selection of donor-funded voice and accountability programmes helped to provide a meaningful assessment of expected versus actual results, an appreciation of the unexpected ones and, crucially, an analysis of the reasons explaining all these findings. In some cases the models of change revealed a substantial mismatch between the donors' assumptions, the activities supported by the interventions and the expected results. In particular, an assumption of the direct linkage between improved technical skills and efficiency of local state actors and improved transparency and accountability was not corroborated by the findings of the empirical analysis. In other cases, the models of change highlighted the relationship between the steps envisaged by the original project design – including activities and outputs – and the reality of project implementation. This revealed a disconnect between donors' vision and assumptions about the suitability and feasibility of direct citizen monitoring of state action and the reality of the context where the programmes take place.

Source: Marta Foresti, ODI

As the first point implies, robust political analysis at the programme design and appraisal stage is the natural ally of good evaluation practice. This is currently under-appreciated. Commitments to monitoring and evaluation are regularly reaffirmed, and there are increasing calls for more robust measurement of results. However, those working on evaluation within international development tend to lag behind general thinking in the field. Rigorous approaches to evaluation, as currently understood in the profession, have not been the norm. Instead, debate has been dominated by knee-jerk calls for greater use of quantitative impact-assessment techniques that at times only superficially engage with some of the issues discussed here.

Political economy approaches and methods have the potential to make a significant contribution to building sufficiently complex and nuanced, but also concrete, measurements of progress towards improved development outcomes. In the real world of aid programming, especially where stand-alone projects are no longer the only favoured approach, the key things to measure are the intermediate milestones, or the incremental changes that are expected to produce the objectives of the support. Simply comparing the initial inputs and final results, but leaving the intermediate change processes in a black box, is useless for most operational learning purposes. Instead, identifying the right intermediate changes to monitor calls for a 'theory' about how the desired changes are likely to happen, based on the best obtainable information, including about interests, incentives and possible reform dynamics. 'Theory of change' approaches in evaluation assume (realistically) that it will usually be necessary to reconstruct what the planners had in mind retrospectively (see Box 10). The ideal, however, is for a robust theory of change to be an explicit part of programme design.

In summary, greater awareness of political and governance dimensions in programming can help agencies to engage with the results agenda in the following ways:

- By encouraging the definition of realistic objectives, which take into account political risks and use appropriate timeframes. The adoption of unfeasible objectives is one of the major factors behind ineffective programme design – and thus failure to achieve results.

- By allowing rigorous programme appraisal, including due attention to the 'risks and assumptions' column of the logframe, so that the factors considered most likely to prevent the achievement of the desired results become the focus of deliberate efforts to mitigate them.

- By permitting the construction of plausible theories of change, so that progress towards objectives can be effectively monitored, and evaluations can provide real learning about 'what works', and what is likely not to work, in order to improve results.

- By permitting the elaboration of more plausible 'theories of change' that include political factors, political analysis carried out prior to designing development programmes makes it easier to evaluate them, so that there is cumulative learning from experience.

- Better political analysis can lead to a better understanding of risks, pinpointing where political factors are likely to impede programme results and how best to manage such risks. As a minimum, it makes it possible to complete the risks and assumptions columns of logframes more accurately. It may also permit risk factors that are susceptible to mitigation to be taken out of the risk column and to become the focus of programming for change.

Outreach and public communication

The successful deployment of more politically informed strategies for development results will require engagement with a far wider set of actors than is currently the case. For donor agencies, it calls for much greater cooperation with other parts of their own governments (particularly the diplomatic corps) as well as careful attention to political sensitivities in recipient countries, and strategies for wider public communication. This section considers these issues with particular attention to outreach with key actors and the implications for wider public communication.

To date, the 'politics into practice' agenda remains confined to a relatively small part of development agencies (mainly those working in governance issues or in policy teams). There now needs to be a concerted effort to engage with the range of other actors which contribute to development progress, including sector specialists, other government departments, parts of the private sector, CSOs and NGOs, media organisations and others. Many of these bodies already conduct some form of political analysis for their own purposes. Embassies monitor political trends, the private sector commissions risks analyses, and so on. Most actors readily acknowledge that political interests and incentives shape their operating environments. Opportunities for collaboration can be built on this shared recognition.

Indeed, much of the available political economy analysis suggests the need for new approaches to development which official aid agencies may not be particularly well placed to undertake alone. For example, the interventions judged most appropriate often involve a brokering role in national-level change processes, or the facilitation of domestic coalitions of reformers so as to widen the policy space. These types of intervention call for different skills to those associated with the delivery of large-scale aid, and focus more on building relationships and negotiation. These are areas in which other actors may be well equipped.

One area which seems to have been particularly neglected is engagement with Northern parliamentarians. Support for aid and development in donor countries like the UK is often characterised as 'broad but shallow' and, particularly in the current economic climate, sympathy for the complicated and messy business of supporting improvements in governance may be particularly fragile (Burrall et al. 2009). Parliamentarians who have a special interest in and knowledge of the development field could become key allies.

Examples from other areas of aid are instructive in this respect. In the UK, cross-party parliamentary interest in health and development grew out of concerted civil-society and private-sector pressures and mobilisation.

As yet there has not been a similar effort on issues of politics and governance. Broader engagement will of course imply greater domestic scrutiny, but again this should be welcomed where it allows for a nuanced debate and for more complex, robust and accurate approaches to measuring results.

However, public scepticism regarding the protection of the international aid budget is apparently growing in countries like the UK (Hensom and Lindstrom, 2010) and the cross-party consensus on aid looks increasingly fragile. This could lead to greater political debate about aid, irrespective of whether this is what the advocates of politically informed aid would like.

A wider engagement with citizens in donor countries is both desirable and unavoidable. The complexities of governance for development are generally thought to be difficult to communicate to the taxpayer. However, this in part reflects the fact that the usual models of public communication about aid and development emphasise charitable giving and the ultimate goal of poverty reduction, avoiding mention of the messy political realities and non-linear processes that are involved in achieving development. As North et al. (2009), Collier (2009) and many others have documented, progress was achieved in donor countries as a result of geo-political imperatives and slow-maturing structural changes, with chance or coincidence – not to mention war and conflict – playing a significant role. Change processes were seldom equitable, and governments were not invariably accountable or responsive. Public discussion of progress in developing countries seldom reflects these nuances.

Box 11: A fresh approach to development communication

In general, support for aid and development in the UK is broad but shallow. This is partly the result of the prevailing pattern of development communication. Focusing on simple, often charitable, messages, communicators have persuaded millions that it is right to help the global poor; but this technique has not built deep-rooted support for assisting development processes. Political-economy insights can present particularly challenging messages for public communication.

But it is no longer tenable to overlook these difficulties. There is a need for more open, honest and two-way communication with UK taxpayers on how aid will be used, and on the challenges and risks involved in any aid programme. The government's emphasis on transparency and impact could be helpful in this regard. Maximum transparency would imply a new approach to development communications, which presents the risks and potential returns (alongside value for money) in making the case for development support. Building understanding of the processes which contributed to development in history – which were often messy, politically motivated and uneven – could be a useful entry point for recognising these realities in developing countries today.

Source: Leni Wild, ODI

This has left development aid particularly vulnerable to examples of failure, or rather examples where aid is perceived as being wasted or inefficient. For some aid advocates, therefore, politics in donor countries are seen mainly as a threat. But it seems wrong to admit defeat on this issue before even engaging with it (Box 11).

If this is right, there are a number of implications:

- More and better public communication is needed to bring public opinion (in both donor and recipient countries) progressively towards a more realistic understanding of development and the ways in which aid can contribute to it. This may involve some risk to the breadth of the public commitment to aid spending, but with compensating gains in terms of depth of commitment.

- Within this context, it may be possible to communicate more of the complexities and trade-offs that are involved in supporting development transitions. It may be necessary to frame governance in terms of the issues most people are concerned with, such as health services or education, but this does not need to imply dilution of the messages.

- These approaches may allow more space for public debate and dialogue, as opposed to straightforward advocacy in which audience passivity is the norm.

5

Where next for putting politics into practice?

As this report has illustrated, a number of development agencies have made significant progress in recognising the need to take political contexts into account in their programming. This is reflected in the greater use of tools and frameworks for political economy analysis, as well as in support for training. Grounding support in political economy insights is recognised to be particularly important in fragile contexts, where it is vital for external actors to be aware of the key drivers of conflict and stability.

One of the most promising areas seems to be the application of political economy analysis to sectors. In recent years, these have been more operationally grounded and are seen as useful ways to deal with particular blockages. Other lessons include the importance of adopting problem-based approaches, drawing on local knowledge, and seeing the use of political economy analysis as a process that requires the ongoing engagement of operational staff (rather than simply 'contracting out' the analysis to external consultants).

While there is growing use of this type of analysis, there have yet to be significant shifts in development practice. There is a danger that political economy analysis will remain an add-on or buzzword, and therefore does not lead to substantial change. Equivalent and connected concerns arise about the uptake into programming of evidence-based insights from politics and governance research, and from relevant evaluations.

Recent and current research is producing new insights which challenge the foundations of much of the existing 'good governance' agenda. Conventional approaches have focused on stable property rights, rule of law and formal accountability institutions. However, these new insights suggest that: there is a need to seek out forms of governance that are 'good enough' or achieve 'best fit' with national realities; informal power and personalised rule are a reality that needs to be addressed rather than ignored; there are forms of neo-patrimonialism that support growth and poverty reduction; and social accountability never works solely from the bottom up.

Many agencies may find that to significantly adapt their approach to programming in response to these insights requires shifts in both mindsets and methods. The new insights challenge the theories of change that underlie much development agency programming (Centre for the Future State, 2010).

What can be done? On the one hand, applied political economy analysis needs to continue evolving, so that it becomes better at articulating the operational implications of its insights. This may mean adopting more problem-based approaches, developing common standards and approaches in order to improve quality, and documenting examples where more politically informed programming has led to better results. Researchers, for their part, need to learn to express their findings in terms of the kind of middle-range propositions that are useful to policy.

On the other hand, development agencies face various internal challenges in making significant shifts to their current practices. These lie in organisational incentives and cultures, approaches to monitoring and evaluation, and issues of public communication and outreach. Addressing these areas is the next big agenda for putting politics into practice.

Practical steps proposed in this report include:

- Changes in reward structures, so that staff are incentivised to understand country contexts and to adopt more nuanced approaches to programming, including more innovation and piloting where standard approaches have been tested and found wanting.

- Improving staff handover procedures and, if possible, increasing the amount of time spent in each country, to encourage the accumulation of local knowledge and its retention in the institutional memory.

- Proponents of political economy thinking and analysis welcoming the results agenda, leading to a more robust assertion of the reality that politically informed strategies achieve better development outcomes than do politically naive approaches.

- Particular emphasis on the point that research and good applied analysis are necessary for building plausible theories of change, featuring intermediate change processes and milestones, which are the key to effective programme design, rigorous monitoring and evaluation – and hence to results.

- Advocacy of politically informed programming needs to engage with a wider set of actors than is currently the case.

- Engagement with Northern parliamentarians and general publics on these issues can no longer be avoided.

- Making links to the donor countries' own (generally highly political, messy and uneven) history of development may be helpful in explaining the complexities and trade-offs involved in support to developing countries today.

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