

# Behind the façade

From analysis to action

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Jan Waltmans



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### Summary

**In all societies, formal and informal realities play a role in decision-making and the way in which policies are implemented. Donor agencies are increasingly realising that, to enhance the quality of their dialogues with partners in developing countries and make development cooperation more effective, they need to better understand these informal dynamics. Analysing informal realities is a relatively simple step, but putting the knowledge obtained from that analysis into practice is a much greater challenge. This paper offers actionable options and intends to provoke and promote discussion.**

### Introduction

If donor agencies want to obtain better returns on their investments in poverty alleviation they should devote greater attention to analysing informal realities in developing countries and putting the lessons learned into practice. Although donors have gradually been paying more attention to analysing both formal and informal realities, through ‘drivers of change’ and ‘power and change’ studies and through governance assessments, the next, more difficult step is to translate the findings into actionable policy recommendations.

### Background

Formal and informal realities are present in every society and play a part in the interaction between countries. This paper will mainly focus on how donors should deal with informal realities in developing countries.

It is a cliché that development is a political process, yet development practitioners, including diplomats, often struggle with the political side of development. If they were to think in more political terms, they could enhance the effectiveness of their assistance strategies.<sup>2</sup> The current Dutch Minister for Development Cooperation, Bert Koenders, has repeatedly stressed that officials

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<sup>2</sup> Williams et al., *Politics and Growth*, September 2007.

from the Ministry of Foreign Affairs, both at headquarters and in the field, should pay more attention to the political aspects of their work. This requires first of all that they maximise their understanding of the political dynamics in the countries in which they work. Secondly, the Minister and the ministry's senior management will have to accept that officials take more risks in performing their jobs and even encourage them to do so. Paying greater attention to analysing formal and, especially, informal realities and more actively engaging in political dialogues means granting more freedom of action to officials at field level.

Donor agencies debate in various fora in how far their policy priorities, aid delivery instruments and behaviour contribute to development in developing countries. They try to respond to policy priorities formulated by the government and other actors in these countries, while linking governance to development. In this process they have to find an adequate balance between the demands and priorities of their parliaments and the agendas of their partner countries. This entails finding answers to a number of questions, such as: What do we actually know about the political process and about formal and informal power structures in developing countries? What do transition processes look like? To what extent should and can external partners influence transition processes? Is good governance a prerequisite for development?

Most donor agencies increasingly recognise that knowledge of informal realities in developing countries – often referred to as 'behind the facade'<sup>3</sup> – is essential for improving the effectiveness of development cooperation.

Informal institutions are often seen in a negative light, but each situation is different.<sup>4</sup> Informal institutions can help avoid and solve problems created by badly functioning formal institutions. At the same time, however, they can undermine the performance of formal democratic institutions. In either case it is very important to understand them better, in order to set the right priorities and avoid mistakes.

In most cases, changes aimed at improving governance require a long-term approach that addresses change processes at different levels in society.<sup>5</sup> Most processes of change entail cultural change, which cannot be achieved in the short term.<sup>6</sup> In addition to focusing only on formal institutions, like free and fair elections, it is necessary to concentrate on 'the rules of the game' that operate behind the facade. These rules link social actors, including the facade of the state, and streamline behaviours and expectations. They constitute a system of incentives and restraints which can offer a minimal level of confidence and security, and create a framework allowing actors to interact with each other. They are a key element in the process of creating wealth and reducing uncertainty. People have the confidence that everyone will abide by the rules.

Most developing countries are different from Western countries in how their social regulation systems operate. Developed countries could not function without a certain level of informality, but basic conditions have been developed to offer most individuals and organisations sufficient

3 Informal realities and behind the facade both refer to informality. Political economy and rules of the game are a combination of formal and informal realities.

4 Informal institutions are defined by Helmke and Levitsky in *Perspectives on Politics* (December 2004) as 'socially shared rules, usually unwritten, that are created, communicated and enforced outside of officially sanctioned channels'.

5 The OECD/DAC offers a description of what governance implies which best suits this context: 'governance thus functions as an umbrella concept, focusing on factors which are associated with the conditions in most present-day OECD countries, as well as with certain desired policy-outcomes such as poverty-reduction.' From: *The Survey of Donor Approaches to Governance Assessment*, February 2008.

6 Mans, 'Goed genoege bestuur', *International Spectator*, pp. 90-92, February 2007.

confidence and security to allow society to develop. Developing countries, however, have a higher degree of informality, illustrating the importance of acquiring a better understanding of their political, social and cultural dynamics.

Donor agencies tend to standardise the way they look at developing countries and challenges, comparing situations that are scarcely comparable. Countries and regions differ, as do cultures, conjunctures, history, geographical conditions and power relations. While policies require measurable results, there is a risk of them developing a blind spot for cultural and political factors.<sup>7</sup> This includes the dynamism between formal and informal realities.

There are a number of possible reasons why informal realities are created.<sup>8</sup> Generally, informal realities are necessary because formal institutions are incomplete. All societies, developed or developing, need oil to lubricate their machinery. Informal realities are a second best option for those who cannot achieve their objectives through formal channels. Informal options can replace formal institutions that are not effective and are less costly than trying to make formal ones more favourable. They can also be created for the pursuit of goals that are not considered publicly acceptable. In some cases informal rules are deliberately created in a non-transparent manner in order to suit certain actors, who will deny having created them. The question is why there is such a relatively high degree of informal reality in most developing countries.

Donors are gradually realising that their efforts to solve these problems through direct intervention have only been partially successful. They are also increasingly aware that the problems are partly exacerbated by international factors over which they have little control and developing countries none at all. Migration of skilled (e.g. doctors, nurses) and unskilled workers is a clear example. Policy coherence remains a crucial issue, as developed countries give with one hand and take with the other. Donors have observed that many attempts to reform and scale down the public service and to actively engage with influential actors within governments and civil society have had only a modest impact. Why is this? Have we really looked beyond our own models and recipes? Transferring institutional models from developed to developing countries, designed to change the behaviour of political and economic elites does not work very well.<sup>9</sup>

There is also increasing awareness that local political processes are central to improving performance, in terms of development in general and governance in particular. Achieving accountable governance requires not only responsive elites, but also active citizens. The importance of country-led approaches is expressed very provocatively by George Ayittey: 'The prevailing deep-seated tendency blames Africa's problems on external factors, colonial legacies, the lingering effects of the slave trade, imperialism and Western neo-colonialism. This orthodoxy has lost its relevance and validity. Africa must be developed by Africans, using their own model'.<sup>10</sup>

In the past decade government-to-government cooperation in the field of development cooperation has been strengthened. However, donor agencies now acknowledge more than before that formal dialogues and conventional development programmes do not yet provide sufficiently positive outcomes. While most donor agencies have gradually adapted the way in which they plan, organise and implement programmes, they still tend to focus their attention on

7 Jan Pronk, 'Doe wel en zie niet om', Evert Vermeer lecture, p. 4, 1 February 2007.

8 Helmke and Levitsky in *Perspectives on Politics*, December 2004.

9 Unsworth, U4 brief September 2007.

10 Ayittey, *Africa Unchained: The blueprint for Africa's future*, 2005.

the formal aspects of cooperation. At the same time it is quite obvious that the informal reality largely determines policy priorities and especially the way policies are implemented.

### Informal realities

In many cases, when developing countries gained independence the strong formal institutions of governance inherited from the colonial power no longer served their purpose, and the mode of governance shifted from a formal system of checks and balances to one that is often referred to as 'neo-patrimonial'.<sup>11</sup> The resulting political systems are highly centralised, often a logical continuation of the colonial era (e.g. the French system), and depend on personal contacts, which affect bureaucratic controls and lead to increased corruption and impunity. Their bureaucracies no longer enforce formal rules, but a non-transparent mix of formal and informal rules set by the political leadership. Political and economic power is concentrated in the hands of a relatively small elite that controls key resources and knows how to use formal institutions, such as parliament, to its advantage. This situation has led to extensive interference in the economy, including increased protectionism and a weak distinction between the private and public spheres. Although this phenomenon is common in developing countries, elites also have more than average economic and political power in many developed countries, such as the United States. In some 'fragile' countries, ruling cliques have developed a vested interest in disorder and show little interest in seeing an effective state emerge.

There are exceptions to this. Guatemala has a small, fragile state 'by choice'. It is convenient for the ruling elite not to have too many rules and regulations. They can then more easily organise things according to their own preferences. This has, however, enabled organised crime to take over part of the state system allowing new elites to emerge, based on illegal activities.

Informal institutions are largely self-enforcing through mechanisms of obligation, such as in patron-client relationships or clan networks, or simply because following the rules is in the best interests of individuals who find themselves in a situation in which everyone is better off by cooperating.<sup>12</sup> Private and public resources are mingled by those in power. Their overriding goal is to gain and retain power in order to protect or strengthen the interests of their families, clan or tribe. In many countries public resources are abused to finance the ruling party (e.g. government vehicles are used for election campaigns). Other decisions, including policy decisions about development and governance, are subordinated to that single, overriding goal. Democracy, checks and balances, a vibrant civil society and a vocal public are only tolerated in so far as rulers do not run the risk of being ousted from office. The practise of mingling private and public resources is often barely concealed. In most developing countries the public accepts that those in power enrich themselves, as long as they share some of that wealth with their clients. High-level civil servants, deputy ministers and ministers know that their jobs are very insecure. As social security systems are almost non-existent they have to reap the benefits of their privileged position as rapidly as possible. An often heard comment in developing countries is: 'People accept that those in power abuse their privileged position, because they would do exactly the same if they were in such a position themselves'. Politics is based on 'the winner takes all'. The introduction of their own governance systems by colonial powers very probably contributed to this situation by eroding traditional forms of leadership and accountability. It would certainly be interesting to

11 Migdal, *Strong Societies and Weak States: State society relations and state capabilities in the Third World*, 1988.

12 Jutting et al., *Informal institutions: How social norms help or hinder development*, OECD, 2007.

compare countries that were colonised and those that were not, as well as different systems of colonisation.

In recent decades, the two most dominant political parties in Bangladesh – the Awami League, led by Sheikh Hasina Wazed and the Bangladesh Nationalist Party (BNP), led by Begum Khaleda Zia – have almost literally fought their way into and out of power, using violence to stop the party in power making any headway in implementing policies. Once in power, they set about undoing any of the achievements of the previous government. For example, between 1996 and 2001, the Awami League government managed to introduce a promising sector-wide programme for the health sector. Immediately after seizing power the BNP-led coalition government abandoned this programme without offering an appropriate alternative, obviously because it was considered one of the successes of the previous government. Such actions are not based on sound political objectives aimed at serving the population at large.

Most developing countries have accountability institutions, such as parliaments, the judiciary, human rights commissions and ombudsman offices, which were introduced by, or at the suggestion of Western countries. It is debatable, however, whether these institutions actually safeguard the interests of the population at large. In most developing countries, they are under-resourced, while their key members tend to be appointed by the Head of State, the Cabinet or a minister. In this way the status quo is maintained and parliament's function of overseeing the Executive remains weak.

Another important reason to stay in power in developing countries, especially in Africa, is state resources, including not only natural resources like oil, diamonds and coal, but also development aid. Losing control of government means losing the wealth and influence these resources bring. As stated above, those not in office generally view this political system as understandable. They request 'change' to obtain power, not change the way in which those in power organise the country's affairs. The privileged position of elites is partly based on the fact that only they enjoy long-term protected rights (e.g. regarding property) and often feel no need to negotiate with the population at large. Confidence in society is based on personal relationships.

Civil servants in these countries are often poorly paid and demoralised. They see that corruption is not punished and act accordingly. These systems are not dysfunctional as such, but function according to a different logic. They certainly have a bad effect on the poor. Corruption is often explained by the fact that public servants with very low salaries have to feed their children like everyone else. People in rural areas in particular are often disappointed with 'democracy', as part of the overall situation. Services reach them hardly or not at all, and politicians only show up before elections.

In general, it is necessary to seek ways to promote inclusive development which ruling elites will also be prepared to support. Elites should not be bypassed, but engaged in bringing about gradual change that will be beneficial to the population at large. While doing this it is important to take account of the fact that the sustainability of a policy will depend on it generating a minimum number of losers, increasing the number of people benefiting from it over time and being flexible enough for institutional forms to be adopted which allow possible flaws in policy design to be rectified.<sup>13</sup> Thorough reforms will more likely be approved in a crisis situation, in which political benefits compensate for the political costs deriving from redistribution. An overall acceptable balance between the costs and benefits of change has to be found.

13 Alonso, 'Cooperation with middle income countries', p. 161, Estudios Internacionales, September 2007.

Furthermore, societies are not static and, in many developing countries, the realities described above do change. An increasing number of people, including relatively poor people in rural settings, are exposed to the outside world. Even though a foreign language, introduced by the colonial power, might limit the flow of information to the majority of the population,<sup>14</sup> radio and increasingly mobile phones and internet are radically changing societies and people's lives. In addition to increased access, media and communication facilities offer content that is relevant to the local population. People are better informed about the political situation at home and decentralisation has much reduced the distance between rulers and ruled.<sup>15</sup> These developments will not always benefit the general population, but the fact that information gaps are decreasing in itself offers them new opportunities.

Migration in large numbers, within countries and regions, and worldwide, influences people's mindset. Although it is not a new phenomenon, domestic migration may gradually influence the role of ethnicity and religion within societies. The diasporas are an increasingly influential factor and civil society groups have been instrumental in changing particular types of behaviour, which are now part of agreed social norms. Civic engagement is essential in strengthening the demand side of good governance. Activist groups operating across borders, such as Amnesty International, have played a crucial role in spreading and advancing norms of human rights. Statistics show that the benefits of economic growth do not yet sufficiently reach the poor,<sup>16</sup> while, in most developing countries, the small elite is growing in size. The same applies to the middle class, which is often considered crucial in bringing about change and pushing for accountability, democratisation and formality. In most countries, the middle class is not yet a force that can fundamentally change the balance of power but in others, like India, it is already making its presence felt.

### Role of donor agencies

In trying to support developing countries in their efforts to develop, donor agencies should invest in understanding the history and culture that has led to their current state of development. History matters, if for no other reason than that, in many countries, it is a source of political legitimacy. It is also important to look at the development of social capital, as it plays a role in both economic development and the emergence of democratic institutions.<sup>17</sup> As external partners, donor agencies should be modest, look at their own history and allow scope for solutions that are appropriate for the developing countries concerned.

If they do this, they will be more able to analyse and judge the factors that may block or enable development. It is important to take into account the role of elites when trying to understand how decision-making processes, policy development and implementation function and relate to each other.

14 Kezilahabi, *Social Problems in Africa*, New Visions.

15 Boko and Balamoune-Lutz, *Decentralisation, Local Governance and the New Economic Partnership for African Development*, p102.

16 Dutch Ministry of Foreign Affairs, *MDG Scan and Results Report 2007*, [www.minbuza.nl/nl/actueel/perberichten/2007/05/minbuza/ontwikkelingssamenwerking](http://www.minbuza.nl/nl/actueel/perberichten/2007/05/minbuza/ontwikkelingssamenwerking).

17 World Values Survey 2007, final report to the Netherlands Ministry of Foreign Affairs, changing value systems and socio-political change, page 13. Social capital refers to the norms, rules, customs that operate below the level of the State, often informal. The wealth and diversity of community activities, including sports, religious, professional and art association.

Agreements between donors and partner countries are often not complied with in practice. That is due to circumstances in both developing and developed countries, including informal realities. First of all, there is no ignoring the fact that policies and policy priorities frequently change in developed countries, due to changing governments and decisions by parliaments, which are often influenced by public opinion and respond to ad hoc developments. Each new Minister for Development Cooperation introduces new policy priorities and, for example, changes the number of sectors in which embassies are allowed to play an active role. This has implications for ownership. Developing countries require donors that they can rely on as long-term partners, but this is rarely the case. At the same time a range of factors in developing countries, including the interests of members of the elite, hinder the implementation of agreed policies and plans.

Donor agencies tend to see weaknesses in developing countries as managerial problems. They design support programmes and hardware (e.g. computers, offices) and provide training. They fail to realise, however, that the weaknesses may have other, more deeply enshrined causes, and that improvements have to come from within, not from outside.

Donors are very reluctant to consider such causes when setting their development cooperation priorities, while representatives of the elite are very skilled in dealing with their international partners, sometimes violating the spirit but not the letter of the law. Support is welcome as long as their partners do not intervene in 'internal affairs'.

An example of this is Suriname where, as the former colonial power, the Netherlands has experienced difficulties with its development cooperation programme since the country became independent in the mid-1970s. At independence, it made considerable development funds available, but the results have not been impressive. The dialogue between both sides is constrained by sentiments deriving from the colonial past, including accusations of the Netherlands intervening in Suriname's internal affairs.

The elite will always find ways to frustrate the work of accountability institutions and will accept less threatening initiatives which they see as more technical. This complicates the efforts of external partners, who should not allow themselves to be placed in this position. The state may use legislation to regulate critical civil society organisations and independent media or set up its own NGOs or media organisations to mitigate the impact of the more critical voices. Awarding advertisement contracts to pro-state media can place more critical media in a disadvantaged position.

It is important to note that some of the comments made about the elite in developing countries can also be applied to donor representatives. In order to address some of the constraints mentioned above more forcefully donors should adapt the way they interact with their counterparts. This will meet with resistance, as it is far easier for donors to continue to work the way they have been for many years and because it requires taking more risks.

### **Lessons to be learned**

The Paris Declaration shows that lessons have been learned about donor proliferation, aid dependence and the transfer of accountability to international partners rather than to domestic stakeholders. Donor agencies and their political leadership in particular have to make trade-offs between accommodating public opinion and priorities set by their own parliaments and internationally agreed principals of the ownership of developing countries. Despite increased

awareness of the importance of respecting local political processes to ensure committed country leadership for reform and development, donor agencies continue to launch initiatives and actively influence priority setting.

Because of the way donors are organised they act as though power in developing countries is concentrated within government institutions. When they realise that this is not the case, they label such governments 'dysfunctional' instead of noting that their own points of reference differ from realities in the countries concerned. Donors should continue to cooperate with such governments, even though they are helping hybrid regimes to remain in power and many officials do not show full commitment to implementing agreed pro-poor policies,<sup>18</sup> but while doing so, they should strengthen the dialogue.

For a variety of reasons donors intend to invest in development, but do not behave sufficiently as investors. Development budgets have to be exhausted. Strong domestic lobbies (political parties, NGOs, churches, media) often prevent donors from being too critical and businesslike in their dealings with counterparts in developing countries. This is not fundamentally different from the policy and political environment in donor countries. Policy-making and implementation are based on compromises. Government spending is a means to redistribute wealth. A range of considerations, including the specific interests of different groups of actors, are taken into account when making decisions about 'investments'. While looking for improvements in development cooperation, all these realities have to be taken into consideration.

Donor representatives working in developing countries are guests of the countries in which they work and live. They have access to counterparts at different levels, including the highest level. They have to play by the rules of the game, some of which – including the way in which diplomacy is conducted – may limit the possibilities of engaging in what they perceive to be business-like cooperation. For example, they have to respect local customs regarding politeness, patience, etc. Actors both in developed and in developing countries who are either unable or unwilling to fulfil agreements know the rules of the game very well and play the game accordingly.

Diplomats based in Khartoum have frequently discussed the security and human rights situation in Sudan with their Sudanese counterparts in a confidential setting. They have repeatedly expressed concerns about, for example, looting and indiscriminate violence by pro-government militias in villages in the South of the country, and have even submitted pictures of abducted women being forced to march through the desert tied to each other with ropes. Under pressure, the authorities would finally share their concerns but would stress that they had no control over the militias. In line with the rules of the game the diplomats could do little more than disagree with the response of their Sudanese counterparts.

Development does not usually occur evenly across the board and in a well-planned manner. Some sectors will adopt formal rules gradually or more rapidly, while in others relationships will continue to be largely informal and personal. Actors have to operate on both levels at the same time, making it difficult for them to design an appropriate approach for engagement. External actors should be more realistic and modest about their influence in helping to bring about changes in developing countries. While some lessons have led to changes in policy and behaviour in this respect, additional changes should be considered.

<sup>18</sup> Cammack, *The Logic of African Neopatrimonialism*, 2007.

The reality of aid is enormously fragmented and volatile, given the new private aid players and increasingly active bilateral donors like China and India, which often do not have the same perspective on development cooperation as most OECD/DAC donors. Fragmentation means multiple requests for studies and individual meetings with country officials, the establishment of separate project management units, multiple procurement practices for the same products, an inability to identify and propagate best practices, and allocative distortions between what gets funded and country development priorities.<sup>19</sup> To counteract this, donors will have to support recipient government-led programmes even more strongly, using budget support, sector-wide approaches or recurrent cost financing.

## **How can donors operationalise their increased knowledge of the realities behind the facade in developing countries?**

Many donor agencies struggle to answer this question and different answers will have to be found in different countries. There is no ‘one size fits all’ solution. This paper puts forward a number of general considerations and a few actionable options that deserve to be considered and that are directly linked to the central question. In doing so it acknowledges that it is important not to lose sight of the fact that the most we can realistically hope for is incremental change.

### **General considerations**

1. Changing societies means changing cultures. Such change processes take many years and have to come from within. Donors should take this as a starting point and should be willing to invest in long-term relationships. They should not quickly change course in response to incidents. This also implies that new political leaders should not change policy directions drastically and should work according to commonly agreed principles, such as those of the Paris agenda. If donor agencies work along these lines they will also be in a better position to acquire in-depth knowledge of informal realities.
2. In dealing with governments in developing countries donors should shift the focus from how governments came to power to what they do or achieve. Some institutional and policy reforms are more urgent for development than others, and donors should focus on the most important ones.<sup>20</sup> Conclusions should be based on facts and actions, not on intentions.
3. Donor agencies should admit that Western actors contribute to informal realities, at home and in developing countries. Corrupt practices by companies are an example of this. Openness about these issues will make donor representatives more credible in their dialogues with partners in developing countries
4. If donor agencies are serious about the importance of looking at both formal and informal realities, they have to put the outcomes of their analyses into practice. This requires changes in the way politicians, civil servants and members of civil society involved in development cooperation think and operate. They need support from ministers and ‘senior management’ to accept this as a priority, even though concrete results may not be immediately visible.

<sup>19</sup> Karas, *The New Reality of Aid*, 2007, p. 15.

<sup>20</sup> Koper, *Bestuur in Afrika*, 2006.

5. Better understanding of informal realities in developing countries can help Ministers for Development Cooperation and heads of agencies to explain better to parliament and the general public the context in which development cooperation is conducted.
6. Assessments are in most cases initiated by donor agencies, which base the terms of reference on their specific needs. A first step should be to try and harmonise assessment processes. Furthermore this kind of analysis should increasingly be initiated by actors in developing countries, based on what they consider to be key needs and issues. They are best positioned to ensure alignment to local concepts of legitimacy and ownership. This will help guarantee national ownership. Donors should also actively promote the involvement of UN agencies (e.g. UNDP) in a facilitating role, as the UN is often considered more impartial than bilateral agencies.
7. A deeper understanding of the context in developing countries is an asset in being able to conduct policy dialogues. Performing this task seriously, however, requires sufficient capacity.
8. Since countries differ, country-specific approaches to this kind of analysis are valuable. While some governments (e.g. Rwanda) take the lead, others will not allow local think-tanks, members of civil society and possibly donor agencies to conduct such analyses. It is important to discuss with counterparts in developing countries why analysing formal and informal realities can be in their interest (e.g. confidence in the investment climate, legitimacy of government/leadership, donor support).
9. Capacity constraints and policy weaknesses can only be addressed if leaders develop the political will to reform and deliberately adopt policies that foster the developmental state. Donor agencies should focus their analysis and their dialogues more strongly on 'the political will'. Their more profound understanding of the political context will help maximise their developmental impact.
10. To bridge the gap between analysing informal realities and being able to use the outcomes in operational terms, the analysis could be made more specific. Depending on the context, the analysis could focus on a certain sector, theme or process. This could enhance the involvement of local stakeholders (in the widest sense – including members of the general public) as outcomes may relate more directly to them, and the possibilities to genuinely put findings into practice.
11. Many developing countries lack adequate statistical data. It is almost impossible to engage in a well informed policy dialogue, as in many cases discussions cannot be based on sound data about the outcomes and impact of policy interventions. Since developing countries could benefit from evidence-based policy-making, donors should help them strengthen their statistical capacity. Evidence-based dialogues and policy processes can shed greater light on both formal and informal realities.

### **Actionable options related to informal realities**

12. Ministers and other political leaders of donor agencies should accept that their officials, including diplomats, should address the political and informal aspects of cooperation with developing countries more actively, and even encourage them to do so. Encouraging such engagement at field level also requires open and clear communication between political

leaders and their field staff. Risk-taking and mistakes should be accepted, unless the officials concerned have acted in an irresponsible manner. This requires a different management style and innovative training.

13. Donor agencies should ensure that in-depth knowledge and understanding of countries and of the interests and roles of specific actors increases amongst their staff both in the field and at headquarters level. Handover arrangements have to be strengthened and, since institutional memories are often limited in donor organisations, innovative ways have to be found to strengthen them. Modern communication offers many ways of facilitating this, for example, establishing networks of officials who have served in a certain country.
14. It is important for donor agencies to further diversify their networks at field level. They are usually located in capitals. Their work often involves discussions at ministries and other institutions, such as auditor general's offices, human rights commissions and the head offices of NGOs. Workload, distances and travel conditions often prevent them from establishing and maintaining networks that include representatives from different regions, and from government and civil society. They should, however, try to leave their offices and become as equal a partner as possible;
15. Donor agencies can play a role in promoting incremental and positive change, while maintaining an appropriate degree of modesty. They should know how decisions are made on resources and in whose interest, keep track of power networks, be able to identify the logic behind decision-making, know what methods are used to raise resources to pay followers and win elections, and identify the most vocal champions of reform.
16. Donors should explore ways to locate and support internal forces that initiate or drive reform processes or help raise public awareness and hold government accountable. With the explicit or implicit consent of government they can look for ways to support a vibrant, independent media that can offer different perspectives on issues of national interest. Other options are to support 'watchdog' civil society organisations that promote participation in decision-making and to promote informed policy dialogues by establishing or strengthening policy think-tanks that can work fully independently.
17. Donor agencies can also seek more strategic cooperation with civil society organisations. In most cases the specific field of work in which an organisation has shown itself to be competent determines whether it receives financial support. Donors should pay more attention to the membership base of the NGO, its political clout and its intention to exert pressure on and engage with the government. They should look for ways to help civil society organisations gain access to information. This is especially important in countries where government policies are scarcely challenged. In doing so they should keep in mind that civil society organisations are also part of patronage systems.
18. While seeking ways to strengthen civil society organisations, the media and statistical capacity, donors should avoid falling into the trap of financing a range of separate projects. In addition to promoting a harmonised strategy amongst donor agencies they should look for alternative solutions, such as using local NGOs and research institutes.

19. Donor agencies should try to persuade government counterparts to disseminate information about their policy intentions and dialogues with donors to the general public.<sup>21</sup>
20. Donor agencies have been too cautious about sharing information gained through political analysis, which can inform debates in both developed and developing countries. They need to weigh the advantages and disadvantages of doing so, taking account of sensitivities on all sides. Maximum transparency is required if political development cooperation is to be taken seriously.
21. Donors should support local actors (think-tanks, civil society organisations, etc.) in building capacity to analyse the informal realities behind the facade and to use the information in their dialogues. They should also help local institutions to generate evidence-based debates between stakeholders.
22. Developing countries have more in common than developed and developing countries. Donor agencies should therefore promote interaction between actors from developing countries. New technologies such as internet and mobile phones offer new opportunities.

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