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Can aid address key governance constraints in public service delivery?

Heidi Tavakoli with David Booth, Rebecca Simson and Helen Tilley

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Acronyms

BSI   Budget Strengthening Initiative
CAPE   Centre for Aid and Public Expenditure
PTA   Parent Teacher Association
ODI   Overseas Development Institute
SMC   School Management Committees

Acknowledgements

Executive summary

This paper proposes a new approach to conceptualising and distinguishing aid modalities. It suggests aid delivery should not only be treated according to its disbursement arrangements and policy objectives, but also in relation to its ability to address specific governance constraints to delivering better services and improvements in infrastructure.

This paper starts from two working premises.

First, the quality of institutions and governance in developing countries affect the adequate provision of public services. These variables or constraints (if materialised negatively) can weaken incentives for good performance and undermine the delivery of results. The negative impact of governance constraints is most acutely felt in low-income countries and especially fragile states.

Second, the way aid modalities have usually been distinguished pays insufficient attention to these governance constraints. Almost no attention is given to whether or not aid is effective in fostering strong incentives for performance, especially in state organisations and those charged with managing and delivering services.

This research aims to explore both these premises. Specifically, do aid programmes contain features that are geared, or at least relevant, to ameliorating or releasing common governance constraints on service and infrastructure quality and access? And if so, what is the nature of the contribution aid programmes are expected to make in releasing these constraints?

To answer these questions we focus on three typical governance constraints: the degree to which sector policies and institutional set-ups reflect a coherent vision; the extent of effective top-down performance disciplines or bottom-up accountability mechanisms; and the enabling environment for locally anchored problem solving and collective action. Use is made of the conclusions of existing analysis and literature surveys on service delivery constraints including previous work by one of the co-authors.

We broaden out the conventional definition of aid modalities, to accommodate factors that may encourage incentives for performance. 'Aid packages' are defined in terms of design and process features, including those that emerge during implementation. Design features include the policy objective of the package; its inputs and activities; and the type of disbursement modality financed. We also look at process features – a dimension of aid relatively neglected in recent years – to explore whether a given aid package is problem-driven; allows for adaptive learning processes in both design and practice; and encourages consensus-building and consultation surrounding design and implementation.

This paper lays out a new approach for exploring how aid programmes have been, and can be, designed to address more deliberately the institutional framework of service and infrastructure. This is particularly relevant for countries undergoing intensive periods of transition, post-conflict reconstruction or state-building, where such institutional frameworks are still developing and maturing. The overall aim of the wider research is to identify better ways to deliver aid so that it fosters improved incentives for performance and – ultimately – delivers better results.

1 Introduction

There has been much discussion about the influence of institutions and governance on the effective delivery of public services (Batley et al., 2012; Booth, 2010; Unsworth, 2010; Wild et al., 2012; World Bank, 2004). Empirical evidence on the subject is somewhat fragmented across a range of sectors and disciplines, and based on varied conceptual frameworks (Mcloughlin et al., 2012a). Nevertheless, a number of typical constraints on service quality and access with origins in sector or country governance have been widely recognised in research and evaluation studies (Wild et al., 2012). It is striking, therefore, how little explicit discussion there has been on the implications of these findings for the design and delivery of development cooperation or aid. There has been hardly any research into the question of how – in addition to providing finance, policy advice and technical assistance for service and infrastructure provision – aid might contribute effectively to releasing some of the generally recognised governance constraints on the improvement of quality and access.

This may be because the uptake of research findings about governance constraints is generally difficult for donor organisations (Booth, 2012). It may also be because aid modalities continue to be seen as largely financial mechanisms that have a neutral effect on the institutional framework of a service or infrastructure delivery sector. Aid modalities have usually been distinguished according to the technical arrangements governing the disbursement and management of funds. Alongside policy objectives, these characteristics are the exclusive basis for distinguishing between budget support, basket funds, pooled funds, project aid and various hybrid forms.

This paper proposes an approach to conceptualising modalities of development cooperation or aid delivery in terms of their ability to address specific governance constraints to better service and infrastructure delivery. Without losing sight of the need to supplement resources or influence policies in a sector, it explores actual and possible differences of approach among aid programmes that are not captured when the focus is limited to disbursement modalities and policy objectives.

ODI's Centre for Aid and Public Expenditure (CAPE) is undertaking research with the Budget Strengthening Initiative (BSI) to examine to what extent, and in what ways, existing aid programmes or 'aid packages' contain features that are geared, or at least relevant, to ameliorating or releasing common governance constraints on service and infrastructure quality and access. To give the enquiry definite focus and manageable scope, use is made of the conclusions of existing analysis and literature surveys on service delivery blockages and constraints. In particular, the study draws on Booth's 2010 summary of the Africa Power Politics Programme's (APPP) findings on local governance and public goods provision in Africa and Wild et al.'s more extensive analysis of common constraints and incentive problems in service delivery (Booth, 2010; Wild et al., 2012)[1]. Both studies examine the type and degree of governance constraints that exist in both fragile and non-fragile environments.

This paper, which frames the CAPE research, focuses on three typical governance constraints identified in the mentioned literature: the degree to which sector policies and the institutional set-up reflect a coherent vision; the extent of effective top-down performance disciplines or bottom-up accountability mechanisms; and the enabling environment for locally anchored problem solving and collective action. According to Booth, a combination of these three sets of factors seems to account for much of the variation of intermediate outcomes in public goods provision at the sub-national level in sub-Saharan Africa (Booth, 2010). We assume that the ability of donors to influence these governance constraints is particularly relevant for countries undergoing intensive periods of transition, post-conflict reconstruction or state-building. Where institutional frameworks for service and infrastructure delivery are fragile and still developing, tackling governance constraints is not only crucial for individual welfare but also in order to establish legitimate and capable states.

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[1] It also draws on and informs work conducted by the Budget Strengthening Initiative in South Sudan. Specifically, the development and implementation of Service Delivery Frameworks which aim to diagnose and address sector governance constraints.

We take this analysis of governance constraints as applying to both service and infrastructure provision, and as being relevant to several levels of governance from national policy processes to frontline delivery. We define 'aid packages' in terms of design and process features, including those that emerge during implementation.

The paper is divided into four sections. Following on from this introduction, the second section examines how modalities of aid cooperation or aid delivery have most usually been defined and distinguished in recent years. The third section expands on the governance constraints that are of concern to this research project. The fourth section elaborates the argument of why we need a new approach that pays attention to the ability of aid to address governance constraints in service and infrastructure delivery. In this fourth section we explain how we propose to examine whether aid packages have been geared to ameliorating constraints of this type and the expected nature of any such contribution. To guide the empirical research, a number of hunches about how the constraints may be released or ameliorated are discussed, drawing on previous work and a first round of stakeholder interviews. Section 5 concludes.

2 How aid modalities have previously been defined and distinguished

Beyond policy objectives, aid modalities have until now been defined and distinguished primarily in terms of the technical arrangements governing the disbursement and management of funds. This stems from the consensus view on aid effectiveness that has evolved over the last quarter of a century, as articulated particularly in the Paris Declaration of 2005. The focus on disbursement arrangements reflects the attention given to financial management issues and choices within this concept of aid effectiveness.

It is arguable that viewing the effectiveness of aid in this way is too narrow and gives insufficient attention to factors influencing incentives for performance, especially for state organisations and those charged with managing and delivering public services. However, before beginning to develop this line of argument, we should recognise some of the advances that have been made in classifying aid approaches within this now 'traditional' perspective. This section discusses how modalities of aid cooperation or aid delivery have been distinguished in recent literature.

Ways of delivering aid have often been lumped together under broad headings. Typical examples are budget support (general or sector) and project aid (integrated and stand-alone). Yet these broad categories do not adequately recognise the diversity of aid-delivery mechanisms as there are often large variations in practice within each category. This was a central conclusion of the last major review of sector-budget support operations in Africa (Williamson et al., 2010), among other studies.

Attempts have been made to better distinguish aid-delivery mechanisms by defining interventions according to their particular features and in doing so making a distinction between aid modalities and instruments (Lister, 2005) . According to Lister (2005), relevant features of the resource transfer from donor to recipient include: i) the type and terms of finance; ii) procurement conditions; iii) targeting and tracking of donor resources; and iv) disbursement channels.

Recent taxonomies of aid instruments have been concerned primarily with reflecting better the diversity of these technical arrangements (Foster et al., 2001; Lister, 2003 and 2005; DFID, 2003 and 2008; Manuel et al., 2011). Such arrangements primarily relate to how the aid instrument is administered and the processes employed to ensure that the instrument's policy objectives are met. These technical arrangements primarily relate to the disbursement and management of funds. Table 1 lists the types of technical arrangements that have been used to characterise aid instruments. They include and add to Lister's four features.

Table 1: Technical arrangements for aid delivery

Feature of national system/aid instrument	Degree of alignment of aid instrument with national institutions[2]
Planning	No consistency with national plan/other documents
Monitoring system	Separate monitoring process for donor funds. No overlap with national monitoring system
Disbursement channels and reporting	Parallel Implementation Units. Separate channels and duplication of systems
Budget documentation	Financing and its intended use is not captured in budget books
Parliament	Financing is not approved by Parliament
Accounting	Financing is neither captured in the government's accounting system, nor presented in the same format
Treasury (banking)	Financing is neither disbursed into the main revenue account nor managed via government systems
Audit	Financing is audited separately by private auditors
Reporting	Separate donor reporting on outputs by an external evaluator
Procurement	Tied to specific sources of supply; donor-led
Targeting/earmarking of donor resources	Tightly earmarked supporting a set of narrowly defined activities or policies (project)
Conditionality	Restrictive ex-ante (political/policy) conditionalities
Technical procedures, sign off, dialogue	Agreement between sector ministry/agency and donor
Timing and length of commitment	A short-term commitment, infrequent and unpredictable disbursements
Accountability/links to non-state actors	Accountability to donor only
Capacity development and sustainability	None

Source: Tilley and Tavakoli, 2012, unpublished.

Since Lister's paper, more instruments have come into prominence and new terms have been coined to reflect the diversity of multi-donor trust funds, basket funds, pooled funds, etc. Yet alongside their policy objectives, the newer instruments are still primarily described and characterised in terms of the technical arrangements identified by Lister.

This is justified by the evidence of the negative effects of some types of aid interventions that formed part of the original rationale for new forms of budget support at the end of the 1990s (Tavakoli et al., 2011). It reflects the now largely uncontested focus on strengthening the scope for partner countries to manage and direct aid allocations, on using government systems and on reducing recipient transaction costs. It also responds to the change agenda leading donors to provide credible, longer commitments, to release funds predictably and to work in a more harmonised way. This developed into the consensus view of aid effectiveness and Indicators to measure the implementation of these commitments needed to refer to the technical arrangements listed in Table 1.

More recently many of the newer instruments have been developed, with new types of technical arrangements, not only to respond to principles of aid effectiveness, but also better mitigate the perceived risks identified by donor agencies. This too has its justification.

The question raised by this paper is whether it is *sufficient* to define and distinguish aid approaches in these terms. Distinguishing aid instruments on the basis of policy objectives, Paris Declaration

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[2] Types of poor alignment are given in the table.

implementation and donor risk management is important. But it may be equally or more important to make distinctions that are more directly relevant to effective service and infrastructure provision. The way aid instruments are currently defined and justified seems to pay almost no attention to whether it is effective in fostering strong incentives for performance, especially in state organisations and those charged with managing and delivering public services.[3] Yet these incentives and the associated governance constraints seem to play a vital part in explaining variations in the performance of public services supported by aid (Batley et al., 2012; Booth, 2010). Therefore, a new approach is needed which gives a central place to the relevance of aid in addressing such governance constraints. If donors want seriously to tackle performance challenges in service and infrastructure provision, they need to pay more attention to which aid modalities help them to do this, and which do not.

3 Common governance constraints to adequate public service provision

There are many reasons why public services are inadequately provided for in developing countries. This has traditionally been discussed primarily in terms of resource and capacity constraints. However, a plethora of research has focused on the effects of institutional frameworks on public service delivery and infrastructure provision. This section describes the three governance constraints stemming from the institutional framework that form the basis of this study. In addition, it presents some findings from previous research on the functioning of political regimes and the roles played by political market imperfections. Although these issues are outside the scope of our enquiry, we need to recognise them as the theatre in which the other three types of constraints emerge and play out.

In the past, bottlenecks to public service provision have mainly be viewed in terms of resource and capacity constraints – human, systems and financial. A disproportionate amount of attention was often devoted to financial constraints at the expense of human resources and systems. As a consequence, service delivery reform programmes in developing countries have often focused mainly on increasing the fiscal space for funding its provision (hence, the overall resource envelope for the sector). Efforts to strengthen the capacity (in both human and systems terms) of the organisations responsible for managing and delivering such services have been routine parts of assistance packages. Alongside this, there have often been public information and advocacy campaigns to encourage the demand for such services.

In many developing countries, such approaches have coincided with considerable improvements in the *quantity* of services provided and utilised. There have been, for example, large jumps in educational access, as measured by net and gross enrolment rates, and in the utilisation of basic health services. But many countries have not seen similar improvements in the *quality* of services provided.

This has prompted development practitioners and researchers to look for explanations of the under-provision of public services that go beyond resources and the elementary forms of capacity. In the last 10 years there has been a flurry of research about the influence of politics and governance on the provision of public services in developing countries. Drawing on institutional economics and political economy theory, such studies are now widely recognised as providing compelling explanations not only of whether services are delivered, but also where, to whom and how well (Batley et al., 2012).

Despite these important advances in thinking about how politics and governance influence service performance, empirical research remains fragmented, making comparative analysis difficult. Analysis

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[3] Attempts to adopt a 'smarter incentive' approach to disbursement, with cash on delivery, greater use of performance tranches or output-based aid, represent a partial exception. However, by design these innovations seek to address in an indirect, arm's-length way the governance constraints discussed in this paper. It is an open question whether in actual practice they allow aid to have a beneficial impact on the key delivery constraints.

covers a range of sectors and disciplines. It draws on a variety of conceptual approaches and is primarily based on in-depth country cases. This undermines its ability to support systematic comparative analysis (Mcloughlin et al., 2012a). Recently, however, there have been attempts to bring together and summarise the literature in this area, building on the seminal *World Development Report 2004* (World Bank, 2004) on this topic.[4]

For example, Mcloughlin et al. (2012a), in *The politics of what works in service delivery: An evidence-based review*, outline the main strands of current debates on the political determinants of service delivery. Wild et al. (2012), in *Common constraints and incentive problems in service delivery*, identify common blockages and incentive problems related to service delivery that undermine access and quality of provision.

This paper does not attempt to reflect the full richness of the papers cited. Instead, it focuses mainly on Booth's summary of interim findings from the Local Governance stream of the APPP. These concern 'a particular aspect of the problems of inadequate public goods provision in low-income Africa: the incentives facing the organisations, especially state organisations, charged with delivering essential services and providing other key public goods' (Booth, 2012). The summary identifies three types of constraint which together seem to account for much of the variation in intermediate outcomes in public goods provision in the countries examined in the APPP (Booth, 2010). We amplify and modify this summary in some ways, drawing on the more recent work by Wild et al. (2012).

The three governance variables of particular concern in this study are:
- The degree to which sector policies and institutional set-ups are coherent or incoherent;
- The extent of effective top-down performance disciplines or bottom-up accountability mechanisms; and
- The enabling environment for locally anchored problem solving and collective action.

We treat the analytical framework employed by Booth and Wild et al. as applying to several levels of government – not just the local level – with due attention to relationships between the central and sub-national levels in the provision of public services. We are interested, as the previous studies are, in both service and infrastructure delivery.

As mentioned above, in focusing on just three sets of constraining factors for the purposes of our study of aid approaches we are excluding from *direct* consideration the wider political and governance conditions generally assumed to influence the adequate provision of public services. These include the nature of the national political regime, as well as moral hazard caused by interactions between donors and recipient governments. The nature of the political regime, including what are sometimes conceptualised as 'political market imperfections', is a category, higher-order constraint that needs to be acknowledged. However, the question of whether aid can have any real purchase at this level is a different and more challenging question than we can hope to answer with the present research. In the next sub-section, we therefore acknowledge the topic and move on.

An important related point is that none of the governance variables and constraints under consideration may be assumed to be independent of each other. They form complex causal chains where a change in one condition may cause a directional change in another – not necessarily in the same direction. For example, encouraging local problem solving may actually undermine policy coherence within and across sectors – a point already raised in key stakeholder interviews within the project. The methodological implications of this caveat are picked up in section 4.3.

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4 It is best known for defining the accountability relationships between three sets of actors in the service delivery chain: policy makers, providers and clients.

3.1Types of governance constraints

3.1.1 The nature of the political regime and political market imperfections

The relationship between the nature of the political regime and political market imperfections and the coverage and quality of services and infrastructure provided is a long-established area of research. We highlight just a few highly relevant aspects.

Attention has primarily focused on whether democratic political systems encourage more effective provision of services. The assumption has been that accountability relationships between citizens and the political regime create incentives for responsive public service provision. Although there appears to be much evidence to support this claim, it is also becoming clear that the impact of democracy on public service provision is 'contingent on the wider institutional context', such as the existence of vibrant media and active, interested groups; democracy, per se, may be insufficient (Carbone, 2009, cited in Mcloughlin et al., 2012a). Booth argues that governance constraints on service delivery are related to regime type, but not in the way conventionally assumed (more or less democracy; or more or less patrimonialism). In particular, well-functioning state bureaucracies can exist under different formal political systems (Booth, 2012, cited in Mcloughlin et al., 2012a).

Another strand of literature in this area relates to the nature of the 'political market'. According to Keefer and Khemani, even where democracy exists, political market imperfections disrupt the translation of voter preferences into government policy. They explain why the 'median-voter hypothesis' (i.e. the expectation that the view and policies of elected officials will reflect the preferences of the median voter) does not hold in low-income countries.

Keefer and Khemani focus on three political market imperfections and show how they can affect the incentives of politicians to provide broad public goods. Their proposition is that public goods are likely to be under-provided for if there is: i) lack of information among voters about politicians' performance; ii) social fragmentation among voters, manifested as identity-based voting; iii) and lack of credibility of political promises to citizens (Keefer et Khemani, 2003).

On the other hand, as Mcloughlin et al. (2012a) argue, periods of political crisis and adjustment may enable radical changes. Under such conditions, institutional reforms that have weakened or destroyed established interest groups also empower new ones and convince the public of the need for major change.

3.1.2 The degree of policy and institutional coherence

Policy-driven institutional incoherence is a term used to describe the absence of a coherent and implementable vision. According to Booth, in the countries studied under the APPP programme (Malawi, Niger, Rwanda and Uganda) service and infrastructure delivery arrangements reflecting a consistent policy vision were found to be the exception rather than the norm. The suggestion here is that a coherent policy and institutional set-up helps to ensure that resources are allocated and incentives structured in ways that are mutually reinforcing, rather than mutually undermining. Two symptoms of incoherence are mentioned: first, persistently ill-defined mandates or overlapping jurisdictions among all or some of the organisations concerned; and second, perverse incentives confronting actors within particular organisations as a result of incomplete implementation of a new policy, and/or the simultaneous pursuit of several policies which for practical purposes are in conflict (Booth, 2010).

Booth argues that two wider institutional factors are responsible for the frequency of this incoherence: populist policy making (especially by presidents) – which relates to the problem of the political market discussed above; and the incentive effects of a high level of external donor funding. There are many reasons why a high degree of donor support may encourage reforms that are incoherent internally, or with the external environment in which they play out. Regularly cited reasons include the politics of aid giving, frustration at the slowness of change and the high turnover of staff in agencies (Booth, 2012;

Wild et al., 2011).[5] In addition the extent of donor support also affects the degree of populist policy making because 'the availability of aid certainly reduces the need for presidents to lose sleep over the costs of what they are promising (Booth, 2010).[6] Therefore, the two factors may be mutually reinforcing. According to Booth, the ambiguity caused by policy-driven institutional incoherence undermines the adequate provision of public services by: i) obstructing coordination and weakening the exploitation of complementarities among organisations; and ii) creating inconsistent incentives and pressure for staff who face competing priorities and policy guidelines that pass in and out of favour without ever being fully implemented, properly wound up or comprehensively replaced (Booth, 2010). As a consequence, policy-driven institutional incoherence can result in incomplete or under-funded policies, bias in resource allocations, non-functioning or ineffective services and opting-out by service users (Wild et al., 2012).

Finally, it may be useful to think of this factor in terms of vertical and horizontal incoherence. Vertical incoherence refers to incoherence along the service and infrastructure delivery chain, from policy maker to provider to beneficiary. Horizontal incoherence refers to incoherence across service and infrastructure-delivery chains, e.g. across sectors and actors.

3.1.3 The extent of effective top-down performance disciplines or bottom-up accountability mechanisms

In countries studied as a part of APPP's work, it was evident that resource shortages do undermine public provision but their negative effects were compounded by the poor allocation or poor performance of the available human resources (technical and administrative staff). In many cases unresolved problems in public provision could be connected directly with an absence of performance disciplines for human resources, such as politically distorted postings, rules not clearly laid down or enforced, instructions not followed, vital jobs being neglected, and so on (Booth, 2010).

According to Booth, top-down discipline is particularly important. Indicators of effective discipline include: site visits by supervising authorities, particularly senior political leaders or officials; resistance to interference by minor politicians outside the chain of command; a palpable sense of being monitored in terms of inputs, outputs or outcomes; and examples of staff or senior officials being rewarded or punished for their performance (Booth, 2010).

The conditions for effective, top-down performance disciplines are widely disputed. Good-governance proponents argue that effective top-down disciplines are only achieved through democratisation and government accountability to citizens. In contrast, recent research by Booth and others suggests that bureaucracies can function relatively well even in the absence of conventional 'good governance', as is the case in some neo-patrimonial states (Future State, 2010; Kelsall et al., 2010, cited in Booth, 2010). Thus it is not necessary for authority to be finely calibrated or rule-bound, and bureaucrats do not need to be highly trained, appointed purely on merit, well remunerated or well 'facilitated'. Instead, so long as direct providers and their managers experience top-down discipline from a political centre – whether or not such discipline conforms to the ideal norms of a legal-rational bureaucracy – public goods may be effectively provided for (Booth, 2010). In addition, in contrast to the good-governance agenda, the introduction of competitive politics at the local level can *in some case*s make provision worse by reducing the willingness of officials to implement measures that are public goods, but not immediately popular (Booth, 2010).

The extent to which neo-patrimonial states use this discipline is, according to Booth, determined by the degree to which the state is 'developmental' – that is, pursues development or nation-building objectives rather than serving private, rent-seeking opportunities. There can also be 'pockets of effectiveness' where strong top-down disciplines exist within less well-functioning bureaucracies.

Alongside top-down performance disciplines, it has become almost conventional wisdom that bottom-up accountability mechanisms encourage better performance in service delivery. Strengthening this mechanism was one of the main recommendations of the 2004 *World Development Report* (World

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5 This was also referenced in recent stakeholder interviews for this study.
6 High resource rents in a country may have similar effects.

Bank, 2004). However, certain things need to be in place for this mechanism to be effective. For example, the distribution of relevant information (from monitoring exercises by direct or indirect users) may be insufficient on its own. It may need to be combined with effective feedback mechanisms. In other words, the provider or manager of a service or infrastructure activity must have an incentive to respond to, and act on, the results of the monitoring exercise (Wild et al., 2012).

These conditions are sometimes met. Work on the education sector has provided examples of success with bottom-up accountability mechanisms via the development of school monitoring committees (SMCs) and parent-teacher associations (PTAs) (Bruns et al., 2011). More recent research, suggests that where parents have not only been encouraged to monitor but also set the standards of education provision, better education results can been achieved (Barr, 2012).

3.1.4 The enabling environment for locally anchored problem solving and collective action

Collective action refers to groups acting together to produce results that are in their collective interest. Collective-action problems arise where individuals in a group will be made better off by acting collectively, but fail to do so because of the distribution of costs and benefits. This makes them ultimately worse off.

Collective-action problems concern goods and services that are available to all (non-excludable), so that there is an incentive to free ride. Collective-action problems are relevant to public service delivery in a number of ways, including but not limited to community self-help or the maintenance of a collective resource (e.g. a functioning water pump). The provision of public services often requires contributions from multiple actors at different levels of provision. As a consequence, collective-action problems can arise at, and between, multiple levels in the service and infrastructure delivery chain wherever there is a collective interest that is difficult to realise (Wild et al., 2012).

Findings from 10 years of research at the Centre for the Future State suggested that how institutions are designed substantially influences opportunities for collective action. This includes which kind of models of service delivery are adopted (Unsworth, 2010; and for further examples, Wild et al., 2012). According to Booth and the APPP, specifying the kind of institutional environment that enables local problem solving is difficult. Nonetheless, the APPP case studies suggest two general features of institutions that enable collective action. First, successful institutions are ones that are arrived at locally and specifically address the obstacles that arise locally. Second, institutions enabling collective action often draw on previous experience or make use of institutional elements inherited from the past (Booth, 2010).

Booth's two necessary conditions are based on examples of successful, local problem solving in Malawi and Niger. They also draw on unsuccessful initiatives. Such initiatives have often been associated with the introduction of models to address collective-action problems that are based on international, rather than local, norms, or situations where political competition is introduced in a context that is highly clientelist. In both types of situations, outcomes for the poor have been made worse, undermining their willingness to engage in future, collective-action initiatives (Booth, 2010).

According to Booth, current aid practices and their effects often impede rather than facilitate successful collective action. The unhelpful features mentioned include programmes driven by donor ideologies, resulting in the transfer of notions of best practice that are not adapted to local contexts. Other factors are: the perverse effects of large funding flows, which weaken the incentive to undertake genuine institutional adaption; and the imposition of accountability conditions that meet the concerns of northern taxpayers at the expense of the conditions for sustaining local collective action (Booth, 2010). Table 2 sets out indicators that may be used to establish the extent to which each of the three identified governance constraints is being addressed. In turn, these may be used to assess whether a given aid instrument or 'package' is relevant to releasing or ameliorating a given constraint. The indicators are inspired by Booth, 2010 and Wild et al., 2012.

Table 2: Indicators used to measure the degree to which governance constraints exist

Governance constraints/variables	Indicators of functional governance[1]
Degree to which sector policies and institutional set-ups are coherent	*Well-defined mandates *No overlapping jurisdictions among all or some of the organisations involved in providing public services *Absence of perverse incentives confronting actors within particular organisations. Perverse incentives are often a result of incomplete implementation of a new policy and/or the simultaneous pursuit of several policies for which practical purposes are in conflict.
Extent of effective top-down performance disciplines or bottom-up accountability mechanisms	*Site visits by supervising authorities, particularly senior political leaders or officials *Resistance to interference by minor politicians outside the chain of command *A palpable sense of being monitored in terms of inputs, outputs or outcomes. *Actual examples of staff or higher officials being rewarded or punished for their performance *Monitoring by direct (or indirect users) and the existence of feedback mechanisms *Users (direct or indirect) involved in setting the standards of provision; *Monitoring mechanisms that build on traditional institutions or norms (such as honour and shame) *The degree of exit/opting out from the users.
Degree to which locally anchored institutions enable problem solving and local collective action (at any level in the service chain, not necessarily at the frontline)	Institutions enabling collective action * Are problem solving in the relevant context (i.e. institutions of collective action are ones that have been arrived at locally and which specifically address obstacles that have arisen locally) * Make use of institutional elements inherited in the past (i.e. draw on previous experience or make use of institutional elements that have been employed in the past).

Sources: Booth, 2010; Wild et al., 2012.

From this section it is clear that the institutional framework of a service or infrastructure sector has demonstrable effects on adequate, public service provision. In many cases these constraints are interrelated and ultimately couched in the nature of the political regime and political market imperfections. This begs the question: are there ways of releasing or ameliorating some of the second-order constraints without aiming to influence the nature of the political regime or political market imperfections? The next section lays out a framework for how the research proposes to use these concepts and indicators to explore a new way of defining and distinguishing aid approaches.

4 Can aid packages ameliorate and release governance constraints and, if so, how?

4.1 Why do we need to think about delivering aid differently?

In the last section we discussed three main governance constraints and some broader contextual factors that influence the adequate provision of public services. It follows that, in order to strengthen public service provision, donors should work towards facilitating improvements in these factors. At the very least, external action should be concerned with not making them worse.

The present research examines whether any existing or previous 'aid packages' contain features that are geared, or are at least relevant, to releasing constraints in the three areas: policy and institutional coherence; effective top-down and/or bottom-up performance disciplines; and institutions that enable locally anchored problem solving and collective action. Where we find a relevant feature we will examine the expected nature of the contribution. For the purposes of the study, we assume that resolving lower-order constraints, such as policy incoherence and lack of collective action, may bear fruit even without changes in the nature of the political regime or political market imperfections.[7]

This section outlines how this research question will be addressed. First, we define the concept of an 'aid package', taking into account design and process features. Second, we describe how relevance to alleviating governance challenges and the expected nature of the contribution will be assessed. Third, we lay out some points to consider when assessing relevance, including our initial 'hunches' concerning the types of activities and ways of working that may be most relevant to ameliorating such constraints.

In section 2, we discussed how aid delivery has historically been defined according to its technical arrangements concerning the disbursement and management of funds, alongside policy objectives. Here we argue that programmes of support to service delivery have largely focused on resource and capacity constraints (human, systems and financial) rather than the incentives facing the organisations, especially state organisations, charged with delivering and managing services.[8] Programmes that have addressed the latter have often been focused on one small part of the service provided (e.g. SMCs and PTAs in education) or a part of the service or infrastructure delivery chain (e.g. local government planning). Further examples may exist but we think that they are most likely to be found as components of larger initiatives that are also addressing resource gaps and systems. For this reason, we propose to use the term *aid package*.

4.2 What do we mean by aid package?

By 'aid package' we mean a collection of inputs or contributions with particular design and process features. Paying attention to both design and process features seems important for the reasons set out below. Our hunch is that they both have a part to play in determining the relevance of an aid package to ameliorating or releasing key governance constraints. An aid package can involve either a singular aid modality (as defined earlier) or a combination of different instruments. An aid package does not have to involve a transfer of funds, although it often will. Of course, our question is not which types of conventionally defined aid modalities (budget support, project aid, etc.) best address certain governance constraints; it is rather which type of governance constraint can best be addressed by which kind of aid package (of which disbursement and management characteristics are just one feature).

4.2.1 The design features

This relates to the design of the aid package and can be considered a static picture of its form. Under the heading of design features, we include: the policy objective of the package; its inputs and activities; and the type of disbursement and management modality financed. In the empirical research being undertaken, the aim is to identify the main elements of the package on the input side, as well as to collate content information that may be relevant to addressing governance constraints. In terms of inputs and activities we need to establish: level of funds; technical assistance inputs (personnel, training); policy dialogue components (personnel, conditions); and change-facilitation features (personnel with institutional change skills, convening power, etc). We are interested in both the overall objectives and, in the case of a large intervention, detail on any objectives relevant to the identified governance constraints.

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[7] Although we are aware that this is contestable.
[8] It is worth noting that DAC guidance on capacity development now views this in a way that includes governance and political economy factors, but it is unclear how far this has influenced actual programmes on the ground.

The disbursement and management modalities are added for completeness of basic information as this will not be the principal focus of the classification exercise. The details collected should include a description of the type/types of instruments or modalities in the aid package. Similarly, this enquiry is not about applying Paris commitments in a more political-economy sensitive way. However, we must consider the possibility that adherence to certain Paris principles will also contribute positively to the ability of donors to act upon service delivery governance constraints, while others may be less relevant.

4.2.2 The process features

This relates to the implementation style of the aid package. In addition to examining the static picture of its form, it is important to take into account the dynamic process of its implementation. This dimension of aid has been relatively neglected in recent years (compared with disbursement modalities and country ownership). However, differences in implementation style seem likely to influence the ability of aid packages to relate to governance constraints.

This section draws from and adds to ideas from Andrews et al. (2012), as well as previous work by Pritchett et al. (2004). These authors propose Problem-Driven Iterative Adaptation (PDIA) as a way for countries to escape capability traps. PDIA concerns the process by which a solution and policy are developed. PDIA is a process that allows for locally defined, problem-based solutions and space to experiment with learning-based and consensus-supported reforms. The claim is that, if properly applied, such an approach would generate policies that enable countries to escape their capability traps. Other findings suggest that public-sector reforms are more likely to enable collective actors to organise, influence policy and hold service providers to account if citizen or user groups have participated in such negotiations (Unsworth, 2010).

When investigating particular aid packages we propose to examine three process features: the extent and character of prior diagnostic effort; the degree to which the package allows for adaptive learning processes, both in design and practice; and the degree of consensus and consultation surrounding the development and implementation of the package. We briefly discuss the rationale for paying attention to each of these topics.

The extent and character of prior diagnostic effort

This means assessing the extent to which the development and implementation of the aid package is problem-driven. Anecdotal evidence from key stakeholder interviews suggests that the ability of an aid package and a group of actors to successfully address governance constraints largely depends on how the aid package was developed. Issues include whether sufficient space and time were allocated to diagnose problems and, based on that diagnosis, whether solutions were devised specifically to address them. In cases where this worked well, the problem-driven solutions formed the content of the aid package.[9] Of course, it needs to be acknowledged that this is a tricky field of action; the wrong type of prescribed solutions often exacerbates development problems or creates new ones (Pritchett et al., 2004).

It is important to insist that the problem-driven quality of the process relates specifically to the handling of the key governance constraints. Most implementers of an aid package claim that the intervention responds to some sort of 'problem' in their programming. For example, many of the technical features of aid packages, such as the level of earmarking, degree of traceability of funds and the technical procedures regarding fund sign-off, have arisen in response to the perceived problem of fiduciary risk. However, we are interested exclusively in problem-driven arrangements that are relevant to the governance constraints under discussion. As a rule, we are interested in problems that are recognised as such by local stakeholders – and may have been indicated by them – rather than problems that reflect aid-management concerns.

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[9] This conjecture is consistent with proposed frameworks for accounting and responding to the influence of politics and political economy on the nature of reforms in developing countries (Fritz et al, 2009).

Learning process (adaptive) versus blueprint design and blueprint practice
This is an old topic in project-design literature (Korten, 1980; Rondinelli, 1983; Therkildsen, 1988; Porter at al., 1991; Mosse et al., 1998) that has been neglected during the last 15 years or so. However, in their recent contribution Andrews et al. (2012) emphasised how, in the real world, progress occurs as groups 'muddle through' a series of small, incremental steps and positive deviations from current processes to find institutional solutions. For the purpose of this study, this adaptive approach is also tied to learning mechanisms. Learning processes incorporate both the monitoring element and the mechanism which allows learning to form new solutions. According to Andrews et al: 'This is also not about proving that specific ideas or mechanisms universally "work" or do not work. Rather, it is about allowing a process to emerge through which attributes from various ideas can coalesce into new hybrids. This requires seeing lessons learned about potential combinations as the key emerging result. The necessary experimentation processes require mechanisms that capture lessons and ensure these are used to inform future activities.'

Arguably one of the risks when external actors are involved in a development process is that monitoring data are merely extracted and used for accountability purposes. Under these conditions, the potential to use information for learning will not be fully utilised.

Measuring this characteristic is not particularly straightforward. We distinguish between learning process (adaptive) or blueprint *design* and learning process (adaptive) or blueprint *practice*. The former refers to the degree to which experimentation, incremental change and institutional learning are allowed for in project design. The test is whether flexible log frames, strategic opportunism and/or the use of monitoring for learning (rather than policing) are visualised in project design (e.g. project documents). The latter is concerned with the extent to which experimentation and learning exists in practice during implementation, the assumption being that practice may deviate in one direction or another from the design. For any given feature, we shall be interested in the processes that have allowed for or encouraged it.

Consensus and consultation surrounding both the development and implementation of the aid package
Within the literature on participatory approaches to development, much has been written about the role of consultation and consensus building on the effectiveness of reforms in developing countries. The general justifications do not need to be repeated here although it is worth noting that little of the documented experience is about the process features of large aid packages.
To allow us to examine this aspect, our empirical studies will include a thorough (non-judgemental) description of relationships among the relevant stakeholders in the country environment and the possible interactions with other aid-induced processes in the country. Two areas are to be explored.
The first is the relationships and processes of interaction between donor/s and government and non-government actors, and among the donors supporting the aid package (if there is more than one). The degree of cooperation, alignment, harmonisation, reform support and leadership charisma will be of interest, but not for conventional aid-effectiveness reasons.

Secondly, we shall be concerned with relationships and interactions with change processes beyond the sector including, but not restricted to, those produced by other components of the aid effort in the country. Factors in the aid environment that make it difficult for an aid package to relate to the identified key governance constraints will be of obvious interest.

The following issues will also need to be considered: the level of country support for any relevant initiative beyond the sector (i.e. do incentives for addressing the governance constraints exist beyond the sector?); relevant actions of donors across their portfolios, including the country-level, donor-government relationship; and whether windows of opportunities were exploited. In exploring these topics, we shall inevitably touch on the incentives that donors face which may restrict their ability to address governance constraints in service delivery. The stakeholder interviews already completed have

highlighted examples where donors contributed to policy incoherence across sectors by promoting policies that undermined each other.[10]

There are various reasons why donors' incentives to address governance constraints may be weak (Booth, 2012; Booth, 2010; Wild et al., 2011). The present research cannot examine these in any depth. However, it is important to acknowledge that there may be limits to the ability of donors to support interventions that appear to be needed. The stakeholder interviews carried out so far have thrown up several reasons why donors are often both poorly incentivised and ill-equipped to understand governance constraints and respond to them.[11] Interestingly, many of the more recent innovative approaches to delivery of aid have arguably been a response to a change in the sensitivity of donors to perceived risk, an area in which their incentives are strong.

To conclude this sub-section, readers may detect that some of the themes from our discussion of key blockages in service delivery have affinities with aspects of our consideration of the process features of aid packages. For example, institutions enabling collective action have been found to more likely to be successful if they are problem solving in the relevant context. At the same time, problem solving and contextual learning have been given some prominence in our description of the relevant features of aid packages.

Table 3: Key features of aid packages in summary

The design features	The process features
The inputs and activities financed:	Extent and character of prior diagnostic effort
Funds; technical assistance (personnel, training); policy dialogue (personnel, training); change facilitation (personnel, convening power)	Learning process (adaptive) versus blueprint design
Policy objectives	Learning process (adaptive) versus blueprint practice
Disbursement and management modalities	Extent of consensus building around the package (with country stakeholders and other aid stakeholders in same or different agencies)

4.3 Analytical framework to assess the relevance of aid packages to realising and ameliorating governance constraints and the nature of contribution

Up to this point we have identified a set of governance constraints in service delivery and discussed potentially relevant features of aid packages. This sub-section goes on to outline an approach to assessing whether the design and process features of a given aid package enable it to address the amelioration of one or more of the identified governance constraints. This includes the examination of the expected nature of contribution, if relevance is found.

Following a basic description of the aid package under consideration, the next step is to assess whether it actually or potentially addresses the governance constraints. We are mainly concerned with aid packages that *prima facie* do at least have a component that is concerned with influencing the institutional environment in which service or infrastructure delivery is taking place. That is, we shall not pursue very far any interventions that are just topping up the financial resources of a priority sector,

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10 For example, in a country discussed, many donors were supporting a Local Government Reform Programme with the aim of expanding the authority of local governments. Yet at the same time many of the same donors were supporting sector reform programmes that were trying to reduce the authority of local governments.

11 These include: incentives related to personal career progression (e.g. moving frequently); incentives to deliver quick results and disburse large amounts of money, often bypassing rather than addressing governance constraints; and incentives to adequately account for funds spent.

improving its financial management systems or trying to influence sectoral spending in a pro-poor direction.

As the above implies, we are open to exploring the relevance of an aid package to one, rather than all, of the constraints. We also acknowledge that an aid package might be relevant to releasing one governance constraint while exacerbating another.

It is suggested that the assessment of relevance and the expected nature of contribution then proceeds in three steps, with the following questions being asked:

Step 1: Is the *prima facie* judgement confirmed? Does the package have at least a component that is concerned (in principle or in practice) with institutional factors (not just resource and technical capacity shortages) in the delivery chain of the sector? If so, what specifically is the focus and does it correspond broadly to one of the three categories of constraints in sector governance identified above? If it does not, it may still be of interest, especially if the focus is on features that are causally related to one of the three types of constraints.

Step 2: What examples can be given to confirm that we are dealing with a package that is engaging with, relevant to or alleviating one or more of the types of governance constraint? That is, is it:
- Reducing the extent of policy and institutional incoherence, as manifested in unclear or contradictory mandates and incentives, conflicting policy objectives, etc.?
- Combating the weakness of top-down performance disciplines, as manifested in weak inspection and monitoring, manipulation of influence on postings, rewards and punishments, etc? Or encouraging bottom-up accountability by supporting forms of monitoring that build on traditional institutions and norms, involving users in setting standards and providing effective feedback mechanisms?
- Ameliorating the lack of a climate conducive for problem-solving initiatives that address the effects of the other blockages in creative ways, using available economic and social resources?

Step 3: Going beyond relevance and exploring the nature of contribution
Having established relevance, this step seeks to answer the question why such interventions may be able to release or ameliorate the constraints; determines what evidence would be necessary to illustrate this; and examines what the current evidence seems to suggest. The following specific questions are proposed:
- What is the 'programme theory'? If the package is relevant to alleviating the constraint, exactly how is it expected that it will have that result? What are the causal linkages and pre-conditions that are assumed? Is this plausible?
- Based on this, what data or evidence would be needed to demonstrate effectiveness and settle the corresponding problems of attribution and the counter-factual? (How do we know that any changes were the result of the intervention and not the result of something else, and that they would not have happened anyway?) To what extent do these data exist and how easily could they be generated? If data do exist, what do they seem to show?

This analytical framework does not extend to an assessment of the *effectiveness* of aid packages in addressing the identified constraints. This study is not an evaluation, which frees us from: i) making an assessment of an aid package's actual contribution to the release or amelioration of the constraints (instead the *expected nature* of contribution is analysed); and ii) trying to determine the counter-factual/s. However, step three involves taking at least two of the preliminary steps that would be needed in an evaluation: exploring the programme theory; and mapping the necessary evidence for measuring effectiveness.

Naturally, we cannot be concerned with the effectiveness of the aid package in terms of its final outcome or impact objectives.[12] For the purposes of this study, we assume that ameliorating or releasing the nominated governance constraints would have a positive effect on the adequacy of public service provision and/or poverty rates even if such effects might not be revealed immediately. That said, if evidence on effectiveness at the impact level is available, we will report it.

4.4 Points to consider when assessing relevance

Based on previous research and the preliminary findings from stakeholder interviews, this section briefly discusses some ways in which external action has appeared to contribute to overcoming some specific governance constraints in service delivery sectors. It also makes further points about the nature of the identified governance constraints and the ability of external actors to address them. These points are meant to guide, not restrict, the examination of relevance.

Activities to overcome specific governance constraints
Experience provides some suggestions as to how aid packages might encourage policy and institutional coherence; effective top-down performance disciplines or bottom-up accountability mechanisms; and locally anchored solutions to encourage collective action. Although this does not attempt to be a comprehensive presentation of research in this area, some findings are presented below and will inform analysis in the study. Each governance constraint will be examined in turn.

Policy and institutional coherence
Institutional and policy incoherence may appear to be one of the less demanding constraints to address. It is also one that has received considerable attention in development action to date, as illustrated by the consensus of support for poverty-reduction strategy papers at the beginning of the century, and the prevalence of functional reviews and public institutional and expenditure reviews. The latter examine both the form and function of organisations involved in the management and delivery of public services. Such technical initiatives aim to clarify and improve the distribution of mandates, roles and responsibilities horizontally and vertically across government. They may therefore be considered as one type of aid-supported initiative to develop policy coherence. However, experience from attempts to implement the actions recommended in these reviews suggests that something more than technical fixes are required. Incoherence typically has both technical and political roots.

Recently more innovative approaches have sprung up to improve the implementation capacity of government including support to policy coherence. One such programme is the African Governance Initiative (AGI), which helps to strengthen centres of government and political leadership by supporting government strategy and delivery units, or their equivalent. This can facilitate improved, top-down policy direction and hence coherence (discussed in Wild et al., 2012).

Effective top-down performance disciplines and bottom-up accountability mechanisms
Strategies for strengthening top-down performance disciplines and for building bottom-up accountability mechanisms can look quite different. The former may mean supporting mechanisms to monitor and utilise information on inputs, outputs and outcomes, noting that this should also incorporate issues of quality and access. In addition, it may be useful to support supervision systems that reward and punish people in a way that builds on traditional norms. Such is the case in Rwanda with the *imihigo* system, which draws on socially rooted concepts of honour and shame in constructing performance rewards and sanctions (Chambers et al., 2012). Finally, some of our stakeholder interviews suggest that 'incentive-based' regulation, including compliance-based or performance-based grants, have been used successfully to strengthen top-down discipline and incentivise performance.

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12 Assuming that such policy objectives do not include explicit sub-objectives to address the governance constraints.

Strategies to strengthen bottom-up accountability mechanisms are fairly well publicised. They often involve addressing asymmetric information constraints and supporting effective feedback mechanisms. Initiatives seem to be particularly successful when they are based on bottom-up monitoring that involves users in setting the standards. As noted earlier, a study on the performance of SMCs showed that participatory, community-based monitoring interventions (where SMC members were allowed to design their own monitoring instrument by defining objectives, roles and indicators of progress) have the greatest effect on school outcomes and individuals' willingness to act collectively (Barr et al., 2012).

Locally anchored solutions to encourage collective action

Booth's discussion of the enabling environment for local problem solving centres on allowing solutions to be arrived at locally, drawing on previous experience. The emergence of town chiefs in Malawi is one illustration. These actors were able to mobilise collective action by local residents, performing otherwise absent functions and laying claim to a legitimacy closely associated with institutional elements inherited from the past.

This is one example that has arisen without any donor intervention. There are, however, cases where donors have supported national governments or intermediary organisations in facilitating local collective action. They include support to a local NGO in Pakistan to encourage and facilitate local groups to construct sewer channels to collect waste from their own homes (Bano, 2011 and Dansom, 2011, in Wild et al., 2012). Another example is Plan Malawi's facilitation of collective-action solutions at local levels. Plan has been supporting processes to bring together key stakeholders to assess performance information and devise joint action plans in education, health and agriculture (Wild et al., 2012).

Wild et al. (2012) highlight the importance of identifying suitable local organisations to broker or facilitate forms of collective action at local levels. Drawing on APPP case studies, they also emphasise preventing national policy-making structures from undermining or over-ruling local problem-solving initiatives.

General points to consider about the interaction of aid packages and governance constraints

A few final observations and caveats need to be recorded about the general nature of governance constraints in service and infrastructure delivery and the ability of donors to respond to them. These points will need to be borne in mind when assessing whether aid packages have been relevant to releasing particular constraints.

First, this research is exploratory. It aims to shed light on whether governance constraints can feasibly be influenced by donors through aid packages, not to test any already refined hypothesis. We are open to the possibility that some of the governance constraints under consideration are more amenable to influence than others. In line with those setting out the governance constraints, we do not assume that any of the three selected constraints are binding or that a hierarchy exists between them (Booth, 2010; Wild et al., 2012).[13] On the other hand, in the wider field of causes there may be a hierarchy, with the nature of the political regime and political market imperfections influencing the other three constraining factors (Wild et al., 2012).

Second, while the three governance constraints are conceptually distinct, they may not be independent. There may be positive or negative externalities in tackling any particular governance constraint so that other governance constraints or factors are also affected, for better or worse. Such spill-overs can be difficult to diagnose. In addition, the provision of aid itself can also have negative effects on governance constraints, for example reducing state accountability to the public by

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13 'It is not entirely clear at this point whether the factors identified are all equally important and whether getting all three of them right is both necessary and sufficient for improving outcomes. However, it does seem clear that each is individually important across a wide range of particular circumstances in different countries and periods.' (Booth, 2010).

transferring accountability to donors; exacerbating the bias towards short-term, visible deliverables; or leading to a fragmented and incoherent policy environment (Wild et al., 2012).

Thirdly, we anticipate that there will be differences in the way the governance constraints play out, depending on the sector to which they relate. This builds on work by Mcloughlin et al. (2012b) who suggest that sector characteristics (such as the nature of the good, the type of market failure that exists in the sector, the nature of the task and the nature of the consumption) determine the effects of the governance constraints in practice (Mcloughlin et al., 2012b). This may have implications for the type of aid package necessary to release or ameliorate such constraints.

Fourth, the focus on governance constraints to public service provision in this paper should not be seen as implying that capacity issues are unimportant. Here capacity embraces human capacity (the technical ability of staff to carry out their role effectively) and system capacity (whether the systems are in place to direct how services should be provided). Just as attempting to build capacity without accounting for the political economy of the agency/ies being strengthened is inadequate, so too is a strategy to release governance constraints that neglects capacity challenges. Both capacity and governance constraints need to be addressed. There may be cases where 'latent capacity' can be unleashed by the right incentives, while there may be others where weak capacity means that people are unable to respond to the incentives that they face even when incentives are improved.

Fifth, it is important to acknowledge that most changes are likely to be modest, incremental and derived from exploiting windows of opportunity. Yet donors often face incentives to deliver quick, visible and attributable results. We accept that donors' ability and incentives to address governance constraints effectively are often constrained. Our study nonetheless aims to provide suggestions to donors responsible for designing and implementing aid programmes that would to enable them to work better within their constraints.

5 Conclusion

In this paper we have set out a new approach to distinguishing between aid programmes or packages. Our premise has been that distinguishing aid modalities on the basis of the technical arrangements governing the disbursement and management of funds is insufficient. This approach pays too little attention to whether or not the aid addresses incentives for performance, especially for state organisations and those charged with managing and delivering public services. This matters because it is these incentives and associated governance constraints that help explain variation in the performance of public services and the adequacy of provision (Batley et al., 2012; Booth, 2010; Wild et al., 2012).

The paper has proposed a framework for assessing whether a given aid package contains features that are geared, or at least relevant, to facilitating improvements in three common governance constraints. The framework also directs attention to the expected nature of contribution. Borrowing from the categorisations in Booth (2010) and Wild et al. (2012) we focus on three constraints: the degree of policy and institutional coherence; the extent of effective top-down performance disciplines or bottom-up accountability mechanisms; and the enabling environment for locally anchored problem solving and collective action.

We argue that aid packages should be characterised in a way that captures both design and process features, including attention to implementation. Design accounts for the inputs and activities of the package, while relevant process features include the degree of experimentation, learning and consensus building surrounding the design and implementation of the aid package. To guide the empirical research, a number of hunches about how the constraints may be released or ameliorated are discussed. These are offered as points to consider regarding the nature of the constraints and the ability of external actors to address them. They are meant to guide, not restrict, the examination of the relevance of particular packages.

Going forward, this framework will be used to explore how aid programmes have been and can be designed and developed to address more deliberately the institutional framework of service and infrastructure delivery. The ultimate aim is to identify better ways of delivering development results.

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