

# UNBLOCKING RESULTS

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Using aid to  
address governance  
constraints in public  
service delivery

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Rebecca Simson  
and Helen Tilley with David Booth

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Centre for Aid  
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The views expressed in this paper and all responsibility for the content of the study rests with the authors.

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# Acronyms

<b>AGI</b>	African Governance Initiative
<b>AusAID</b>	Australian Agency for International Development
<b>COWSO</b>	Community-owned Water Supply Organisation
<b>Danida</b>	Danish International Development Agency
<b>DFID</b>	Department for International Development
<b>DDP</b>	District Development Pilot
<b>DWST</b>	District Water and Sanitation Team
<b>EC</b>	European Commission
<b>GIZ</b>	German Agency for International Cooperation
<b>ICAI</b>	Independent Commission for Aid Impact
<b>JPAL</b>	Jameel Poverty Action Lab
<b>LGDP I</b>	Local Government Development Programme I
<b>LGDP II</b>	Local Government Development Programme II
<b>LGMSDP</b>	Local Government Management and Service Delivery Programme
<b>MDG</b>	Millennium Development Goal
<b>NGO</b>	Non-governmental Organisation
<b>ODI</b>	Overseas Development Institute
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PDIA</b>	Problem-driven Iterative Adaption
<b>Sida</b>	Swedish International Development Cooperation Agency
<b>SNV</b>	Netherlands Development Organisation
<b>SPU</b>	Strategy and Policy Unit
<b>UN</b>	United Nations
<b>UNCDF</b>	United Nations Capital Development Fund
<b>UK</b>	United Kingdom
<b>US</b>	United States
<b>USAID</b>	US Agency for International Development
<b>WaSH</b>	Water, Sanitation and Hygiene
<b>WDR</b>	World Development Report
<b>WSDP</b>	Water Sector Development Programme

# Executive summary



## Background

It is now widely accepted that governance and institutions influence the provision of public services. Institutional economics and political economy theory have, for some time, provided compelling explanations of where public services are delivered, to whom and how well (Batley et al., 2012). Many of these insights were captured in, or stimulated by, the World Development Report 2004 – the seminal publication on the importance of accountability relationships in effective service provision. More recently, there has been a flurry of attention to supporting the ‘right sorts’ of institutions in development, with the orthodox version exemplified in the UK by Prime Minister Cameron’s ‘golden thread’ thesis pitted against alternatives (Booth, 2012b; Centre for the Future State, 2010).

Overseas Development Institute (ODI) research has shed new light on this complex problem by attempting to categorise common governance constraints and incentive problems in service delivery (Booth, 2010; Wild et al., 2012) (see box on the right). The constraints or blockages noted are fairly recognisable and seem to arise time and time again in different contexts. They undermine the adequate delivery of public services, specifically the quality and quantity of provision.

Even though these constraints are fairly common across the developing world, there is little evidence on whether and how aid can help to release or ameliorate them (Tavakoli, 2012). Evidence that does exist tends to focus on the impact of particular types of accountability structures (such as user committees and citizen report cards). In contrast, little research has considered the broader implications of these findings for the design and delivery of aid programmes. So the question remains: how can aid programmes be designed and implemented to improve service delivery by positively engaging with governance constraints? What we do know is that budget support – our best guess at the most effective aid instrument – hasn’t been particularly good at changing the incentives facing those delivering services at the front line. This is because it does not provide sufficient attention to the middle of the delivery chain: to the processes of managing, delivering and accounting for resources (Williamson and Dom, 2010).

To address the gap in the literature, we wanted to assess what could be learned from existing aid-funded efforts to engage with governance constraints

### Governance constraints that undermine service delivery

- i) Policy and institutional incoherence.
- ii) Poor top-down performance disciplines and limited bottom-up accountability relationships.
- iii) Limited scope for problem-solving and local collective action.

Source: Wild et al, 2012 and Booth, 2010

of this sort. The study was particularly concerned with identifying lessons for the design and delivery of aid programmes in terms of the activities pursued and the process of their design and implementation.

We selected four aid packages in lower-income countries, including one post-conflict country. These were:

- A rural water programme in Tanzania.
- A pay and attendance monitoring programme in Sierra Leone.
- A programme supporting the Strategy and Policy Unit (SPU) in Sierra Leone.
- A local government programme in Uganda.

Attention was given to fragile states, because these issues are particularly acute in such environments, which by definition have poor governance, and where donors are expected to target most of their effort by 2025 (Kharas and Rogerson, 2012). We sought to address the following questions in our case study analysis:

1. What was the nature of the governance constraint that the aid package sought to engage with?
2. How did the aid package engage with the governance constraint – what were the relevant activities?
3. What factors contributed to the aid package’s ability to do so?

# Governance constraints

This study draws on three governance constraints identified in recent ODI research, outlined in the table below (Booth, 2010; Wild et al., 2012). While recognising that these types of institutional blockages have wider political causes, our analysis focuses on the ability of aid to engage with these lower-order constraints, acknowledging the likely interactions between these intermediate variables and the wider political economy. The question of whether aid-funded activities can make a difference to these wider political issues is an important and difficult one. We do not seek to answer this question here.

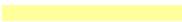
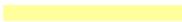
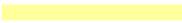
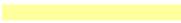
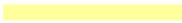
## Common governance constraints and their effects

Governance constraint	Definition and some common effects
Degree to which sector policies and institutional set-ups are coherent	<ul style="list-style-type: none"> <li>Poor outcomes are often correlated with ill-defined mandates, poorly aligned policies and financing frameworks and a lack of clarity about roles and responsibilities within governments. This results in perverse incentives for staff to either refrain from implementing policies or simultaneously pursue several conflicting policies at once.</li> </ul>
Extent of effective top-down performance disciplines and bottom-up accountability mechanisms	<ul style="list-style-type: none"> <li>Development outcomes are often exacerbated by poor human resource allocation and performance. This is commonly an effect of the weakness or non-existence of the kinds of top-down disciplines that are usually found in bureaucratic organisations, and/or the result of a lack of bottom-up accountability. As a result, rules are not developed or enforced, instructions are not followed and functions are not carried out.</li> </ul>
Degree to which there is scope for problem solving and local collective action	<ul style="list-style-type: none"> <li>Another common obstacle to service delivery is the inability of actors to work productively together because the costs of cooperation are distributed in a way that deters participation. Collective action problems result in the under- or over-utilisation of services, and are associated with the 'tragedy of the commons' and the longstanding disrepair of shared goods (such as public goods which are non-excludable).</li> </ul>

# Extent of governance constraints prior to the aid package

To establish the relevance of aid-funded activities and how they have engaged with the constraints in practice, we examined the degree to which the common governance constraints were observable in the countries and sectors of interest prior to the delivery of the aid package. In all cases, instances of these three types of constraints were not hard to find, suggesting they provide a reasonable starting-point for an investigation of options for the design of aid packages. The findings are summarised below using a traffic light rating, where red means of considerable concern.

## Degree to which these constraints were a concern prior to the aid package

Governance constraint	Support to the SPU, Sierra Leone	Health worker pay and attendance programme, Sierra Leone	Rural water programme, Tanzania	Local government development programme, Uganda
Policy and institutional incoherence				
	In all cases we observe a broad country development policy or sector policy. Yet this is often disconnected from legal and financial frameworks, indicating a clear level of incoherence, which manifests in a notable disconnect between de jure frameworks and de facto practice.			
Poor top-down performance disciplines and bottom-up accountability mechanisms				NA*
	Systems for facilitating performance disciplines seem to be poor or absent, and undermined by the confusion and misalignment of roles and responsibilities.			
Limited scope for problem solving and local collective action				
	Despite the challenges they faced, there was little evidence that the environment encourages actors to engage in local problem solving to improve public service delivery.			

\* Prior to the implementation of the DDDP there was very limited funding going from the central level to the districts and monitoring mechanisms were absent.

# Aid-funded activities

The case studies suggest that certain aid-funded activities have engaged successfully with the governance constraints, although the effects may have been modest and incremental. This is most notably achieved by supporting government prioritisation efforts with particular focus on addressing implementation gaps, as well brokering arrangements to promote collective action and local problem solving. Other aid-funded activities that are also relevant to constraints, and appear to have supported their improvement, are included in the table below.

The types of activities by donors and implementing agencies are related primarily to minimising the gap between policy and practice in the public sector, so as to strengthen the processes of managing, delivering and accounting for services.

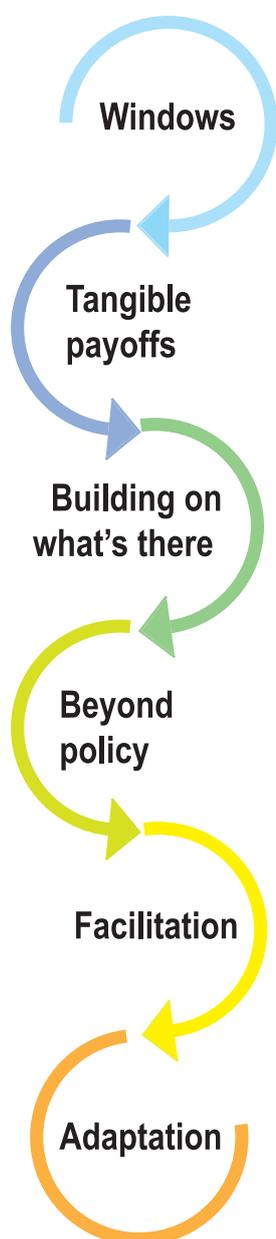
## Aid-funded activities pursued by donors and implementing agencies

Governance constraint	Activities and engagement
Policy and institutional incoherence	<ul style="list-style-type: none"> <li>Support government prioritisation processes, with particular focus on addressing specific implementation gaps.</li> <li>Target and resolve conflicting mandates which impinge on implementation.</li> </ul>
Poor top-down performance disciplines and bottom-up accountability mechanisms	<ul style="list-style-type: none"> <li>Top down: support the combination of incentives and information, providing managers with more information with which to hold their subordinate department or individuals to account.</li> <li>Bottom up: facilitate stakeholders to recognise their collective power to effect change and exercise their oversight responsibilities in a practical way.</li> </ul>
Limited scope for problem solving and local collective action	<ul style="list-style-type: none"> <li>Act as coaches and brokers and use 'outsider status' to encourage stakeholders to meet, discuss and resolve common problems.</li> </ul>

# Enabling factors

Our findings focus predominately on the factors that appear to have enabled the aid-funded activities to obtain traction and nudge forward institutional change that is conducive to the improved delivery of results. Six factors seem critical in this regard and provide clear implications for the design and implementation of aid packages that seek to address service delivery blockages. Apart from the first (which is determined by the emergence of a window of opportunity), they are all within the control of external partners to pursue. However, in most cases, they would also require considerable deviation from current practice.

## Enabling factors



### Identifying and seizing windows of opportunity

Identifying and seizing windows of opportunity is a clear primary condition for the ability of external actors to facilitate change. This enabling condition is a country-led imperative to change and emerges within what would be considered a less constructive political environment for change. It reveals itself either through the apparent political prioritisation of the sector for service delivery objectives (top down) or through a shift in the dynamics of accountability relationships at the bottom end of the chain (i.e. village/regional level), which allows greater scope for local actors to hold those above them to account. Their identification is informed by rigorous diagnostic analysis, conducted both before and during implementation. This ensures entry points for the aid package remain relevant. Over time, this condition appears to influence the boundaries of the effectiveness of the aid package, constraining it in terms of both the reach and the duration of its success. Across the cases, the effective exploitation of windows of opportunity appears to have been determined by the remaining factors.

### Focusing on reforms with tangible political pay-offs

The aid packages were successful partly because they sought to deliver tangible goods and services that politicians could capitalise on in their campaigns. Examples include the ability of the president of Sierra Leone to deliver free health care to mothers and children; and district officials and local leaders in Uganda delivering school buildings and boreholes to their constituencies. In contrast, many donor-funded governance projects implemented in the past decade have focused on governance in isolation from their immediate impact on a particular service delivery objective. Such crosscutting governance reforms often have dispersed and intangible gains, and in many cases carry costs for concentrated and vocal lobby groups.

### Building on what exists to implement legal mandates

The cases we reviewed worked with the political grain by building on existing mandates and supporting existing systems to do so, even if these mandates were imperfect or poorly implemented. Our findings suggest that, where there is a system or process defined in law or policy, it may at times be fruitful to support the implementation of the existing framework rather than returning to the drawing board to redefine it. This

holds even if the law does not meet best practice or is applied inconsistently. The case studies are examples of aid packages seeking to exploit a presumed political commitment for activities and functions (based on their articulation in the legal documentation) that were yet to be fully realised. They did this by building on what was already in place.

### **Moving beyond reliance on policy dialogue**

The aid packages target what could be considered the ‘nuts and bolts’ of service delivery. Techniques are often rudimentary in nature and focus on making existing systems deliver, albeit imperfectly, rather than creating a better strategic framework for delivery. In doing so, the interventions are attempting to bridge the gap between *de jure* and *de facto* activities by encouraging compliance with existing forms of governance. Put crudely, the aid packages seem to focus on ‘getting things working’ rather than perfecting the framework (through the development of laws, procedures, regulations, policy processes). This is not to suggest that supporting policy dialogue and policy formulation is unimportant. Rather, partners can also serve a useful role in operationalising policies, which donors have perhaps under-emphasised in recent years. This may be a particularly effective approach in contexts where there is a weak relationship between pronouncements on paper and actual practices, and therefore where formal policy formulation may be relatively ineffectual.

### **Facilitating problem solving and local collective action solutions by bearing the transaction costs**

Most of the interventions have targeted the execution of government mandates by providing direct operational support and/or coaching to facilitate a greater degree of local problem solving. Both techniques appear to have encouraged actors to come together to find solutions to problems they face in a more sustainable way. The aid package helps by bearing the transaction costs of establishing systems that bring actors together, encouraging those who previously were less inclined to act collectively to work to achieve a common good. Whether the resulting changed practices can then be sustained without aid support is an important question to pursue.

### **Adaptation by learning**

In order for donors or implementing agencies to support the approaches discussed above (facilitating local problem solving, building on what exists, focusing on reforms with tangible payoffs that seize windows of opportunity), the implementing agency needs considerable discretion and space for

adaptation. However, current demands from donors are often antithetical to an adaptive or learning process approach. Our findings suggest that aid packages benefit from in-built flexibility that allows for regular programme adjustment based on learning and changes in the local context.

## **Conclusions**

The findings suggest that external actors can play a beneficial role in supporting government efforts to address governance constraints, if an appropriate approach is adopted. This includes supporting certain types of aid-funded activities and facilitating the realisation of specific enabling factors, in support of a country-led imperative for change. All development actors have a role to play in ensuring these options are employed in practice.

These findings support conclusions reached by others in recent research. They also present fresh ideas about how external agents can support development change. They confirm what many experienced development practitioners have thought for some time: that building on political momentum for a reform, by seizing windows of opportunity and supporting reform with tangible political payoffs, is necessary for an aid programme to be successful. They also point to less conventionally recognised issues in donor/ implementing agency action.

First, external agents may be most valuable when they bring domestic and donor stakeholders together behind a common agenda to facilitate a sufficient momentum for change. In doing so, their role becomes less that of a policy advisor and more that of technical facilitator. In the cases examined, external actors were the first movers, bearing the transaction cost of bringing actors together to solve collective action problems.

Second, efforts of donors and implementing agencies should focus on bridging the gap between *de jure* policy and *de facto* practice. Supporting compliance with existing frameworks (in a way that encourages incremental improvement) is more effective than trying to perfect the framework itself. The following are also all necessary: supporting the government to prioritise its efforts; resolving conflicting mandates that impinge on implementation; and building on what exists to implement to legal mandates.

Third, the findings resonate well with the concept of problem-driven iterative adaptation (PDIA) advanced by Andrews, Pritchett and Woolcock (2012). Developmental change is really achievable only when space is given to country actors to tackle problems in an iterative and flexible way. Our findings go further to suggest donors and implementing agencies are best suited to help facilitate PDIA when they themselves emulate these characteristics, for example being given the space to be sufficiently adaptive, to take into account local learning and to accommodate shifts in priorities.

Fourth, these findings challenge but do not displace some standard propositions in the aid effectiveness literature. They do not contradict the idea that financial aid to public service delivery objectives is often best delivered through budget support-style modalities. They do suggest that other ways of using aid may provide essential complements to standard financial assistance modalities, as they specifically target constraints to delivery while at the same time strengthening government functions.

The lessons from this study are based on four experiences in three countries; they should be treated with an appropriate level of care. However, we expect the findings will resonate with experiences of support to governance reforms beyond these four cases. These findings (and their further examination) are of particular relevance for fragile states. In such countries, institutional frameworks for service and infrastructure delivery are themselves fragile and nascent. Heeding lessons from the past and applying approaches that are best suited to supporting the adequate delivery of public services are essential. In these environments, tackling governance constraints is crucial not only for individual welfare but also for establishing legitimate and capable states.

# 1

# Introduction



## 1.1 Background

State-funded provision of basic public services is a major priority for aid financing and one of the main avenues for promoting the Millennium Development Goals (MDGs). However, it is now widely accepted that governance and institutions affect the quantity and quality of public service provision. Countries with similar levels of education or health expenditure per capita do not necessarily educate children to the same standard, or prevent the same share of women from dying in childbirth each year. Much of this variation in the effectiveness of public expenditure can be explained by political institutions and how they structure incentives (Booth, 2010; Collier, 2007; Keefer and Khemani, 2003; Mcloughlin and Batley, 2012a; World Bank, 2003).

Development practitioners have been well aware for many decades of the political challenges to service delivery. The early development optimism of the 1950s and 1960s built on the premise that aid could bridge the foreign exchange gap that prevented low-income countries from investing in growth-enhancing public goods (Mikesell, 1982; Thorbecke, 2006). However, this optimism was quickly tempered by the mixed results of aid-financed investment projects and growing recognition that the successful delivery of high-return public investments was contingent on capacity, policies and institutions – not just money (Lamb, 1987). Since the 1960s, donors have experimented with a range of approaches aimed at making public investments and service delivery more effective, be it through public administrative reforms and large training programmes for public servants, policy reform enforced by conditionality, such as the structural adjustment reforms of the 1980s, or the more recent good governance agenda, which (among other things) aims to strengthen the institutions that set checks and balances on the executive, such as parliaments and courts. Since the 1990s, donors have increased the provision of budget support linked to sector-wide approaches, with the aim of supporting a single government-led sector plan and joint government–donor reviews that identify and address constraints to service delivery. These various attempts to affect the way governments conduct business can be seen as responses to the recognition that factors other than financing are critical to improving development outcomes.

However, the dissatisfying results of most of these donor measures have led to a growth in literature that analyses the political incentive problems at the root of service delivery inefficiencies and how these play out (Booth, 2012b; Centre for the Future State, 2010; Collier, 2007; Keefer and Khemani, 2003; Pritchett, 2012; Pritchett and Woolcock, 2004; Wild et al. 2012; World Bank, 2008). The World Development Report (WDR) 2004, *Making Services Work for the Poor*, was a watershed in its focus on the accountability structures that underpin public service delivery. It showed that better service delivery for poor people required stronger relationships between citizens and policymakers, policymakers and providers and citizens and providers (World Bank, 2003). Expanding and in some respects questioning the WDR approach, recent Overseas Development Institute (ODI) research categorises common governance constraints and incentive problems to service delivery and shows that a set of common incentive problems underlie much of the variation in service delivery performance in developing countries. Three constraints in particular appear strongly correlated with weak service delivery performance. These include (i) policy and institutional incoherence, reflected in inconsistent and overlapping mandates and policies; (ii) lack of both top-down performance disciplines and bottom-up accountability mechanisms; and (iii) limited scope for problem solving and local collective action (Booth, 2010; Wild et al., 2012).

As we set out in the framing paper for this research project, there is as yet little evidence on whether and how aid can best release or ameliorate these kinds of governance constraints to service delivery (Tavakoli, 2012). While there is a growing body of evidence that looks at the impact of particular types of accountability structures on service delivery outcomes (such as user committees or citizen report cards) (Bruns, 2011; DFID, 2011; JPAL, 2012; McGee et al., 2010), little research has considered the broader implications of these findings for the design and delivery of aid that supports service delivery.

The aid effectiveness agenda embodied in the Paris principles has so far focused on how donors can prevent aid from exacerbating governance problems in recipient countries, not on how aid can actively address those domestic governance issues that impinge on service delivery. The Paris agenda assumes, problematically, that a developmentally minded government is already in place (Booth, 2011; Levy and Fukuyama, 2010). Under the Paris principles, budget support has long been considered

the most effective aid modality, as it pools resources behind a single government-led development agenda and uses conditionality to reinforce this agenda, thereby reducing fragmentation and empowering national authorities (EC, 2008).

However, an ODI/Mokoro review of sector budget support has shown that, while budget support can improve the upstream management of resources, it has usually been unable to change the incentives facing those delivering services at the front line (Williamson and Dom, 2010). Budget support focuses on increasing the inputs necessary to deliver services, and has contributed to improving sector-wide planning and expenditure management. However, in its purest form, most operations have given little attention to the middle of the delivery chain: to the processes of managing, delivering and accounting for services. The question raised by this is whether, without abandoning the perspective that budget support modalities are generally preferable, it is possible to visualise ways of constructing and implementing aid packages that remedy this ‘missing middle’ problem. Are there ways of acting on the factors influencing whether inputs get turned into actual improvements in service quality? This suggests that the starting point of this research should be the type of governance constraint, rather than the type of aid modality. So this study is less about the choice of the ‘aid modality’ but more about the type of activities targeted and how the aid package is designed and implemented.

These issues are particularly acute in fragile states, which by definition have poor governance, and where donors have found it challenging to operate in a harmonised and aligned way because of perceived weak government leadership resulting from limited capacity. Many donors are currently scaling up their support to fragile states in recognition of the long-term repercussions and regional and global reverberations of countries sliding into civil war. Understanding what entry points and design features allow donors to leverage improvements in sector governance is therefore even more critical in fragile states than in other contexts. ODI’s own experiences with the implementation of public sector institutional and financial management reforms in fragile states confirms the detrimental effects of these governance constraints in practice, and points to the importance of innovative, responsive and flexible financing and approaches to assist in improving the incentive structures faced by government officials and service providers (Manuel et al., 2012; World Bank, 2012).<sup>1</sup>

This report is the result of research that set out to explore attempts to use aid to actively improve service delivery by positively engaging with underlying governance constraints. It draws on the findings from four case studies of aid packages in Sierra Leone, Tanzania and Uganda that do appear to have succeeded to some degree in engaging with and addressing governance constraints to service delivery.

The research is exploratory and the findings should be treated as preliminary. It does not aim to evaluate the programmes against their stated objectives, nor measure their impact. It also has not attempted to evaluate whether the aid packages have addressed the constraints of interest; this is the aim of the next iteration of this work.

Instead, its purpose is to explore what can be learned from aid packages that appear to have successfully engaged with these constraints. In doing so, it examines the types of aid-funded activities that seem most relevant for improving governance constraints, with some speculative conclusions made about the activities’ abilities to do so, as well as the elements of the design and implementation approach that have facilitated the execution of these activities.

## 1.2 Common governance constraints

Our concern in this research was with identifying better ways of using aid to improve public services. In order to keep the investigation focused and manageable, we did not undertake our own study of the institutional blockages or governance constraints responsible for poor service quality. Instead, we made use of a pair of previous studies of this issue by ODI colleagues (Booth, 2010; Wild et al., 2012). In addition, we narrowed the scope of our analysis to just focus on the following three governance factors that were emphasised in these studies.

### **The degree to which sector policies and institutional set-ups are coherent**

Poor outcomes are often correlated with ill-defined mandates, weakly aligned policies and financing

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<sup>1</sup> See also <http://www.odi.org.uk/projects/2312-budget-strengthening-south-sudan-liberia-drc-pfm>

frameworks and a lack of clarity about roles and responsibilities within governments. This results in perverse incentives for staff either to refrain from implementing policies or to simultaneously pursue several conflicting policies at once. For instance, district health departments and the central ministry of health may both have responsibility for the treatment of malaria and tuberculosis, and thus both blame their inaction on the other party's lack of engagement. Alternatively, two agencies might be pulling in different directions, with, for instance, a procurement commission and ministry of finance issuing contradictory procurement guidelines, which creates confusion and distrust and causes ministries to scale back activities that require procurement of goods.

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

Development outcomes are often exacerbated by poor human resource allocation and performance. This is commonly an effect of the weakness or non-existence of the kinds of top-down disciplines and systems for their enforcement that are usually found in bureaucratic organisations, and/or the result of a lack of bottom-up accountability. As a result, rules are not developed or enforced, instructions are not followed and functions are not carried out (Booth, 2010). Teacher absenteeism is a classic example: studies from a number of countries have shown that public sector teachers spend considerably less time in the classroom teaching than private school teachers, in part because they face neither sanctions nor rewards for bad or good performance (Bruns et al., 2011; World Bank, 2003).

### **The degree to which there is scope for problem solving and local collective action**

Another common obstacle to service delivery is the inability of actors to work productively together because the costs of cooperation are distributed in a way that deters participation. Local problem solving is viewed here in the context of developing collective action solutions. Collective action problems result in the under- or over-utilisation of resources, such as a 'tragedy of the commons', and the longstanding disrepair of shared goods (i.e. public goods that are non-excludable). Collective action problems can be particularly difficult to overcome where there is weak inter-group trust, or where institutional rivalries and hierarchies prevent groups from recognising common interests (Conduneanu-Huci et al., 2013). Research

## **Box 1: Collective action problems explained**

'A collective action problem exists where a group or category of actors fail to cooperate to achieve an objective they agree on because the first-movers would incur costs or risks and they have no assurance that the other beneficiaries will compensate them, rather than "free riding". The problem is more likely to arise when the group in question is large and the potential benefits are widely shared ("non-excludable"). Solutions to collective action problems involve enforceable rules ("institutions") to restrict free riding and thereby motivate actors to act in their collective interest.'

Source: Booth (2012b)

suggests that collective action will be successful only if rooted in locally legitimate institutions that tailor the solutions to collective problems to the particular context (Booth, 2010).

Like the cited sources, our analysis recognises that these three types of institutional blockage have wider political causes. They are no doubt to be explained by reference to the overall political settlement and the way politics works in the countries where they are observed. The ability of aid-funded interventions to make a difference to these wider political issues is an important question but a difficult one. Here, we attempt to take the discussion forward by focusing closely on the ability of aid to release or mitigate these lower-order constraints, while acknowledging the interaction between them.

## **1.3 Approach**

The analytical framework for this research project is set out in greater detail in the Working Paper 'Can aid address governance constraints in public service delivery?' (Tavakoli, 2012). Much has already been written about the problems with aid and the reasons why development cooperation frequently fails to improve governance. This research project therefore purposely sought to identify cases where some success had been achieved in engaging

with governance constraints. We aimed to identify the factors that appeared to contribute to success, rather than continuing to concentrate on those that contributed to failure.

The research began with over 20 interviews with governance and aid effectiveness specialists from a range of donor agencies. Interviewees were asked to identify aid packages they thought had succeeded in engaging with and addressing governance constraints to service delivery. Interviewees consisted of current and former staff of the UK Department for International Development (DFID), the German Agency for International Cooperation (GIZ), the Swedish International Development Cooperation Agency (Sida), the US Agency for International Development (USAID), the World Bank and various independent organisations, among others. The research team reviewed the long-list of aid packages constructed in this way and narrowed down the list based on their own assessment of the relevance of the aid package to the three governance constraints identified by Booth (2010) and Wild et al. (2012). It is worth noting that the interviewees struggled to think of suitable examples. Many could recall programmes that had not worked and explain why, but found it more difficult to think of more successful aid packages. Nonetheless, the team were able to select four aid packages in Sierra Leone, Tanzania and Uganda. Attention was given to fragile states because these issues are particularly acute in such environments and they are expected to receive the lion's share of donor effort in the next 10 years (Kharas and Rogerson, 2012). Aid programmes in two lower-income countries and one post-conflict country were selected.

Each case study sought to answer the following questions:

- What was the nature of the governance constraint that the aid package sought to engage with?
- How did the aid package engage with the governance constraint – what were the relevant activities?
- What factors contributed to the aid package's ability to do this?

The study considers not only *what* aid-funded activities were financed (e.g. the establishment of a citizens' complaints mechanism or capacity building-support to the national audit office), but also *how* those activities were identified and implemented.

In doing so, it is less about the choice of the 'aid modality' but more about the type of activities and mechanics of their delivery.

The case studies therefore explored each process features focusing on the following questions:

- Context: how did the design of the aid package relate to the recipient-country context (political windows of opportunity, local institutions)?
- Design process: how was the aid package designed?
- Implementation process: how was the aid package implemented and what was the role of the donor or implementing partner in the course of implementation?

## 1.4 Case studies

This study examines four aid packages that provide interesting approaches to engaging with governance constraints. These packages are made up of a variety of activities and management arrangements. They cover a range of aid modalities, from budget support to project aid. The focus of this study is not the financial transfer *per se*, and its technical arrangements, but the type of activities, conditions and implementation style that is pursued to improve public services. Each of the case studies are briefly outlined below.

### Support to the Strategy and Policy Unit in Sierra

AGI's support to the Strategy and Policy Unit (SPU) in Sierra Leone, which seeks to strengthen governance by building the central government's capacity to prioritise and deliver politically strategic public goods and services. The programme has been running since October 2008. Tony Blair and former UK Secretary of State for Health Alan Milburn provide high-level leadership and policy advice, while a team of long-term advisors embedded in the Office of the President, the ministries of health, agriculture, trade and energy and private sector development agencies work to build skills and management systems with the aim of speeding up the pace of government service and infrastructure delivery. It uses a project aid modality but with a formal oversight role for the government through a government steering group. A number of different private and institutional donors fund AGI's programme in Sierra Leone.

**Table 1: Selected case studies**

Aid package	Donor	Primary implementer	Client/ immediate beneficiary	Time period	Cost	Aid modality
Support to the SPU in Sierra Leone	Various private foundations and institutional donors	AGI	Government of Sierra Leone	2008-present	Approx. £1.6m/year	Project support and technical assistance
Health worker pay and attendance programme in Sierra Leone	DFID and the Global Fund	Government of Sierra Leone with support from a consulting firm providing technical assistance	Government of Sierra Leone (Ministry of Health)	2010-present	£13.5 million over first 3 years	Budget support combined with project support for technical assistance
Rural water and accountability programme in Tanzania	DFID, Embassy of the Kingdom of the Netherlands	SNV	District councillors and water committees	2008-present	£1.8 million EURO approximately	Project support
Local government development programmes in Uganda	DDP (UNCDF) LGDP I (World Bank) <sup>2</sup>	Government of Uganda involvement from donors	Government of Uganda, targeted at local government	DDP: 1997-2001 LGDP I: 2000-2004	DDP: US \$ 17.5 million LGDP I: US\$80.9	Budget support combined with project support for technical assistance

Note: Framed boxes highlight the agent that the study focuses on. UNCDF refers to the United Nations Capital Development Fund.

### Health worker pay and attendance monitoring programme in Sierra Leone

A health worker pay and attendance monitoring programme in Sierra Leone financed by DFID and the Global Fund, which supports large-scale health care reform by improving rewards and sanctions for health workers, through pay reform and attendance monitoring. The programme started in 2010 in conjunction with a free health care initiative that removed user fees for children and pregnant and lactating women. Recognising the need to increase the number and pay of health workers in order to achieve the free health care reform, DFID agreed to provide salary support to the government to cover a proportion of the wage bill, but did so on the condition that the government introduced stronger human resource management procedures. The intervention combines budget support for salaries with project support for technical assistance that worked with the Ministry of Health to establish an attendance monitoring system.

### Rural water and accountability programme in Tanzania

A rural water programme in Tanzania implemented by the Netherlands Development Organisation (SNV) commenced with water point mapping in 2008 to provide information for policy formulation and budget allocations on the functionality of water points. In 2011, this was developed into an accountability component, which used coaching techniques to help local councillors, district water teams and community-owned water supply organisation (COWSO) members to realise their roles and responsibilities in holding the government and their community to account for water services.

<sup>2</sup> The later phase of the LGDP (LGDP II) (World Bank, Danish International Development Agency (Danida), Austria, Netherlands, Ireland) went from 2004 to 2007. The current programme, the Local Government Management and Service Delivery Programme (LGMSDP) (World Bank), takes a different form than the previous programmes and includes a community-driven development component.

## Local government development programmes in Uganda

In Uganda, the Local Government Development Programme (LGDP I) and its predecessor the District Development Pilot (DDP) aimed to support the development of local government capacity and systems while at the same time providing funds for local infrastructure. The DDP was established in 1997 to support the implementation of the new constitution and legal mandates with respect to decentralised service provision and devolution of the development budget. It started in four districts, with one added in 1998; by 2003, a scaled-up and expanded version, the LGDP I, had gone nationwide, with the components of the programme remaining very similar. The programme had three components, which acted to tie financial incentives to district financial management performance. The first was a discretionary grant for infrastructure at the district level, assigned according to a participatory bottom-up planning process (from the village to the district level); the second was a capacity development grant to strengthen the capacity of districts to achieve performance requirements necessary to receive the

local government grants; and the third was an annual assessment to determine the financial allocations of both grants.

**Table 1** provides an overview of the selected aid packages.

The key findings of this study are presented in four sections. This introduction is followed by **Section 2**, which examines the degree to which the governance constraints identified by Booth (2010) and Wild et al. (2012) were found in the countries prior to the aid package. This context lays the ground for the eventual choice of the aid programme and its characteristics. **Section 3** includes a summary of types of activity, or engagement, included in the aid package that are relevant to addressing or ameliorating the governance constraints. In both sections, we examine whether any commonalities exists, to see if common threads can be sewn together across the cases. **Section 4** then explores the factors that appear to affect whether the aid-funded activities obtain traction in practice and ultimately enable them to address the constraints.

# 2

# Extent of the constraints prior to the aid package

This section briefly maps out the degree to which the three common governance constraints identified in the previous ODI work were observable in the countries and sectors of interest prior to the aid package, so as to assess the relevance of the aid-funded activities and provide baseline information to analyse how the aid packages engaged with the constraints in practice. In most cases, instances of constraints of these three types were not hard to find, suggesting they provide a reasonable starting-point for an investigation of options for the design of aid packages.

## 2.1 Policy and institutional coherence

In all cases, we observe a broad country development policy or sector policy. Yet this is often disconnected from legal and financial frameworks, indicating a clear level of incoherence, which manifests in a notable disconnect between *de jure* frameworks and *de facto* practice; official, stated policy bears little resemblance to implementation practices on the ground.

Across all cases bar one, a relevant country or sector development strategy exists which reflects stated preferences for sector activities. However, different strands of incoherence – related to legal and financing arrangements – beneath the broader policy frameworks appear to undermine their implementation.

A manifestation of this incoherence is the notable disconnect between the formal *de jure* framework as stated in laws, policy documents and formal processes, and the *de facto* practice. This phenomenon is not uncommon in developing countries (Andrews, 2010; World Bank, 2012). In the cases observed, policies and laws were not being implemented as intended owing to both capacity and incentive problems. Here, the formal framework appeared out of touch with what could realistically be implemented under existing constraints. Instead, they tended to dissipate resources and human effort, which only exacerbated the *de facto* incoherence and further undermined the delivery of services.

In Tanzania, a coherent vision exists for the water sector, in the form of an extensive Water Sector Development Programme (WSDP), which is the biggest in Africa. Yet lack of clarity around roles and

responsibilities for maintaining water services, largely because of the existence of unclear mandates, has led to the absence of some functions in practice. For example, district water and sanitation teams (DWST), established by the WSDP, are responsible for the coordination and management of water, sanitation and hygiene (WaSH) at the local level. As DWSTs were not established by the Office of the Prime Minister, they do not have a formal place within local councils, and thus their degree of activity differs from council to council, with some being active and others never meeting. Their function and roles are not well understood, and, combined with overlapping lines of management to both the Office of the Prime Minister and the local council, district staff are left to sort things out by themselves, with some persisting and others giving up.

This experience contrasts with the first phase of support to decentralisation in Uganda, where there was a strong sense from those interviewed that, prior to the DDP, the legal framework for decentralisation was relatively fit for purpose, with well-defined mandates and no overlapping jurisdictions. Since the end of the 1990s, despite the Local Government Act being amended several times, Schedule 2 – which elaborates on the mandates of different levels – has remained the same, which may reflect its initial adequacy. In this case, the main challenge at the time of the DDP was that government had not targeted the systems, human capacity and financial resources necessary to implement the legal mandates. It was this cause of incoherence that received the targeted attention of the DDP.

Poor alignment of financing with institutional mandates and policy initiatives was also noted in the health sector in Sierra Leone, prior to intervention. The stated policy of decentralisation, which delegates management responsibilities for health service provision to the district and facility level, was inconsistent with the financing framework for those services. Most resources were managed centrally, with limited operational funding going to the local level, constraining the ability of district and facility staff to manage the appropriate level of inputs to carry out their functions effectively. One clear effect of this was difficulty for managers in the health sector to sanction staff, as staff salaries were controlled by a central human resource management office.

In all of the cases, the disconnect between the institutional, policy and financing arrangements, as well as the capacity to implement such arrangements,

had clear impacts on service delivery provision. Yet, despite the inherent complexity between the various different arrangements, the constraining bottlenecks were largely visible and relatively easy to identify. This meant designing programmes to prioritise and address specific challenges was made easier.

## 2.2 Top-down performance disciplines and bottom-up accountability mechanisms

Systems for facilitating performance disciplines seem to be poor or absent, and undermined by the confusion and misalignment of roles and responsibilities. In some cases, we observed that systems for providing performance information were simply absent; in others, monitoring mechanisms existed but information was rarely acted on. At one extreme, we found that systems to monitor performance were not in place prior to the aid programme. For example, in Uganda, prior to the DDP, there was no system to monitor the level and performance of grants from the national to the district level. At the other extreme, where information on performance is relatively readily available and forms the basis of performance contracts (in Sierra Leone), there appears to be poor utilisation of and responsiveness to this data.

This suggests that, even when information on performance exists, albeit not in a perfect form, poor enforceability undermines performance disciplines. Arguably, this should not be unexpected: even in Organisation for Economic Co-operation and Development (OECD) countries, public service management by performance is particularly difficult to achieve; it is largely unenforceable when instituted in an environment where neither the administrative culture nor the rest of the incentive structure support this.

In most cases, the situation reflects this more complex reality. Lack of clarity about the delegation of tasks can create confusion, which undermines performance. For example, in Tanzania, responsibility for water point maintenance was split across different organisations, which created uncertainty over who was responsible for what.

Performance disciplines can be further frustrated when the authority to monitor and sanction is separated. This is noted in the same case (in the water sector in Tanzania), where authority to sanction sits with the Office of the Prime Minister, regional administrations and local government (responsible for decentralisation), whereas responsibility to monitor sits with the Ministry of Water. This also applies to the health sector in Sierra Leone, where long feedback loops to sanction staff exist and are associated with the high levels of absenteeism found.

The capacity of staff to identify problematic issues also constrains performance discipline. In the water sector in Tanzania, the Ministry of Water was unable to identify problematic areas from reports, and district water engineers often did not have the necessary capacity to carry out their inspection and repair role.

Finally, across all the cases, other factors associated with weak performance disciplines exist. For instance, there appear to be 'exit options' for consumers, which work not to increase performance pressures but to weaken them, as the better-off find private solutions. In addition, there is no sense that monitoring mechanisms are exploiting traditional institutions or norms, and there is poor involvement of users in setting standards, both influencing factors in terms of performance disciplines (Wild et al., 2012).

## 2.3 Scope for problem solving and local collective action

Despite the challenges, there is little evidence that the environment encouraged actors to engage in local problem solving to improve public service delivery. A common factor across the cases concerns the absence of formal and informal relationships necessary to broker improvements. For instance, in Uganda, although formal local government structures were in place prior to the DDP, the relationships between the village and the district level were essentially not functioning, with limited involvement of the lower levels in decision making. This meant there was limited scope to address local-level concerns and problems through local government structures. Citizens would rely on non-governmental structures or central government to deliver services or address problems. Both of these channels were less able to adequately respond to local dynamics.

**Table 2: Degree to which these constraints were a concern prior to the aid package**

Governance constraint	Support to the SPU, Sierra Leone	Health worker pay and attendance programme, Sierra Leone	Rural water programme, Tanzania	Local government development programme, Uganda
Policy and institutional incoherence	Systems for facilitating performance disciplines seem to be poor or absent, and undermined by the confusion and misalignment of roles and responsibilities.			
Poor top-down performance disciplines and bottom-up accountability mechanisms	Systems for facilitating performance disciplines seem to be poor or absent, and undermined by the confusion and misalignment of roles and responsibilities.		NA*	
Limited scope for problem solving and local collective action	Despite the challenges they faced, there was little evidence that the environment encourages actors to engage in local problem solving to improve public service delivery.			

\* Prior to the implementation of the DDDP there was very limited funding going from the central level to the districts and monitoring mechanisms were absent.

The use of ‘local’ in this context is not associated solely with a locality such as a village or a town, but is used to distinguish between what has been developed indigenously by the relevant institutions from that which has been externally imposed. Therefore, scope for problem solving and local collective action solutions can conceptually apply equally to systems for village-level water management in Tanzania and to central government strategy and delivery in Sierra Leone. In the latter case, we observe that, prior to AGI’s intervention, collective action problems often hampered senior government officials from resolving bottlenecks to programme implementation. In the Ministry of Agriculture, late releases of funds were hampering the implementation of agricultural programmes. Instead of calling for inter-ministerial meetings to resolve these types of bottlenecks, actors assumed they could affect no change and therefore refrained from trying.

It appears that scope for local-problem solving is often constrained by inadequate or absent resources. In Uganda, before implementation of the DDP, limited operational funds and discretionary funds going to the district level and below restricted the degree of participation and local negotiation in decision making. A similar challenge was noted in

Sierra Leone, where inadequate operational funds going to hospitals meant no money was spent on hospital maintenance in 2008.

Two other constraining factors on local problem solving were prominent in the cases. The first relates to limited powers to sanction staff near their duty station, as in health in Sierra Leone and water in Tanzania. Second, external actors in some cases dominate the reform space, resulting in widespread ‘isomorphic mimicry’ – where supposed international best practices are copied, as opposed to discovering policies and processes appropriate to the local context (Pritchett et al 2010; Krause, 2013).

**Table 2** illustrates the degree to which these constraints were a concern prior to the aid package in each of the cases examined. A traffic light rating is used, where red means of considerable concern.

**Table 2** suggests that governance constraints existed across all the cases to varying, but not insignificant, degrees, prior to the intervention. A particular type of incoherence, weakness in performance discipline or limited scope for local problem solving was evident, with different challenges and symptoms noted across the cases. It is clear that these constraints have in practice undermined the delivery of effective public services – whether it be health care, water

management, decentralisation or broad policy agendas – by weakening incentives to deliver. The effects and causes of such constraints are fairly visible, despite their inherent complexity.

This has two important implications. First, in order for aid to have a more useful impact on service delivery, it clearly needs to engage with these challenges in a way that ameliorates them, rather than exacerbating them. Aid that is agnostic to the constraints will inevitably be less effective, as they will persist and continue to limit the results of service delivery. Second, targeted attention is required to adequately address the particular challenges that are specific to each constraint, to ensure solutions are created that do not end up becoming the problem (Pritchett and Woolcock, 2004).

# 3

# Aid-funded activities



The case studies were selected because they appeared to have engaged positively with the governance constraints of interest. Our study examines the aid-funded activities that seem to have had most relevance to releasing these constraints. In assessing these activities, some speculative judgements are also made about the effects the activities have had on releasing the constraints, although further research is required to determine their exact contribution.

The types of engagement by donors and implementing agencies relate primarily to minimising the gap between *de jure* and *de facto* in the public sector, so as to strengthen the processes of managing, delivering and accounting for services. Two types of engagement appear to be particularly relevant to engaging positively with these constraints: (i) activities supporting government prioritisation by crowding in a critical mass of government and donor effort necessary to resolve specific implementation problems; and (ii), activities that involve convening and brokering arrangements between domestic stakeholders to promote collective action and local problem solving. We examine the constraints and associated activities in turn.

## 3.1 Policy and institutional coherence

From the aid packages selected, the activities most relevant for decreasing policy and institutional incoherence concern are:

- Supporting prioritisation of government effort, either implicitly or explicitly.
- Resolving problems associated with conflicting mandates arising in the course of implementing the aid package.

### Prioritisation

A major challenge in the countries under review is the disconnect between policy and practice. While these countries may have development and sector strategies in place that are designed to guide the resolution of incoherent practices, the strategy documents are usually too broad and all-inclusive to provide sufficient strategic direction. As a result, human and financial resources are often spread

### Box 2: Prioritisation to fill implementation gaps in practice

In Uganda, the World Bank used the DDP to throw its weight behind the government's decentralisation policies, which gave this reform effort higher priority both within government and among other donors. For a period at least, this served to concentrate government and donor effort on getting the fundamentals of a local government transfer system up and running, and ensured that the main stakeholders pulled in the same direction, although not all the gains were sustained. In Sierra Leone, the Africa Governance Initiative (AGI) worked with the president to articulate a set of flagship programmes and to establish a special monitoring mechanism (the stocktake process) that ensured the president and key ministers devoted a substantial amount of time and effort to ensuring that at least these programmes progressed. DFID's support for health worker salaries supported a government-led re-prioritisation of resources; the salary bill for health workers tripled on account of the wage and staff increases. Roughly half of this increase was funded by donors and the remaining half by the government.

too thinly and problems related to incoherence are frequently not tackled.

In several of our cases, aid helped with prioritising the development strategy, and coherence was enhanced as a critical mass of support for a narrower set of deliverables was generated. It was this targeted attention to address specific blockages, through a prioritisation process, that seems to have had most success in terms of improving coherence. Rather than trying to perfect 'imperfect policies', implementation gaps were filled (see **Box 2**).

In these cases, the aid packages appear to have successfully supported prioritisation in practice – how government officials chose to prioritise their time and resources – rather than focusing resources on improving the legal and policy framework. However, in the case of Uganda at least, not all the gains were sustained once government and donor priorities shifted. The case studies suggest that aid can shift

short-term incentives, but long-term sustainability at the same level of performance may be contingent on a more fundamental shift in political incentives that results in growing pressure on the government to sustain achieved gains.

### Resolving mandate conflicts that undermine implementation

A second way in which the aid packages target policy and institutional coherence is by helping governments implement core programmes and assisting them to work around problems arising from conflicting mandates. **Box 3** gives examples for Sierra Leone (AGI) and Tanzania.

#### Box 3: Resolving problems arising from conflicting mandates

AGI supported the Office of the President in Sierra Leone to establish processes for resolving bottlenecks to the delivery of politically strategic public goods, such as free health care and electricity generation. The president and government officials solved problems as they impinged on delivery, be these late financial releases, slow port clearances or cumbersome recruitment practices. Although this sometimes led to *ad hoc* and discretionary solutions, there is some evidence that the act of doing has begun to formalise relationships between ministries that previously operated in silos and to clarify respective roles and responsibilities. For instance, the Office of the President has instituted a high-level finance committee that meets to prioritise releases instead of relying on repeated *ad hoc* solutions to financing constraints in individual priority projects. Similarly, in Tanzania the SNV project coached local government councillors on their roles and responsibilities and highlighted how collectively exercising their formal powers could improve the effective running of the council. This has helped expose the weaknesses in the current accountability systems and to motivate changes in behaviour.

## 3.2 Top-down performance disciplines and bottom-up accountability mechanisms

The case studies provide interesting examples of donor-funded activities that have engaged with top-down performance disciplines and/or bottom-up accountability. While the examples raise questions about the sustainability of the measures, they do suggest short-term positive effects on staff performance.

Donors have primarily supported top-down performance through a combination of conditionality and support for systems that give managers more information with which to hold subordinate departments or individuals to account. However, in the cases under review, improvements in top-down performance discipline appear to have been linked strongly to the priority the central government afforded to the sector or programme in question. This prioritisation provided an opening for donors to support the governments to introduce measures that rewarded and sanctioned performance.

In Sierra Leone's health sector, for instance, following consultation with donors, the government introduced an attendance monitoring system that triggered salary freezes for staff with unauthorised absence, in combination with significant pay increases for health workers, which has improved staff attendance. Between 2011 and the first half of 2012, health worker absenteeism fell by 50%; over the life of the programme, the salary freezes have led to savings of approximately \$80,000. This gives managers more information about staff attendance and thus the ability to sanction misconduct, and therefore solves a traditional principal-agent problem. This was enforced by conditionality, as the government risked losing bimonthly salary support from DFID and the Global Fund if they did not measure and sanction attendance. However, reducing absenteeism was also an important priority for the central government, as they could not increase health clinic attendance without staff in post so the desire to discipline staff was both externally and internally generated.

In Uganda, the government introduced a performance-based grant that made releases to

districts conditional on meeting minimum public financial management standards, such as annual budgets, participatory planning documents and internal audits. This neatly linked improved performance to a financial reward. However, this was a high-profile initiative and was underpinned by strong pressure, from both central government and local councils, to see the grants disbursed and small infrastructure projects delivered. When political support for the programme later diminished, the performance of districts appeared to deteriorate.

In principle, performance disciplines that are not enforced bureaucratically, from the top down, may be strengthened as a result of pressures arising from the bottom up, from service users or their representatives. Booth (2010; 2012b) has argued that, in practice, such mechanisms have serious limitations in African contexts. Donor and non-governmental organisation (NGO) efforts to stimulate 'demand' for better services by providing users with better information on their entitlements can be misconceived. As users are also vested in patron-client relationships, they often also have an interest in maintaining the *status quo*. However, at least one of our case studies presents an innovative way of tackling weak performance discipline by working with elected councillors to assist them to fulfil their roles. In this case in Tanzania, SNV aimed to strengthen bottom-up mechanisms by facilitating local councillors to fulfil their roles to exercise oversight responsibilities by coaching them on practical problems. As a result, councillors have been successful in adjusting budget practices.

However, the Ugandan and Sierra Leonean cases point to the difficulty of sustaining performance discipline in the long term. In Sierra Leone, top-down performance discipline improved in sectors that were under close scrutiny by the president, but it is unclear if this can be sustained once his personal attention to it wanes. In Uganda, the performance incentives afforded by the DDP and LGDP I were with time weakened by politically motivated directives, which suggests that decentralisation as a means of rallying political support appears to have become more important than as a means of delivering on service delivery objectives.

### 3.3 Scope for problem solving and local collective action

The cases under review point to some interesting ways in which aid packages have endeavoured to facilitate collective action and encourage domestic stakeholders to devise solutions to problems that are appropriate to the specific context.

In Sierra Leone and Tanzania, AGI and SNV (through local specialists) acted as coaches and brokers and used their outsider status to encourage stakeholders to meet, discuss and resolve common problems. AGI supported a stocktake process in Sierra Leone that brought the minister and senior government officials before the president to justify progress of a priority programme. Other ministries whose actions were critical to the programme's progress would also be asked to join the meeting. This made clear the responsibility for delivery, removed excuses for inaction and also increased trust among the main stakeholders, making it more likely they would work together even in the absence of the direct command of the president. These sessions would be used to devise solutions to overcome delivery problems.

In Tanzania, as mentioned above, SNV helped bring local councillors together to discuss their roles and responsibilities, the types of problems they encountered in their jobs and how those could be solved. This intervention helped clarify what the councillors' responsibilities were, but the simple act of bringing the councillors together to discuss actions they could take collectively also helped spur action. In one instance, where councillors chose to scrutinise a special audit, district technical staff were suspended pending disciplinary procedures.

Aid packages have also used financial incentives to encourage local action. In Uganda, for instance, the DDP increased the discretionary resources available at local government levels, which increased the scope for local decision making and action. Grants to lower levels of local government were contingent on a participatory planning process and subsequent sign-off by higher levels of local government. This not only brought communities together for planning purposes, but also required greater communication between different levels of local government. More discretionary resources were introduced in tandem

**Table 3: Aid-funded activities pursued by donors and implementing agencies**

Governance constraint	Activities and engagement
Policy and institutional incoherence	<ul style="list-style-type: none"> <li>• Support government prioritisation processes, with particular focus on addressing specific implementation gaps.</li> <li>• Target and resolve conflicting mandates which impinge on implementation.</li> </ul>
Poor top-down performance disciplines and bottom-up accountability mechanisms	<ul style="list-style-type: none"> <li>• Top down: support the combination of incentives and information, providing managers with more information with which to hold their subordinate department or individuals to account.</li> <li>• Bottom up: facilitate stakeholders to recognise their collective power to effect change and exercise their oversight responsibilities in a practical way.</li> </ul>
Limited scope for problem solving and local collective action	<ul style="list-style-type: none"> <li>• Act as coaches and brokers and use 'outsider status' to encourage stakeholders to meet, discuss and resolve common problems.</li> </ul>

with stronger accountability: resource use was monitored by central government and community involvement in decision making increased. The carrot of a new financial flow combined with donor pressure on the central government to report on its use increased top-down monitoring of local government systems and encouraged participatory planning.

In most cases, strong political pressure to deliver on tangible service delivery priorities provided the motivation for officials in central and local government to resolve collective action impasses.

The case studies of aid packages contain activities that appear to have successfully engaged with constraints of these kinds, although the effects

may have been modest and incremental. The most noteworthy activities relate to activities supporting government prioritisation processes as well as those facilitating brokering arrangements between domestic stakeholders. The exact degree to which these activities have contributed to improving the constraints requires further analysis, as does an assessment of the sustainability of such efforts. At least one case study suggests that such sustainability may depend on factors outside the control of the donor or aid package.

The next section discusses these observations in greater depth and explores the factors that have allowed these aid-funded activities to interact positively with governance constraints.

# 4 Enabling factors



The previous section discussed the types of aid-funded activities that were most relevant to engaging with the common governance constraints and their anticipated effects. This section interrogates and provides speculative conclusions on the factors that have enabled the aid-funded activities to obtain traction and nudge forward institutional change that is conducive to the improved delivery of results.

We find that six factors appear critical in this regard and have clear implications for aid design and implementation. Apart from the first – an emergence of a window of opportunity – they are all factors that are within the control of external partners to pursue, but would in most cases require considerable deviation from common practice.

The critical ingredient has been the effort to work with the political grain by supporting endeavours that have buy-in for politicians and technocrats. We find that aid packages achieved this by identifying and seizing windows of opportunity, focusing on governance reforms with tangible pay-offs and building on what exists to implement legal mandates. However, the implementing agency's style of working also appears to have been important, and our case studies point to a hands-on implementation approach. The aid packages purposely moved beyond policy dialogue and instead focused on providing operational techniques to strengthen systems and capacity, as well as coaching and convening power to facilitate local problem solving. This style of working requires that the implementing agency be given a high degree of discretion and flexibility, and the case studies suggest the programmes were unusually adaptive and oriented towards learning by doing. We now examine each factor in turn.

## 4.1 Identifying and seizing windows of opportunity

The importance of exploiting windows of opportunity in development interventions is well recognised (Grindle, 2007; Unsworth, 2009; World Bank, 2012). It describes a situation where the political economy context is more amenable to change and where there is a greater chance for aid programmes to have a catalytic effect (or at a minimum obtain some traction) on development outcomes. From a state perspective, it resonates with the literature

on the importance of government 'willingness' and ownership for development results (Booth, 2011).

Our findings are largely consistent with this principle. This enabling condition emerges in two ways across all the cases, either through the apparent political prioritisation of the sector for service delivery objectives (top down) or through a shift in the dynamics of accountability relationships at the bottom end of the chain (i.e. village/regional level), which allows greater scope for local actors to hold those above them to account. In both instances, donors have been able to effectively seize these windows for change. However, over time, this condition appears to influence the boundaries of the effectiveness of the aid package, constraining it in terms of both the reach and the duration of its success.

In all cases, prior to the aid package we observe a window of opportunity revealing itself within what would be considered a less constructive political environment. Countries are characterised by persistent neo-patrimonial tendencies, where political rents are commonly distributed to reinforce power bases. In most cases, service provision and the means of its delivery, such as local government structures, continue to be highly clientelistic, with ethnic and regional factors associated closely with the distribution of funding for services. Despite this, in several of the contexts examined, some strategically important organisations are insulated from such pressures, or at least subject to much lower levels of such pressures. In such cases, their independence allows a shift towards a greater needs-based approach, as they are somewhat sheltered from pressures to deliver for other means. This is interpreted as a growing desire to deliver public services, matched by a rising expectation of delivery. Such pockets of effectiveness provide the expectation that sectors may be singled out for similar treatment, where developmental objectives have more weight than individual interests in determining outcomes. Such pockets then create better conditions for the use of donor funds to support the sector.

The case of Sierra Leone illustrates the emergence of a top-down window of opportunity. In 2007, a new government was voted into office in part because of public dissatisfaction with the previous government's failure to deliver public goods and services. New President Ernest Bai Koroma vowed to improve basic service provision, notably of electricity and roads, and to offer free health care, and took steps to suggest he was willing to move beyond rhetoric and take

action. This presidential commitment to deliver on key service delivery priorities presented an opportunity for donors to support and strengthen implementation, which at the time was continuing to hamper the pace and breadth of service delivery. Support to health worker salaries and attendance as well as AGI's implementation support capitalised on this delivery momentum. Similarly, in Uganda, institutional reforms and presidential prioritisation to improve service delivery and strengthen local government preceded implementation of the DDP and LGDP I.

In contrast with the experiences in Sierra Leone and Uganda, the case of local water point functionality in Tanzania illustrates an opportunity for change that is driven primarily by shifts in local accountability relationships. Even though Tanzania hosts the biggest water programme in Africa – which suggests the sector is by no means politically unimportant – the SNV councillor training programme aimed to hold to account those responsible for poor service provision. Rather than resulting from high-level political prioritisation of the water sector, the window of opportunity took the form of an increasingly vocal media, increasing awareness and interest by actors in effective political participation and the election of new local councillors in 2010, factors that combined to provide an opportunity to strengthen accountability mechanisms. The start of the SNV programme also coincided with the production of a special audit of local government spending, which provided a key opportunity for councillors to carry out their responsibilities and hold government to account.

From the cases, it is clear that the political economy environment influences and to some degree defines the boundaries of the effectiveness of the intervention, in terms of both its reach and the duration of its success. These conditions are fluid, change over time and influence the success of the aid package. In Tanzania, the political economy environment seems to have inhibited councillors' carrying out their roles in full, so undermining the reach of the aid package and its ability to foster collective action solutions. For instance, two councillors who had undergone SNV training requested the disclosure of a special audit on local government expenditure. Even though this was within their authority, they were intimidated by the district, regional and central government administration and threatened with disciplinary action if they persisted. Therefore, the ability of an aid package to foster a far-reaching change in incentives is dependent on whether wider environmental or personal factors

are in confluence, and its impact is constrained where such synergy is absent. A mutually reinforcing environment is needed.

In Uganda, political incentives to address service delivery constraints appear to have varied over the implementation of the various phases of the LGDP (and its predecessor), which have affected its performance. Since the end of the civil war, decentralisation has been an important political priority for the government. After the implementation of the Local Government Act, in 1996, there were political pronouncements to develop services at the local level, and this appeared to mark a new era in prioritising service delivery for developmental objectives. However, over time, decentralisation as a means of rallying political support appears to have become more important than service delivery objectives. This shift is considered to have contributed to a reduction in the performance of the local government programmes (LGDP I, II and LGMSDP) over time, in terms of both its own objectives and the ability to address the governance constraints of interest. Despite the objectives for decentralisation shifting, the performance of districts has not returned to pre-intervention levels. This suggests external actors should continue to exploit such windows of opportunity even if they remain short-lived.

The aid effectiveness agenda has long stressed the importance of domestic ownership and the alignment of aid with national development and sector strategies. However, the examined aid programmes differed from some typical programmes in that they did not assume there was ownership solely on the basis of policy priorities as stated on paper or in official pronouncements. Rather, they tried to discern where there was true political incentive to deliver. Identifying real windows of opportunity is not an easy task. It is hard to tell whether these aid packages came to support 'true' political priorities by design or just good luck, but several of the cases considered did undertake a rigorous diagnostic programme design process, which included the use of political economy analysis, which suggests decisions were made based on a solid understanding of the domestic context.

In addition, a flexible and iterative approach to assessing windows of opportunity appears necessary, as 'true' priorities are themselves dynamic and therefore not easily connected to an assessment of priorities that is static. In some cases, the implementing agency used a trial and error approach to determine windows of opportunity (see **Figure 1**).

## Figure 1: Approaches to discern windows of opportunity

**Trial and error - Support to the SPU, Sierra Leone**

- AGI placed advisors in ministries where they thought they would be able to transfer skills and build systems when they first established a programme in Sierra Leone in 2008.
- They subsequently reshuffled their advisor positions as it became apparent where there was true reform drive.

**Investment in programme design - Local government development programmes, Uganda**

- A large upfront investment in a year-long programme design and extensive consultation revealed the binding entry points.
- Design phase included understanding the situation in each district, developing a mechanism to incentivise performance and build understanding and support for the new grant mechanisms.

**Governance assessment - Rural water and accountability programme, Tanzania**

- A 'strategic governance and corruption assessment' (including a power and change analysis) informs the programme choice.
- Updated every two years to account for changing contexts and relationships.
- Helps ensure entry points remain relevant and identify where adjustments are needed.

The findings suggest that the aid programmes were able to respond to shifts in local dynamics that were already laying the ground for change. Such changes appear necessary to achieve tangible shifts in the nature of the governance constraints of interest. However, as such openings begin to close or their limits are reached, the ability of the aid package to leverage change is constrained.

Given the importance of using windows of opportunity to leverage change in governance constraints, the corresponding question is, how can aid programmes effectively exploit them so as to have maximum impact on service delivery outcomes?

Conventionally we assume the ability of external agents to do this well is determined primarily by the strategic alliances they are able to build with the respective government officials or significant actors. In such situations, a degree of trust and influence is developed between both parties, which facilitates the programme's success (World Bank, 2012). The experience of AGI in Sierra Leone confirms the importance of these relationships in practice. The programme seems to enjoy a unique level of access with the Sierra Leone government, owing to Tony Blair's involvement as a patron and advisor,

and this opportunity to influence is strengthened by Blair's commitment to make it AGI's objective to help President Koroma personally to deliver on his election promises.

Yet the cases suggest there are five other factors that appear to position donors or implementing agencies well to successfully take advantage of windows of opportunity. These suggest that the ability of the aid package to successfully engage with key governance constraints to public service delivery is as much about the 'mechanics of the aid programme' – its design and delivery – as it is about the donor-government relationships. These are design and implementation features of the aid package and are all factors that are within the control of external partners to pursue. We examine them in turn below.

## 4.2 Focusing on reforms with tangible political payoffs

The first way our case study aid packages exploited windows of opportunity was by linking reforms to address governance constraints to tangible delivery

## Box 4: Focusing on reforms with tangible political payoffs

### Support to the SPU in Sierra Leone

AGI explicitly supported the government to build management systems that would deliver on a presidential delivery agenda with political aims.

### Ugandan local government development programmes

The Uganda DDP/LGDP I financed transfers for small infrastructure implemented at local government level. This linked local government public financial management improvements directly with the provision of tangible and visible goods and services, thereby sweetening the systems reform process.

### Health worker pay and attendance programme in Sierra Leone

The Sierra Leone health worker programme similarly focused on pay for attendance in order to ensure mothers and children seeking free health care would find staff in the clinics. To those senior government officials who promoted the attendance system, it was clear that improved staff attendance was important to the delivery of the politically visible free health care initiative.

gains. Our findings suggest that the packages were successful in part because they sought to deliver tangible goods and services on which politicians could capitalise in their campaigns – be it the ability of the president of Sierra Leone to deliver free health care to mothers and children or district officials and local leaders in Uganda delivering school buildings and boreholes to their constituencies. In contrast, crosscutting governance reforms often have dispersed and intangible gains, and in many cases carry costs for concentrated and vocal lobby groups.

Many donor-funded governance projects implemented in the past decade have focused on governance in isolation of their immediate impact on a particular service delivery objective. A typical project may seek to introduce a pay and performance reform for all civil servants or teach civil society groups to analyse and critique the national budget. While the ultimate

objective may be to improve government's ability to serve its citizens, there is significant distance between the particular goals of the project and, for instance, the provision of water points in a rural district. The cases here tackle governance constraints in order to deliver particular and tangible public goods or services (see **Box 4**).

These case studies suggest that addressing governance constraints through reforms that support the delivery of politically strategic goods and services may at times be a useful way of gaining traction for some governance reform, particularly where there is little traction for technically strong crosscutting governance reforms. However, the costs and benefits should be weighed carefully to ensure the vertical delivery aims do not undermine horizontal delivery mechanisms.

By focusing on service delivery objectives, these aid packages successfully built political demand for governance improvements. However, tackling governance constraints on a case-by-case basis can have drawbacks, as it may yield an ad hoc and partial solution. In Sierra Leone, for instance, health worker salaries were increased substantially to improve worker motivation and attendance, at the expense of an across-the-board pay reform that could have raised salaries fairly for the civil service as a whole.

## 4.3 Building on what exists to implement legal mandates

The cases under review also worked with the political grain by building on existing mandates and supporting existing systems to do so, even if these mandates were imperfect or implemented poorly. Our findings suggest that, where there is a system or process defined in law or policy, even if the law does not meet best practice or is applied inconsistently, it may at times be fruitful to support the implementation of the existing framework rather than returning to the drawing board to redefine it. The case studies are examples of aid packages seeking to exploit a presumed political commitment for activities and functions – based on their articulation in the legal documentation – which were yet to be fully realised, and did this by building on what was already in place. Arguably, the process of delivery can drive policy change in an organic and sustainable way, particularly where the drive to engage in policy design

is lacking. Adjusting and amending processes in the course of implementation may with time result in new policies and laws that reflect actual practices. This reduces the risk of investing in policy development with little buy-in, or protracted periods of inaction owing to the failure of stakeholders to agree on a common framework.

In the case of water in Tanzania, the project supported those tasked with water management at the local government level to fulfil their legal roles and responsibilities. It focused on establishing COWSOs – local-level legal entities responsible for water management that were not functioning prior to the intervention – as well as supporting local councillors and district water teams to carry out their official mandates.

In the same vein, ‘testing the feasibility of constitutional and legal mandates with respect to decentralised service provision and devolution of the development budget’ was one of the first objectives for the DDP in Uganda. The 1995 Constitution, the 1997 Local Government Act and associated 1998 Local Government Financial and Accounting Regulations collectively provided a coherent legal mandate for the decentralisation of political, administrative and fiscal powers to elected local councils. Yet the lack of operational systems, procedures and capacity translated into the absence of many functions at the district level in the late 1990s. For example, there was no monitoring system to measure the level and performance of grants from central to local governments, even though some funding had started to flow, and no district accountants to record expenditure. In response to this, the DDP developed performance-based monitoring systems to encourage the development of functions at the district level. Grants for local infrastructure were tied to the execution of functions, in accordance with the Local Government Act. If a district performed well, it received additional discretionary resources for infrastructure. If it performed badly, it was given additional resources for capacity building.

In addition, one of the performance criteria for the grant was the implementation of participatory planning processes to determine the allocation of infrastructure at the local level. This facilitated the implementation of institutional structures and the development of relationships from district to village level (district–sub-county–parish–village). This is considered one of the primary benefits of the

programme: according to one sub-county councillor interviewed, ‘the local government development programmes taught us our jobs’.

Therefore, in the cases under review, by building on existing mandates and supporting existing systems to do so, the aid-funded activities nudged forward institutional development in accordance with the government’s committed activities and functions.

## 4.4 Moving beyond reliance on policy dialogue

The aid packages of concern target what could be considered the ‘nuts and bolts’ of delivery. Techniques are often rudimentary in nature and focus on making existing systems deliver, albeit imperfectly, rather than creating a better strategic framework for delivery. In doing so, the aid packages are attempting to bridge the gap between *de jure* and *de facto* activities, by encouraging compliance with existing forms of governance. Put crudely, the aid packages seem to focus on ‘getting things working’ rather than perfecting the framework (through the development of laws, procedures, regulations, policy processes). In doing so, the aid-funded activities of concern have moved beyond supporting the bureaucrats responsible for drafting and developing policies, to focusing primarily on those units responsible for delivering against the framework (Page and Jenkins, 2005).

Nearly all the aid packages examined have broken away from a central concern with policy dialogue processes. In Sierra Leone, AGI has supported the SPU to strengthen delivery systems rather than policy formulation. Even though the SPU acts as both a policy and a delivery unit, AGI has deliberately sought to support the delivery function, without directly engaging in policy choices beyond offering tools to prioritise and implement objectives. This focus appears to match the government’s preferences, as it gives virtually no legitimacy to the policies coming out of the SPU. To this end, AGI advisors are given explicit capacity-building mandates and are recruited for their management skills rather than their subject matter knowledge. To the extent possible, AGI advisors have encouraged the government to work with existing frameworks, even where imperfect, and focus on those part of the framework that are useful and implementable.

For instance, the flagship programmes supported by the SPU are a way of delivering the Sierra Leone Agenda for Change (the country's poverty reduction strategy paper), even if the concept of flagships was introduced after the completion of the strategy. Recognising that the Ministry of Agriculture's 20-year agricultural development plan would be difficult to implement, AGI supported the ministry to carve out a part of this strategy to serve as the ministry's flagship programme, and subsequently helped with the operationalisation of the programme.

The local government development programmes, rather than prescribing new policy ideas, primarily supported the development and application of the government of Uganda's own systems and procedures and targeted the implementation of legal mandates. However, during the LGDP II, the Decentralisation Strategic Policy Framework and the Sector Investment Plan (2006-2016) were created and a broader framework for dialogue in the decentralisation sector was developed, in an attempt to address the perceived policy vacuum concerning decentralisation reforms. Yet this was a heavily contested process, and some interviewed suggested it contributed to the donor withdrawal from the LGDP mechanism to support other mechanisms under the investment plan.

By shying away from a preoccupation with policy dialogue processes, these forms of assistance have effectively been agnostic to policy choices. Such a strategy obviously has considerable reputational implications for donors, which have more commonly taken a more active role in these processes.

However, we do not want to suggest development partners have no role to play in policy dialogue and policy formulation in developing countries, or that improving policy frameworks is unimportant. Our studies suggest that partners can also serve a useful role in operationalising policies, a role donors have perhaps under-emphasised in recent years. Furthermore, this may be a particularly effective approach in contexts where there is a weak relationship between pronouncements on paper and actual practices, and where formal policy formulation may thus be relatively ineffectual.

## 4.5 Facilitating problem solving and local collective action solutions by bearing the transaction costs

Most of the aid packages targeted the execution of government mandates by providing direct operational support and/or coaching to facilitate a greater degree of local problem solving. Both techniques appear to have encouraged actors to come together to find solutions to problems they face in a more sustainable way. The aid programmes contributed by bearing the transaction cost of establishing systems that bring actors together, encouraging those who previously were less inclined to act collectively to work to achieve a common good.

### Providing direct operational support

In Sierra Leone, AGI worked to build project management systems in the Office of the President and line ministries, which helped facilitate the space for local problem solving and collective solutions by bringing performance to the attention of senior government officials while freeing up time for their action. AGI advisors provide support to management tools and systems, such as diary management, meeting protocols, action logs and performance tracking systems and internal communication. This helps structure and free up the time of politicians and senior officials to focus on the delivery of priority programmes. AGI advisors also work with line ministries to prioritise their planned interventions on an annual basis and develop realistic plans of action. At the programme level, flagship line ministries meet with the president monthly and conduct a stocktake of programme progress. This helps ensure senior management within each ministry share a common understanding of their work priorities, while at the same time bringing failure to the attention of the minister and the president. Since the start of the programme there have been some notable instances of cross-agency collaboration. For instance, the stocktake process helped to bring the National Roads Authority and the Ministry of Agriculture together to ensure the location of new or rehabilitated feeder roads served agricultural production needs – something the former

had previously resisted. It also helped improve the timeliness of financial releases for the flagship programmes through negotiations between the line ministries and the Ministry of Finance.

### Providing coaching and opportunities for information sharing

Another one of the case studies supported implementation through coaching, training and facilitating opportunities for information sharing. In Tanzania, SNV's 'process facilitation' approach seeks to encourage local problem solving and collective action. The programme design phase noted that the problems identified were primarily relationship based, and it was clear that the various actors in the service delivery chain were not working together effectively to solve a development problem, which was in this case effective water point maintenance. Formal structures existed (such as for COWSOs) to allow for local problem solving in relation to water point maintenance, but these were not fully functional and the responsibilities of DWSTs and local councillors were also not fully carried out.

To address this, SNV decided to employ an approach of training and coaching. One such activity was the councillor oversight coaching programme, which helped councillors understand the rules governing their roles and their responsibilities. This had the effect of bringing the councillors together as a group, which enabled them to get to know each other and facilitated a collective way of working. They were presented with problems and asked to find solutions, which resulted in an increased understanding of the regulations, as well as their responsibilities as councillors. A problem-solving mentality was developed and the feeling of achievement in reaching a solution appears to have had a legacy in establishing team spirit. When the councillors contrasted this programme with the government's training programme, they suggested that the latter taught councillors how to follow the regulations, whereas the former taught councillors how they could use the regulations to find solutions to problems. The government's training was conducted in a formal lecturing style where the regulations were read out with little discussion or explanation.

All the aid packages have encouraged local problem solving at either the level closest to the delivery point or the central strategic level. Three of the programmes have clearly encouraged greater local problem solving near the delivery point: the local

government development programmes in Uganda, the rural water and accountability programme in Tanzania and the health worker pay and attendance programme in Sierra Leone. Support to the SPU in Sierra Leone has aimed to do this at the central strategy level. At the level closest to the delivery point, strategies employed include allowing for greater voice and participation in government service delivery structure (Tanzania, Uganda) and capacity building and coaching regarding roles and responsibilities (Tanzania), often tied with greater realised authority for entities at that level (Uganda, Sierra Leone health worker pay and attendance programme). Supporting collective action responses within state structures can create a mutually sustaining environment.

Stimulating collective action without considering/ supporting the state to respond and negotiate adequately can lead to demand overload and policy fragmentation (Centre for the Future State, 2010).

### Box 5: Space for local discretion versus local indigenous solutions

It is worth noting that, in many cases, the space for local problem solving allowed by the intervention has not necessarily been driven by local solutions. For example, in Sierra Leone, the budget support programme has led to greater discretion by facility managers over human resources and encouraged community involvement – the chairman of the community health committee has been carrying out regular spot checks. Yet it has not really allowed the space for local/indigenous solutions, as it was primarily external actors who developed the programme itself and the mechanisms to punish health workers for not attending. In addition, many of the aid programmes have attempted to encourage and develop the space for local problem solving within government structures, but this can take the place in a context where the overall space for local problem solving has been reduced. For example, in the same case, the broader free health care programme reduced the scope for local problem solving and action, as the removal of user fees means that facilities have less discretionary resources.

Our findings suggest that collective action solutions are built into government structures, so supporting the strengthening of state capabilities and creating a more conducive condition for sustainable collective action responses.

In summary, the aid-funded activities encouraged greater space for local problem solving – either close to the delivery point or at the central strategic level – by taking on more of a facilitating rather than an advisory role. The aid packages targeted the execution of government mandates by providing direct operational support and or coaching to encourage actors to come together to find solutions to problems they face in a more sustainable way. To do this, aid bore the transaction costs of assisting the improved realisation of collective action solutions.

## 4.6 Facilitating adaptation by learning

Implementing the approaches discussed above – facilitation of local problem solving, building on what exists, focusing on reforms with tangible political payoffs that seize windows of opportunity – requires that the implementing agency has considerable discretion and space for adaptation. Research has long stressed the importance of aid being adaptive and informed by a learning process rather than a static blueprint design and practice (Korten, 1980; Mosse et al., 1998; Porter et al., 1991; Rondinelli, 1983; Therkildsen, 1988). In a recent paper, Andrews et al. (2012) develop the approach of problem-driven iterative adaptation (PDIA), which builds on the argument that, 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. PDIA stresses the importance of engaging with a broad range of stakeholders who have local legitimacy, and creating tight feedback loops that allow actors to monitor and adjust their practices continuously.

The case studies support this line of argument and show how aid packages have been effective in part because of the donor or implementer’s ability to follow the government’s lead and adjust support to an evolving context.

Many donors have signed-up to the principles of ownership, yet supporting this in practice often

requires donors to employ a responsive and adaptive approach. This poses considerable challenges to donor agencies (Natsios, 2010), which usually want as much upfront information as possible before deciding whether to approve an aid package. On the whole, moving towards a more experimental approach, where the exact course and outputs are unpredictable, is largely antithetical to this current common donor requirement, where changes to a programme in the course of the implementation process tend to be discouraged as this carries administrative and reputational cost.

Two findings from our case studies are relevant to aid package design and implementation and require some adjustment to the way donors traditionally operate: (i) programmes benefit from built-in flexibility that allows for regular programme adjustment based on learning and changes in the local context; and (ii) the type of implementing agency matters. Programmes that aim to support and take their steer from local stakeholders and ‘muddle through’ with them cannot be specified in detail upfront. The implementing agency must have the motivation to facilitate long-term improvements in governance and be given the discretion to do so. These are factors that are hard to quantify and measure in a standard output-based contract.

Two of the case studies in particular point to ways aid packages have been able to offer the adaptive support needed to follow the government’s lead. The SNV and AGI programmes were not designed to deliver a particular pre-specified output but rather to support the government or legislature to exercise its responsibilities; however, these have come to be defined by the actors themselves. These packages are flexible by design: SNV specifies its plans to hold a number of trainings for local councillors and encourages them to exercise their powers to monitor and query the work of the executive. However, SNV cannot specify upfront whether and how the local councillors subsequently choose to exercise these powers. SNV remains committed and has the flexibility to follow up on and continue advising the councillors as they subsequently embark on a course of action.

All the case studies have relatively tight feedback loops that allow the implementers to feel that progress is being made, an important motivational factor and a tool with which to continuously correct the course of the programme and in doing so the theory of change (Pritchett et al., 2012). The Sierra

## Box 6: AGI's in-built programme flexibility

AGI's support to the president's SPU in Sierra Leone is committed to supporting the development of management systems within the unit. Depending on the government's evolving priorities, AGI has stood ready to strengthen the delivery system as and when it felt it could add value. In one instance, it became clear to AGI that there was strong presidential backing and an advisor committed to resolving the bottlenecks that hampered the construction of a hydroelectric dam. AGI advisors thus came to dedicate time and resources to building systems with which to manage this large construction project. Advisors' terms of reference were loose enough to allow them to tailor their inputs to the changing context, and the programme was flexible enough to redeploy staff relatively rapidly as needs evolved. AGI is also careful to continuously gauge whether there is uptake for its advice and support and thereby learn from experience. For instance, in 2009, AGI stopped providing advisors to the education and energy ministries as it felt they could not make much impact in those positions, while scaling up their support to agriculture when its demand for support was strong and later re-entering the energy sector in 2012 after the ministry's leadership changed.

Leone health worker pay and attendance programme collects data on attendance monthly and collates and presents this information to a payroll steering committee every two months for discussion. This committee discusses how to solve any problems the data reveal. The AGI stocktake process, which brings the minister and senior management of a given flagship programme together with the president, also provides a mechanism for monitoring progress regularly and resolving bottlenecks.

The success of this type of flexible technical assistance will rely heavily on the quality of the implementing organisation and its staff. Soft skills, such as managerial talent, relationship-building skills, team dynamics, organisational values and motivation and medium- to long-term commitment, seem to be part of the reason why organisations such

as AGI and SNV have been relatively successful in galvanising government officials and local councillors to take action. In both cases, the implementing agencies were the originators of the projects and subsequently sought donor funding for them, thus they had a commitment to make the model work beyond their contractual duties to the donor. According to interviews and an evaluation report, the staff appeared highly motivated and personally invested in the projects to which they contribute (Aghulas Applied Knowledge, 2012). Furthermore, it appears that the organisations promote internal incentives that encourage some risk taking and adaptation. AGI seeks to ensure that its support is as relevant as possible and recognises that this involves some risk taking; redeployment of resources is not seen to reflect poor judgement on the part of staff, but rather a sign of their adaptiveness. This has important implications for measuring performance against predefined performance criteria often used by donor's programmes. A speculative interpretation of the findings would suggest that approaches that adapt to maximise returns (accounting for losses from redeployment), rather than attempting to perform against all predefined criteria, may be preferable.

From our cases it is clear that, in order for donors/ implementing agencies to encourage the other 'enabling factors' discussed in this section, they have needed considerable discretion and space for adaptation. Where donors directly contract implementing agencies to provide technical assistance, this does raise questions about how to structure contracts for projects that are highly discretionary in nature, and whether bid criteria can be designed so as to capture these softer elements that appear integral to project success. However, incentives faced by those working in donor agencies often prevent them pursuing approaches that support these enabling factors. For instance, current institutional arrangements in some donor organisations can foster greater demands for compliance at the expense of transformational impact (Booth, 2012a; Natsios 2010; Unsworth, 2009; Wild and Foresti, 2011).

# 5

# Conclusions



## 5.1 Contributions to the literature

The departure point for this research was that institutions and governance have, for some time, been recognised as critical to the quality and quantity of public service delivery. Donors have given a great deal of funding to basic public service provision in many countries. Rarely, however, has this support included deliberate efforts to address the institutional issues and governance constraints known to affect the quality of delivery. The aid effectiveness agenda and the way we have commonly distinguished aid modalities have given insufficient attention to supporting the middle of the service delivery chain: the processes of managing, delivering and accounting for services. In part, this is because there has been limited understanding of how, in practice, aid-funded activities might help more directly address specific constraints of these sorts.

State-funded provision of services is a key priority for the achievement of the MDGs, and this is expected to remain for the post-2015 goals. Donors are likely to continue funding public services. It is therefore important that greater attention be given to ways of supporting not just the funding but also the institutional and governance frameworks for effective delivery. A relevant first step is to assess what can be learned from existing aid-funded efforts to engage with these frameworks. Focusing on three specific governance constraints identified in previous studies, our research has examined a set of aid packages that have engaged actively with challenges of this sort, thereby addressing this 'missing middle' in service delivery. The study was particularly concerned to identify lessons for the design and delivery of aid programmes in terms of the activities pursued and the process of their design and implementation.

The findings build on previous empirical research on governance constraints and incentive problems in service delivery (Booth, 2010; Wild et al., 2012). They confirm that the constraints identified in this previous work are relevant in the countries considered and do appear to undermine the effective delivery of public services. That is, we observe (i) disconnects between overarching policy visions and institutional and financial frameworks; (ii) poor or absent mechanisms for maintaining top-down or bottom-up performance disciplines; and (iii) little evidence that

the environment encourages actors to engage in local problem solving to improve public service delivery.

We have presented case studies of aid packages that have successfully engaged with constraints of these kinds, although the effects may have been modest and incremental. We found that external actors can play a beneficial role in supporting government efforts to address governance constraints, if an appropriate approach is adopted. This includes supporting certain types of aid-funded activities and facilitating the realisation of specific enabling factors, in support of a country-led imperative for change. Although in this sense aid programmes can help improve the conditions for long-term governance reform, factors outside the control of the donor or implementer also play a part in determining the reach and duration of any success. All development actors have a role to play in ensuring these factors are present in practice.

The aid-funded activities that appear to have had most relevance to the three governance constraints of interest are (i) activities to strengthen government prioritisation that crowd in a critical mass of government and donor effort to address specific implementation gaps; and (ii) convening and brokering arrangements between domestic stakeholders to promote collective action and local problem solving.

Certain enabling factors – including the way donors/ implementing agencies relate to the country context – appear to be necessary for these approaches to work. These are:

- 1 Identifying and seizing windows of opportunity.
- 2 Focusing on reforms with tangible political payoffs.
- 3 Building on what exists to implement legal mandates.
- 4 Moving beyond reliance on policy dialogue.
- 5 Facilitating problem solving and local collective action solutions by bearing the transaction costs.
- 6 Being adaptive through learning.

These findings support conclusions reached by others in recent research. They also present fresh ideas about how external agents can support development change. They confirm what many experienced development practitioners have thought for some time: that building on political momentum for a reform, by seizing windows of opportunity and supporting

reform with tangible political payoffs, is necessary for a successful aid programme. However, they also point to less conventionally recognised issues in donor/implementing agency action.

The first relates to the role of external agents and their relationship with government counterparts. Our findings suggest that external agents may be most valuable when they connect domestic and donor stakeholders together behind a common agenda to facilitate a sufficient momentum for change. In this way, the external agent fulfils a role that is less that of a 'policy advisor' and more that of a 'technical facilitator', offering operational strategies and/or coaching to encourage local problem solving. Viewed from the perspective of collective action theory, external actors are the 'first movers', bearing the transaction cost of bringing actors together so as to solve collective action problems.

Second, the findings also suggest that the focus of donor/implementing agency effort should be on bridging the gap between *de jure* and *de facto*. During the past decade, comprehensive national development frameworks, such as poverty reduction and growth strategies, have been central to the aid relationship at national level. Articulating a clear government vision to which donors can adhere has been considered essential to the desired national ownership. However, experience has shown that, unless these frameworks are grounded in legal mandates and supportive financial arrangements, their implementation is constrained. Our findings suggest that supporting the prioritisation of government efforts and resolving conflicting mandates that hinder implementation can contribute to the delivery of governments' strategic policy visions.

The cases suggest that donor-funded activities should be delivered in a way that builds on existing practices to implement mandates that are legally defined. Compliance with existing, possibly imperfect, frameworks is to be preferred over dissipation of efforts in the perfecting of legislation. Second-best solutions may provide a better focus than first-order solutions. In the cases examined, the management and delivery of public services are strengthened by supporting the execution of mandated functions – whether financial systems are used (as in the Ugandan local government development programmes and Sierra Leone health worker pay and attendance programme) or not (as in other interventions).

Third, all of the above resonates well with the concept of PDIA advanced by Andrews et al. (2012). For these authors, development change is achievable only when space is given to country actors so they can tackle problems in an iterative and flexible way. Our findings support this theory of change, while going further, suggesting donors and implementing agencies are best suited to help facilitate PDIA when they themselves emulate these characteristics. In order to be sufficiently reactive, allow space for local learning and accommodate shifts in priorities, external agents implementing or managing programmes in country need to be given the space to be adaptive. To ensure the right problems are the focus of interventions, external actors should be informed by thorough and continuous diagnostic analysis, both before and during implementation, to ensure the aid packages remain relevant.

Fourth, these findings challenge but do not displace some standard propositions in the aid effectiveness literature. They do not contradict the idea that financial aid to public service delivery objectives is often best delivered with budget support style modalities. They do suggest that other ways of using aid may provide essential complements to standard financial assistance modalities, as they specifically target constraints to delivery while at the same time strengthening government functions. Indeed, this study has included hybrid budget support operations<sup>3</sup> as well as project aid interventions in countries already receiving high levels of budget support.<sup>4</sup> What these interventions collectively illustrate is a more hands-on approach to supporting the strengthening of government systems, as compared with purer forms of budget support in which this aspect can easily be neglected – a possibility highlighted in a recent evaluation of DFID's budget support operations (ICAI, 2012). Also, while challenging overreliance on financial aid, our approach supports conventional aid effectiveness principles in some important ways. Unless the operational strategies that the external actors support are truly aligned with formal rules, they run the risk of creating greater incoherence and potentially discrediting broader institutional reform efforts, at least in the short run (as is clear in one case study) and until such operational strategies are dropped or become part of the new formal rules.

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3 Such as the DDP/LGDP I in Uganda and the health worker pay and attendance programme in Sierra Leone.

4 Such as the rural water and accountability programme in Tanzania and support to the SPU in Sierra Leone.

In what environments should these approaches be applied? The aid packages examined in this study were from two lower-income countries and one post-conflict country. There is no reason to suggest that these findings cannot also be applied in other developing contexts. Yet the rationale for engaging with these findings is particularly clear for external actors working in fragile states. In such countries, poor governance and institutional challenges are often pervasive, as are challenges with the delivery of any sort of public service. Institutional frameworks for service and infrastructure delivery are embryonic, so heeding lessons from the past and applying approaches that are best suited to supporting the adequate delivery of public services are crucial. In fragile environments, tackling governance constraints is crucial not only for individual welfare but also in order to establish legitimate and capable states.

## 5.2 Policy implications

These findings point to ways in which donors and implementing agencies should design and deliver their aid interventions when aiming to support improved service delivery by addressing governance constraints. We set out the six policy implications below.

### Pursue the right approach

External actors can play a beneficial role in supporting government efforts to address governance constraints if an appropriate approach is adopted. This includes supporting certain types of aid-funded activities and facilitating the realisation of specific enabling factors, in support of a country-led imperative for change. Even though the governance constraints of interest are undoubtedly shaped by wider political causes, which may be outside the influence of aid, activities and approaches external actors pursue can play some role in facilitating change. Such activities and approaches are all within the control of external partners to pursue (excluding the emergence of a window of opportunity). Yet, for some external agents, they may demand quite considerable deviation from their common practices which can be antithetical to certain aspects of such an approach. For instance, more responsive and adaptive aid implies that donors will need to accept a looser and more flexible approach to programming, one where outputs and outcomes cannot always be

clearly specified in advance. Here, reengineering of project management arrangements and a redressing of the incentives within aid agencies may be required to accommodate the policy implications and lessons learned from the cases.

### Focus on the right sort of activities

Agencies designing aid packages to support service delivery with the aim of addressing governance constraints may want to pursue the following activities: (i) supporting governments' prioritisation efforts in a way that focuses on specific implementation gaps; (ii) convening and brokering arrangements between domestic stakeholders to promote collective action and local problem solving; (iii) supporting the fulfilment of roles and responsibilities by resolving conflicting mandates; (iv) facilitating the provision and use of performance information by tying this to conditionalities; and (v) encouraging actors to recognise their collective power to effect change and exercise oversight responsibilities. The types of engagement by donors/ implementing agencies are related primarily to minimising the gap between *de jure* policy and *de facto* practice, so as to strengthen the processes of managing, delivering and accounting for services.

### Find windows of opportunity and reforms with tangible payoffs

External actors' support should target country-led imperatives for change, and goods and services that serve political agendas. It is necessary to allow for adequate diagnosis to reveal real windows of opportunities, appropriate entry points and goods and services on which politicians can capitalise in their campaigns. This approach would imply that allocations should be determined not only by needs analysis but also by the political appetite for change.

### Work with what you've got

External actors should not be so quick to try and get the policy and legal framework 'right', which often results in endless planning cycles and little implementation. Instead, try and make the existing frameworks perform, and allow government officials to experience first-hand what works and what does not. Then tweak the system based on experience in that particular context, rather than based on best practice.

This policy implication draws on the finding that the cases sought to implement legal mandates by

building on what exists, while shying away from engagement in policy dialogue. The cases sought to exploit a presumed political commitment for activities and functions – based on their articulation in the legal documentation – which were yet to be fully realised, and did this by building on what was already in place. In doing so, the aid packages aimed to encourage compliance with current frameworks.

### **Shift the role of external agents from policy advisors to facilitators**

External actors should facilitate problem solving and local collective action solutions by bearing the transaction costs of bringing actors together. Encouraging greater problem solving as well as collective action solutions was a key element in all the interventions analysed. According to our findings, the best ways for donors/implementing agencies to achieve this is by taking on a stronger facilitation role. This can be done by providing operational strategies or offering coaching and mentoring, instead of policy dialogue. In the past, external agents have often justified and accounted for their work by pointing to new policies or legal documents, or inputs that have served to advise governments when developing those. The facilitation side – getting government officials to understand and engage with the issues – has often been a secondary objective rather than an integral part of their role. Our findings imply this should be rethought: explicitly asking advisors to act as facilitators and coaches may at times be a more effective use of donor resources in the long run, although it makes it harder to attribute results to aid in the short term.

### **Employ flexible programming**

The call for more responsive and adaptive aid implies that donors will need to accept a looser and more flexible approach to programming, one where outputs and outcomes cannot always be clearly specified in advance. To achieve this, a more risk-tolerant approach is necessary. Facilitating local problem solving, building on what exists and focusing on reforms with tangible political payoffs that seize windows of opportunities all require that the implementing agency has considerable discretion and space for adaptation. Two findings are relevant here: (i) aid packages benefit from in-built flexibility which allows for regular programme adjustment based on learning and changes in the local context; and (ii) the type of implementing agency (its knowledge, the incentives it faces.)

matters. This does, however, pose challenges to the current results agenda, as it implies a more uncertain outcome, which requires a different communication strategy for donor constituents.

## **5.3 Future research**

This research was exploratory, and the findings should be viewed as a first step to addressing the current gap in the literature. Future research will focus on three areas.

### **Strengthen the evidence base**

This study draws on only four, quite diverse, cases. It would be useful to apply the analytical framework developed above to a wider range of cases and carry out a more detailed evaluative examination of how and to what degree the types of activities and enabling factors have facilitated change.

### **Explore the full range of actions development actors can take to apply these principles**

It would be useful to examine the full range of activities development actors should prioritise when attempting to address the governance constraints of interest, as well as the strategies external agents need to pursue in order to emulate the enabling factors (e.g. how can aid programmes be purposely more adaptive). Drawing from other research on donor incentives for research uptake (Unsworth, 2009) and the ability and willingness of donors to absorb challenging messages, such research should also explore the difficulties in implementing this guidance in practice, (i.e. what will constrain agents' abilities to carry out the actions?), and the anticipated pitfalls to avoid. Examining how development partners can collectively hold each other to account to ensure aid packages are designed and implemented in the most appropriate way to support the institutional framework for service delivery will also be important.

### **Examine whether the role for external agents should be redefined: from policy advisor to facilitator**

The implications of our findings are that external agents can be more effective in addressing governance constraints when they take on a facilitating role. Either by providing operational strategies or by taking a coaching/mentoring role, they can facilitate local problem solving and

encourage collective action within government structures. The rationale and benefits of encouraging the space for local problem solving is becoming increasingly well evidenced (Andrews et al., 2012; Booth, 2012b; Centre for the Future State, 2010). It would be useful to explore this finding further, to examine which type of facilitation activity is most useful (providing operational strategies, or coaching, or both); whether a facilitating role is most appropriate for certain reforms; and which actors are best suited to carrying out this role (e.g. potentially arms-length actors or implementing agencies). In addition, can the changed practices resulting from external facilitation be sustainable once the external agent disengages?

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# Appendix

The following interviewees were asked to identify aid packages they thought had succeeded in engaging with and addressing governance constraints to service delivery

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