LESSONS FOR MAKING AID MORE EFFECTIVE:
A summary of main points[1]

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I have been asked to provide a summary of main points raised in the three reports that have been the subject of presentation earlier today. I have decided to also consider the many valuable comments by discussants and interventions from the floor during these sessions.

So, what have we learnt and where might we be going? These are huge questions that demand complex answers that go beyond what is possible to do in the span of fifteen minutes. Yet, I believe that as a result of this exercise some main issues have emerged that are worth considering as Sida and the rest of the Swedish development assistance community consider possible future directions. Four points, in my view, are of special interest and significance: (1) national ownership (by partner governments) and its relation to aid effectiveness, (2) the results agenda and its consequences for aid management, (3) "what works" and its implications for value-based assistance, and (4) the Swedish "aid bureaucracy" and its effects on delivering more effective aid.

1. National ownership and aid effectiveness

It was not surprising to me that this issue came up as perhaps the most significant of all. It featured prominently in the reports, has been discussed in public and social media, and came up in the comments earlier today.

What surprised me was the juxtaposition of the two as if one matters more important than the other and should be allowed to prevail. You may recall that the Chairman of the session (Torgny Holmgren) where this issue was discussed, asked the three discussants which of the two in their view was more important. The outcome of this three-person referendum should obviously not be taken too far, but it is still interesting that ownership "defeated" aid effectiveness 2-1. This may reflect the calls in the reports for more attention to and acknowledgement of national or local actors in partner countries as well as a redefinition of the concept of "ownership".

The latter may be especially important. The concept seems to have undergone a change since it first became a key principle of the 2005 Paris Agenda. In those early days ownership was one of five principles adopted by the international development community to enhance aid effectiveness. Together with the other four – alignment, harmonization, managing for results, and mutual accountability – ownership by partner governments was treated as a means to an end – aid effectiveness! In other words, aid effectiveness was the dominant

[1] This manuscript has been slightly modified after delivery.

overall objective. Furthermore, global sets of indicators were applied to ensure that counties around the world (regardless of level of development and socio-economic as well as cultural context) would be assessed according to common universal sets of indicators. The Paris Agenda was a step forward in terms of ensuring that the burden of multiple donor priorities and idiosyncrasies on partner governments would be lessened. Yet, it had its own effects in terms of realigning the power relations between donor and recipient. By committing the former to channel their aid through partner country systems and their readiness to adopt such tools as budget support, the Paris Agenda was conceived as also giving partner governments more influence (and thus power) over how their financial resources – both domestic and foreign – would be allocated. Power, however, is not only assessed in terms of who prevails in an individual or set of decisions about "who gets what, when and how". The ultimate and most important level for analysing power relations is who prevails in defining the problem and thus setting the agenda. The Paris Declaration was very much the product of donor interest and priorities with partner countries in the developing world remaining at the receiving end of the process. As the Paris Agenda was being implemented, this "hidden effect" became evident. Many partner governments experienced the new aid architecture as constraining their policy choices. The 2011 Busan Agenda, which emerged after at least two rounds of review of the original Paris Declaration, took note of this contentious issue and paved the way for a new order in which partner governments would be treated more equally not just in the context of country-based policy dialogues but also in global forums.

It is not clear how far such a change has come today, but the reports and the discussions covered here tend to confirm that ownership is no longer merely a means to an end but seen as an objective in its own right. If this interpretation is correct one can expect implications for future aid delivery. Expanding the notion of ownership, empowered partner governments may decide to insist on their priorities even if they go contrary to those of the donors. The Uganda report provides some evidence of this. Sweden is not ready to provide the government with official development assistance because it violates human rights – a core value of Swedish aid policy. The result has been that support has been given to academic institutions and civil society organizations. In the light of a long-standing aid relation characterized by mutual respect, the consequences of this divergence of views has not caused a breakdown but definitely a modification which allows for continued aid but on a smaller scale and focused on actors other than government.

Rwanda is another case which was not specifically the subject of assessment at this meeting but which confirms the enhanced importance of national ownership. Its government has developed a comprehensive strategy aimed at confining donor choices to what it considers to be its national priorities. It is no longer donor definitions of aid effectiveness that prevail but the partner government's notion of "development effectiveness" and how it can be advanced and assessed in accordance with such global standards as the Millennium Development Goals and, more recently the Sustainable Development Goals. Proof of its ability to do well in these contexts using its own national agenda – Vision 2020 – and development strategy – Economic Development and Poverty Reduction Strategy (EDPRS) – has turned ownership into an object of national pride and inspiration.

If national governments and other actors in partner countries increasingly demand to be in the driving seat, donors have some adjustments to make in terms of understanding (a) the political forces that set priorities and enable implementation of policies, (b) how their own priorities can be accommodated to an agenda set locally in each country, and (c) how routines used in administering aid may have to be adjusted. These are topics that feature in the reports and cropped up in the discussions earlier today.

The results agenda

The Uganda Report is most explicit in its critique of the dominant role that the emphasis on results has had on managing development assistance in the past decade or so. This critique is not new but the authors of the Uganda Report bring out the main problems with this agenda in ways that are both clear and relevant for where thinking about future aid may be going. The critique follows two lines: (a) tools applied by the donor community are not suitable for the context of partner countries, and (b) the process that determines the results of specific policies or strategies remains a "black box" that needs to be opened up and unbundled.

The first issue is really how much you can rein in implementation of aid projects and programmes in socio-economic and political contexts that are characterized by both ambiguity and volatility. Institutions in partner countries are still in a state of taking shape and they rarely provide the order and stability that are needed for plans and strategies to be implemented merely as technical entities. What is needed, therefore, are not tools that confine thinking to "linearity", i.e. the notion that all that matters is to identify the shortest possible way between policy goals and policy results. Such, however, has been the way donors have approached the issue. The focus on results has generated a set of increasingly sophisticated tools – at least in a methodological sense – to cope with this challenge. Theories of change, if used in a heuristic manner, may be a step forward in terms of identifying how one gets from point A to point B, but in combination with an uncritical use of logframes, strategies and policies, as the Uganda Report indicates, easily become no more than rhetorical instruments serving to legitimize specific interventions rather than guide the process of change. Managers of aid have been rendered insensitive to the complexity of implementing policies in partner countries. Reports from embassies in the various partner countries tend to focus more on how well partner institutions perform in terms of logframe indicators rather than on understanding the reasons behind their performance. What is needed, as the Report also highlights, are tools that acknowledge the ambiguous and volatile nature of the policy environment in partner countries and therefore shift the focus from result to process.

The second line of criticism that is explicit in the Uganda Report, but evident also in the other two, is that partner country politics matters. This point, again, is not completely new. Sida and other donors like DFID, have grappled for some time with the issue of "what drives change?” Yet, the fact that the issue continues to crop up suggests that donors are still finding it hard to incorporate issues of power and politics in their country analyses. More recently, it has been highlighted in various reports, e.g. by the governance analysts like David Booth at the Overseas Development Institute in London. It has also been the subject of a thorough academic analysis by Musthaq Khan, an eminent scholar at University of London’s School of Oriental and African Studies. His point is that a country’s ”political settlement” is crucial for understanding what gets done and how. Although the concept is subject to more than one interpretation, there is agreement among scholars and policy practitioners that it refers to the overall balance of power in society and how elites negotiate agreements that enable the emergence of forms of governance that shape how policy choices are made and implemented. Khan’s message is that clientelism and corruption in partner countries are not done away with through externally driven institutional reforms but need to be challenged through changes in the balance of power on which donors have at best some limited leverage power. Yet, it is through that avenue good governance can be achieved.

The issue of “what works?”

The dominant influence of the good governance agenda – and in the Swedish case specifically the strong emphasis on human rights – has had a decisive influence on discourses about what works in managing aid. The focus has been on identifying instruments that boost this agenda. Institutional reform has been a key component. Taking their lead from what already works in developed (donor) countries, multilateral and bilateral donors have financed large-scale reforms in partner countries, typically based on the premise that their existing institutions are not good enough to either spur development or promote aid effectiveness. The Tanzania Report tells the story of how this ambitious effort has played out in that country, one that is at best a mixture of both failure and success. The Regional Integration Report also highlights this issue and argues for a stronger role for national actors. Regional integration is not best promoted by giving financial and capacity-building support to official bodies like the African Union or regional economies entities like ECOWAS, SADC or IGAD. Efforts to regionally integrate countries in Africa requires a commitment by national governments to get closer together. Politics in these countries has often prevented the emergence of such a commitment. The East African Community is a case in point where gains already made are threatened by nationalist and populist calls for restrictions on the free movement of capital and, especially, labour. Together, these two reports call into question the value of only focusing on tools that promote a specific, Western agenda of institutional reform.

In this respect, the two reports reflect a wider rethinking that seems to be going on in the international development community. This new thinking is perhaps best captured by the concept of “going (or working) with the grain”, most effectively articulated in the writings of Brian Levy, a former World Bank official, now affiliated with the School of Advanced International Studies at Johns Hopkins University in Washington D.C. Levy and others are essentially telling donors that if they want to see results they must begin working with institutions already on the ground in partner countries rather than aiming at replacing them.

Like Musthaq Khan, Levy recognizes that institutions in partner countries continue to exist because they serve a legitimate purpose. Therefore, they cannot be just arbitrarily replaced by donor-funded reforms as studies by Matt Andrew at Harvard University have convincingly demonstrated. A recently Sida-funded evaluation of capacity-building (Carneiro et al 2016) also draws a similar conclusion by showing that interventions with the greatest potential for success are those driven by committed local actors. Partner country institutions, therefore, are best changed from within relying on those actors who already occupy power and thus have potential influence to change.

Making the transition to "working with the grain" within Sida or other donor agencies is a challenge since it requires a more labour-intensive approach involving a more thorough understanding and analysis of the political drivers of change. The Paris Agenda and its emphasis on partnership has made such an approach much less of a priority because the underlying assumption has been that partner governments, through dialogue and mutual accountability mechanisms, would automatically be ready to execute the donor-driven reform agenda. Because "working with the grain" lays emphasis on ownership as a prerequisite for a mutually rewarding partnership, aid administrators have to adjust their thinking and approaches accordingly.

The Swedish aid bureaucracy

The Uganda Report makes the point that Swedish aid has been more concerned about meeting the challenges stemming from the aid relation with partner countries than about the internal issues of administration. Its authors argue that how aid is delivered, i.e. how it is designed and executed, matters and they call for more attention to be paid to how the Swedish aid bureaucracy works.

The criticism is that the Swedish aid bureaucracy is spending too much time on itself rather than on understanding the contexts in which it operates in partner countries. Although the delegation of authority to the Swedish embassies in partner countries was at least in part justified with reference to how this would put the aid administrators in closer touch with the realities on the ground in these countries, other competing concerns in the offices have limited the realization of this objective. The Ministry of Foreign Affairs and Sida-Stockholm (headquarters) to which the embassy staff report, have their own regular reporting requirements. They tend to be given highest priority often pre-empting such important tasks as interacting with partner institution officials and relevant stakeholders. As the Uganda Report argues, there is little time left for other activities, including thorough country analysis, that given the complexity of partner country contexts would help aid managers better understand what works and why.

The way the aid bureaucracy works also tends to limit opportunities for effective learning. This point features one way or the other in all three reports which show that solidarity with partner countries is a virtue in Swedish aid but may also have the effect of constraining learning from mistakes. The Tanzania Report with its long-term perspective provides many examples of the challenges associated with staying loyal with partner governments, on the one hand, and learning from mistakes committed in the execution of specific policies, on the other. Aid officials may argue that they do indeed learn but the criticism, e.g. in the Uganda Report, is that the learning is not what Argyris and Schön (1978) refer to a"double-loop learning". The most common learning experience is a single-loop learning that is a search for new methods but without questioning the goal and basic parameters of the exercise. Double-loop learning is more ambitious in that it calls into question the mental model on which decisions depend. It strives to achieve a shift in understanding, from a simple and static to a more dynamic model that takes into account changes in surrounding contexts and the need to adjust to such changes.

This takes me to the last observation which is: how much space is there in the aid bureaucracy for double-loop learning? The Swedish system makes a clear distinction between politics and administration – between policy-makers and civil servants. Since double-loop learning entails questioning not only the methods used but also the overarching policy goal, learning within Sida is definitely constrained by constitutional principles. Double-loop learning in the Swedish system is likely to occur only with participation by visionary and bold policy-makers. Can we envisage a Swedish aid system oriented toward "going with the grain"? A system that places function (what works?) before form (preferred norms)? Whatever the answer to these questions, these are likely to be the challenges that Sida (and other donors) will have to grapple with in coming years.