Development cooperation as learning in progress:
Dealing with the urge for the fast and easy

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Development cooperation as learning in progress: Dealing with the urge for the fast and easy

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Foreword

Development aid can be described as one of the most challenging social experiments in the history of mankind. For the first time, people acted on the hypothesis that specific interventions could influence another nation’s development in a positive direction. This thought emerged just after the Second World War, in parallel with the ideas and experience of the Marshall plan for reconstructing Europe.

Ever since, many initiatives have been taken, project results achieved, and plenty of reflection occurred on strategic approaches. But after initial enthusiasm also came the criticism. Results and impact appeared to be disappointing. Development aid worked too slowly and was judged to be inefficient. New approaches and strategies followed quickly one after the other. Every new promising miracle solution promptly led to disillusion. Learning inside each of these cycles usually led to increasing formalisation of the conception-planning-implementation processes. Each time the limits of the latest approach became obvious, a new so-called ‘paradigm’ emerged.

However, on such occasions, the real basic underlying ‘paradigm’ of thinking never seemed to change fundamentally: actors were supposed to be practising ‘rational choices’ within a (neo-)classical (lately neo-liberal) economic theory frame; and problem analysis as well as solution planning followed principles of linear (‘mechanical’) cause-effect relationships.

Although many different opinions and strategic views continue to coexist in the world of development aid, progressively more stakeholders seem to agree that they are confronted with a ‘complex’ situation. Development aid is far from obvious and development as such is said to be a ‘wicked matter’. Should we stick to the basic paradigm’s (often implicit) assumptions? Progressively more actors agree they should be questioned. Even the World Bank in its latest World Development Report (2015) now openly recognises the limits of the *homo economicus* doctrine (World Development Report 2015).

Today, this underlying logic and its assumptions in development thinking are of great stake. Why do development actors think quick results can be obtained? Why do they think that working within short time-frames is altogether the best approach? Why do they assume that onedimensional measures can bring about broadly based and lasting development? Why are patient perseverance and continuity replaced by new approaches and
strategies every decade? Why does one assume that sustainable solutions can be obtained in cycles of three to five years, subsequently to concentrate on other problems in the next period? Is it realistic to master the complexity of development in five-year plans through a logical framework?

System thinking and complexity thinking are providing some alternative approaches. We need to learn to accept that we are dealing with situations in which quick results, impact and maximum efficiency are far from automatic. The current time horizon for projecting fundamental development results is probably far too short to be realistic. The searched-for impact is too often not being sustained by the system we intend to modify for the better, usually because fundamental underlying structures and conditions for sustainability are not touched upon.

Insights are accumulating from cognitive, behavioural and decision making research that the rationally acting *homo economicus* is to a large extent fictional. Moreover, development and development aid are inevitably confronted with complex systems or the complexity inherent to social systems. Complexity theory, coming of age, has progressively been translated in practical tools and approaches such as outcome mapping, impact evaluation based on counterfactual analysis, ‘realist’ approaches to evaluation and synthesis; or progressive learning. This maturing body of approaches taking complexity theory seriously is proposing some credible alternatives.

Development cooperation has been criticised as long as it exists. There are the believers and non-believers, the Jeffrey Sachses (Sachs 2005) and the Easterlies (Easterly 2006). But the criticism is often a-historical. The approaches selected in a certain time period were maybe not all that wrong, but in an ever changing world it was to be expected that they evolved and adapted. In other words, the question is not only whether the classical project format, limited in time and scope, is the preferable approach in the present context, but also why the project approach was chosen as a way of organising development aid in the 1960s. What were the underlying assumptions then and what exactly changed that makes one think that such projects might not be the optimal answer at present? But also the newer ‘paradigms’ like (sector) ‘budget support’ and ‘basket funding’ are still based on the linear logic of financial input leading to development outcome. Only recently, the much more destabilising issue of complexity (live social systems do not behave and react like man-made machines) has become recognised in the discourse and in the conception of development aid.

In this book we want to explore and provide new insights on
development intervention strategies. It goes against old but also against some recent trends and builds upon new insights in cognitive research and complexity theory. We understand development as a change process, leading to increased ‘capabilities’ and improved ‘functioning’ as in Amartya Sen’s terminology (Sen 2015). We understand this as empowerment to realize ‘valued beings and doings’ for as many people as possible. Development aid is the organisation of resources of all kinds to facilitate this development process in sustainable ways. For this development to be sustained, the changes need to be structural. We argue and maintain that such structural change for the better cannot be realised (or facilitated) if our understanding of the past and present structure is grossly inadequate or superficial. Such faulty understanding can only be avoided if we take the insights of complexity theory seriously. Identification and selection of strategies to facilitate the change processes leading to sustainable development require not only adequate insights in the present reality (taking complexity into account) but also in the drivers of human behaviour in these complex social systems that we are dealing with. Both the phenomenon of complexity and our present (partial but improving) insights in the drivers of behaviour in complex systems inevitably lead to the conclusion that we must learn to live with uncertainty in more formalized ways and adapt our planning and implementation strategies accordingly. In practice this means allowing increased room for flexibility in implementation and abandoning detailed ex-ante long-term planning in the face of high levels of complexity. Finding the right balance between (necessary) management flexibility and (equally necessary) planning and accountability regulations might well be one of the most important challenges for development (aid) agencies that have a mandate to manage resources provided by other people.

Development and development cooperation processes are multidimensional, multi-layered, involving a multitude of interacting actors, and outcomes are never entirely predictable. Although resources are indispensable in these processes, development and development aid can never be reduced to mere financial or material resource inputs.

This book has been written by practitioners in the arena of development aid, who have tried to apply ‘reflective action’ in their work, mainly in the area of health care and health systems development. ‘Reflective action’ here implies and includes drawing on the work of theorists and empirical researchers, as well as on the often more implicit knowledge that can be
culled from introspection and open dialogue with all sorts of actors. The experience, on which this work is based, has been mainly drawn from a context of fragile countries, but we are convinced that the concepts equally apply for lower middle income countries.

The book is divided in four sections, each containing several chapters. Section I starts from the broad concept of complexity and the problems of intervening in complex systems. The immediate consequences for development aid concepts are highlighted. Section II describes in more detail how projects and programmes can become more relevant for development. Starting from our position that development is about structural change for the better in complex systems and not merely the realisation of service outputs, projects and programmes are to be regarded as hypotheses to be tested, most often needing a lot of uncertainty management in a multi-stakeholders approach. Section III highlights in particular the partnership aspects in the development aid construction, defining the possible role of international actors and proposing ways to structure the policy and political dialogue between partners. Section IV covers the governance aspects as a cross cutting theme and determining factor – enabling force or constraint – in development.

This book would like to promote some strong and specific positions concerning development aid:

- Development is essentially a change process, not just a resource issue. Effective development aid is a matter of dealing with technical, governance and political problems, far less a problem of financing;
- Development aid actors need to be wary of the ever-looming tendency to bureaucratic degeneration on both the partner country and the donor agency side, maintaining and reinforcing itself through rules and regulations without much of a link to development;
- Development aid always includes a struggle against some vested interests, including those of the aid industry;
- Ignoring the existence and the consequences of complexity inevitably leads to poor development cooperation strategies and interventions. Magic bullets, easy solutions and universal blueprints do not exist.

We will be (sometimes very) critical of development cooperation and the ways in which it has been practised in past and present by aid agencies. However, this does not have to mean that there is no hope and that we need to be paralysed with fear, nor that the existence of aid agencies is the root
because of the problems. As Ramalingam formulated it: ‘Although in some cases anger is understandable, the argument for ridding the world of aid agencies may be as kneejerk and simplistic as the call for doubling their budgets’ (Ramalingam 2013). But in order to become (more) effective, aid agencies need to have the courage to question their ways of looking, thinking and acting. Most importantly, the false sense of certainty resulting from artificial simplification of complex realities needs to be abandoned. This statement is linked to several issues. A first one is the hypothetical nature of the aid intervention logic; increasing people’s capacity to realise ‘valued beings and doings’ is not just a standardisable engineering process (although engineering can help a lot): as long as human agents have room to make their own decisions they are likely to interact in various unforeseen ways with the structures of their environment. Trial and error will always be part of the process. A second issue is the organisational format of the aid agencies, which have almost inevitably been conceived as bureaucracies (in the sociological, Weberian sense of the term). A good bureaucracy is by definition based on standardising procedures, skills or outputs, in order to ensure good performance in a stable and predictable environment. Change is not its natural biotope. However, a development intervention is – also by definition – a process that seeks to improve other processes in a complex reality. Therefore, aid agencies need to adopt an organisational configuration that is adapted to this kind of change dynamics. Such a configuration needs to accommodate a constant practice of doubt and reflection; and this requires constant effort.

Doubt, reflection, trial and error: we will indeed need to accept, even embrace uncertainty in order to become effective. In order to formalise the handling of uncertainty for more effectiveness, the flexible action research framework is likely to provide at least part of the needed attitudinal guidance. Mastering the illusions of artificial oversimplification – and the human mind appears to look irresistibly for such simplifying mental shortcuts (Kahneman 2011) – will be a constant intellectual and operational challenge. The good news we are trying to convey is that complexity need not push us in a position of helpless surrender (‘in view of all this uncertainty, why bother to even try?’) or reduce us to whining losers. The uncertainty that goes with complexity is a fact of life that most of us can confidently deal with all the time. After all, most of us do not hesitate to raise children, even if the outcome of such an educational ‘project’ is far from entirely predictable. Of
course, engaging in development cooperation is somewhat different. For one, as development aid agents we are not really using our own resources (as parents normally do with their children), and furthermore we are dealing with social systems rather than individuals. However, as we hope to show, there are intelligent ways of dealing with complexity and the uncertainty that goes with it. And although failure, relative or absolute, can never be totally excluded, the chances of success can be increased considerably, on the condition that we are ready to continuously learn and adapt our actions to what we have learned. There are ways to do that.

Critical reader, give us a chance and read our argument.

The authors
Section I:
System thinking in development cooperation
Facilitating change in complex realities

Paul Bossyns, Karel Gyselinck, Lieve Goeman & Marleen Bosmans
Overview of Section I

Section I deals with the importance of system thinking for the quality of development aid interventions. It proposes a renewed look at the challenges development aid is exposed to. This section is the most challenging one. It aims to convince the reader to leave classical views and old jargon behind and to engage in a new way of approaching reality. This is not an easy approach. System thinking is often counterintuitive and demands constant reflection. It also requires a certain emotional shift: one has to accept that a degree of uncertainty is part of any decision. Confronted with uncertainty, people spontaneously start to feel uneasy. Can we still undertake anything if ‘nothing is certain’?

However, we intend to provide the necessary insights and practical tools in order not to get paralysed by uncertainty or by this ‘difficult’ complexity. Instead of paralysis we hope that this work will provide the opportunity for renew interest and enthusiasm. Enthusiasm because embracing complexity and the active search for insight makes our actions more interesting and provides new hope for success. Indeed, the development aid world is becoming ever more disappointed, even frustrated because of a perceived lack of – or too slow – impact.

We believe that the required change in thinking is rather radical for many, though we need not throw away all the good things that have been achieved in the past. If we make a plea for embracing complexity in attempts to improve complex environments such as difficult-to-manage social systems, we consider this complementary to the numerous small successes we all experienced in our lives as development aid workers. System thinking should provide us with additional tools to improve our results in the long-term, at the societal level, in a sustainable way. Even a partial success at these levels should render us curious of what comes next.

The evidence for the need of a real paradigm shift in development cooperation has never been as available as for the past years (Ramalingam 2013). The discussion is not so much about moving between projects, programmes, SWAps or budget support (“doing the wrong things better”? (Ramalingam 2013) but rather about how to shift from a mechanistic and simplistic cause-effect approach towards a complexity-driven one (Morgan 2005).

This first section contains three chapters that cover the broad theoretical
issues concerning complexity and system thinking and the direct implications for broad development aid concepts.

Chapter 1 defines complexity, systems and system thinking. In complex situations, simple common sense or classical analysis are insufficient tools to make decisions with sufficient ‘scientific’ confidence. It is the study of complex situations that brought philosophers and scientists to conceive of the concept of systems and to develop new tools that allow to reduce (never take away completely) uncertainty; in other words, better to foresee what will be the consequences of intervening in a system that by definition is only partially understood.

Chapter 2 provides the necessary conceptual background of the basic features and characteristics of systems and how they evolve. Understanding the way systems behave and change over time is important for development aid strategies. The shortfalls of our usual analytical thinking are highlighted as well, showing that as long as one remains in this logic, major errors in conceiving development interventions will be unavoidable. These insights will provide alternative views on looking at commonly used concepts in development aid that often lack precise definitions. ‘New’ definitions will be proposed.

Chapter 3 reflects on the ways to intervene in and change complex realities in the area of development cooperation. Several tools for analysis and better understanding of complex systems are proposed. The importance of Action Research and modelling of complex systems will be dealt with in some depth, though this paper does not have the ambition to provide a full course to master these tools. Outcome mapping is touched upon as a possible tool for more realistic planning for action. This Chapter also introduces the issue of the conception of development interventions and the importance of defining partnerships in development aid, described more in detail in Section II and III of this book, respectively.

Although we consider it essential for development and development cooperation, in this section we do not have the ambition to offer a course in complexity and system thinking. A lot of literature on these subjects already exists. We rather aim at creating the link between the theoretical systems approach and development aid in practice, paving the way towards a new practical approach for conceiving and implementing development aid interventions. There is a need for new definitions for basic concepts like ‘sectors’ and ‘(development) projects’ in order to build development aid strategies adapted to the complexity of reality.
Definitions: Complexity, Systems and System Thinking

Everybody has an intuitive knowledge of what complexity is all about. We find most of our daily tasks fairly simple, but sometimes we are confronted with something we cannot deal with because it is too complicated or complex. In most cases (even successfully) we then consult another person of whom we expect that he can handle the situation. This person might tell us that actually, the challenge was simple! So what is something complex then? And is complex simply something which is too complicated?

Between simple, complicated and complex

Posting a letter is easy. Buying a loaf of bread as well. For most of us anyway. But just imagine you do not have money, or the nearest bakery is 20 km away, or you are disabled. ‘Easy’ is relative, it depends on the situation, but probably even if the bakery is far away, we agree that acquiring a loaf of bread is simple. We know exactly what to do. When building a house, the undertaking becomes more complicated. Many actions must be coordinated and planned, but the process is largely predictable. It is just complicated, you have to think about many things at the same time, and things can go wrong. They probably will, especially if it is your first time. Due to accumulating experience, probably fewer things will go wrong when building one’s tenth house. With sufficient experience and supported by a diploma in engineering, one can claim to become a specialist in house building and probably will dare to build a house under more challenging conditions (for example in a swampy area). We can therefore say that complicated situations are more challenging than simple ones. Many factors are interfering at the same time and sometimes even unexpected interferences exist (e.g. the day you wanted to order new cement, roads were blocked by truckers on strike for a salary increase). Some things are too complicated for a layman and therefore we ask experts to come and solve the problem. They are familiar with the complicated matter and combine knowledge with experience to master the complicated situation. Both aspects help them to reduce the complicated situation to a situation that can be handled (at least by the expert). Learning is key: consciously understand why something went wrong in order to avoid the same mistakes in future or to anticipate the problems.
when the same situations occur. For very complicated matters, sending a rocket to the moon for instance, high-level specialists work together in a team, but at the end it is all about knowing gravity laws, engines and computers. When things go wrong, it is often due to human error, the famous screw that was not fastened enough. It is the human factor that is the least predictable.

One speaks of complexity when the situation or process becomes less predictable, sometimes frankly unpredictable. The outcome of decisions and plans are uncertain. All parents will confirm: raising children is complex in this sense. As a parent you do take daily decisions for the well-being of your child, but you never feel sure. And you have certainly no idea what the outcome of your new-born will be in 20 years to come. Specialists sometimes can help. But the psychologist, the social worker or family helper cannot claim to be certain of the outcome of their advice to the parents. In other words, one speaks of complexity when situations are such that uncertainty of outcome of decisions prevails despite analysis of the situation even by high-level experts in the matter. The underlying reason for such a situation is basically always the same: there are many factors that will or may influence the situation. But we do not know to what degree, most of the time not even in which direction. When your child comes in contact with drugs, will (s)he become an addict as well or will (s)he get so disgusted never to try it again?

Societies and human organisations are such complex environments.

**Simple, complicated and complex: a continuum**

Above discussions make clear that simple, complicated and complex are relative concepts. It is impossible to say when something balances from simple to complicated or even into complexity. We nevertheless recognise that both extremes exist. And that somewhere in between we have those situations we would call 'too complicated, at least for me'.

Some scholars have been thinking further. If something complicated can become simpler by the mere fact that one understands a given situation better, will this be the case also for complex issues? In other words, is complexity an ontological (complexity is a fact of reality) or an epistemological problem (it is a matter of time and knowledge to understand complex situations)? This might seem farfetched philosophy for most readers, but the question has its importance.

We think that surely the human brain is limited but that we can improve our knowledge through science, experiments and learning. A better
understanding of a complex situation will reduce uncertainty and therefore might make complexity decrease to a certain degree at least. In this way it is an epistemological problem. But it is also ontological. From a very pragmatic point of view we can claim with a lot of certainty that fully understanding human beings, communities and entire societies until they become predictable will not happen in the near future, nor even in the far future. So complexity is an ontological issue as well. Fortunately, the study of complexity shows that even if it is less obvious than for complicated issues, learning is possible. It is possible through knowledge accumulation and systematic learning from experience: why did things evolve, whether as predicted or not, as they did?

If societies are said to be complex, change in societies being often unpredictable, intervening in societies is complex. Development aid is definitely a complex matter.

Complicated situations are often but the consequence of making abstraction of a complex situation by isolating perceived priority interventions or actions from the rest of the system. This is a legitimate approach only if the overall complex situation is not forgotten and further analysis and decision making takes this complexity into account. Some authors translate it as ‘when one is looking at a complicated problem, the better one looks, the more it becomes complicated’ (Meadows 2009). Complicated problems are usually embedded in complex environments. Oversimplifications can induce erroneous decisions and even entire strategies.

Complexity: you probably do not like it, but have to embrace it

The results of development interventions beyond the local micro-level realisations are largely unpredictable (Jones 2011). In complex situations, even experts have difficulty to reduce uncertainty because too many factors are influencing a situation. Social systems are characterised by complexity (see further), but easy-to-manage situations do exist (Kurtz et al. 2003). Confronted with complexity, people feel uncomfortable and ask themselves what to do? Knowing that we are surrounded by complexity indeed can paralyse people, development workers in particular. They tend to feel very uneasy because seemingly ‘nothing can be done to improve a situation’.

Therefore, nobody seems to like complex situations (you are not an exception). Through psychological experiments, Kahneman clearly shows
that the human mind is not only badly equipped to confront complexity, on
top of that our brain is lazy (Kahneman 2011). We make judgments quickly,
with an amazing (and mostly unwarranted) trust in our own capacities. We
see cause-effect relations (and many other things) which after thorough
analysis are obviously erroneous, even to ourselves (we could have avoided
the mistakes ourselves if we would have thought things through beforehand).
Managing complex situations on an ‘ad hoc’ basis, in our usual ‘automatic’
and effortless decision-making mode, therefore seems a bad idea. This
observation does not take away the uneasiness when dealing with complexity.

In previous paragraphs it was already suggested that expertise can reduce
uncertainty. Action research was also mentioned as one of the tools that
allow us to deal with complexity. The purpose of the rest of this work is to
explore new ways of regarding reality, new (imperfect) tools to somewhat
master the complex reality and, although within variable degrees of
uncertainty, to make decisions, and maybe most importantly, to feel
appropriately humble and to be able to learn from mistakes, but to be
satisfied with significantly contributing to improve situations. This is exactly
the opposite of over-enthusiastic ‘solutions’ in which we engage ‘en masse’,
only to be a disillusion richer after 5 to 10 years, or to come to the sad
conclusion that development work does not help after all.

Systems: some definitions and characteristics

Put simply, a system is a whole of elements and their interrelations. By
replacing ‘element’ with ‘component’, a system becomes ‘a whole made up of
interdependent components in interaction’ (Laszlo et al. 1998). It unites
elements into a meaningful relationship, acting as a whole. Consequently, a
system can only be adequately understood as an integrated whole, as the sum
of both its constituent components and the relationships between those
components. If the number of elements increases, the interactions between
the elements increase exponentially (Hill 2011). Some systems, and definitely
those in which we are particularly interested in development aid, have a huge
number of elements and a virtually endless number of interactions. Because
all these elements influence in one way or another the overall system, the
system becomes complex (see section 1.1 and 1.2). Societies or social systems
are among the most complex systems that exist.

But what does all this really mean? Insight in complexity can have far
reaching consequences, as is illustrated by the example in Box 1. Instead of
looking at the features of different species to classify them on the basis of
how different they were, Darwin studied how they related to each other and why they were different. This completely changed the look on the origins of nature, reality and scientific thinking as a whole. Darwin was not at all paralysed by complexity, even though he did not even partially understand all the determining elements in his theory (e.g. DNA was only discovered nearly a century later), but he could fill hundreds of pages better 'understanding' evolution and how nature as a whole is behaving.

**Box 1. Example of far-reaching consequences when systems are recognised as wholes with interacting elements**

| During centuries, scientists have collected animals or plants and classified them according to common features. Classifications of animals and plants were based on visible characteristics like the number of legs, size, colour, ability to fly, and so on. This resulted in different classification systems, with a lot of exceptions or uncertainties on where to classify certain species. The logic of classification was a 'static' one; the only change over time was the ever-increasing number of newly discovered species. This look upon the world changed when 'suddenly' (he published his findings 24 years after his travel to the Galapagos archipelago), Charles Darwin 'saw' relations between species. By studying the birds on the different Galapagos Islands, he understood not only that different species were related to each other, but that their differences appeared to be rooted in ‘dynamic’ adaptation to other environments, specific for each island. The continuous interaction between animal species with their environment, through the process of natural selection, created the diversity of life forms. The consequences are well known. Notions of evolution, diversity and ‘survival of the fittest’ replaced the creation myths. The recognition of the specific relations between several elements (birds in their specific environment in this case) changed the way the world was perceived! |

Complex systems are therefore not simply defined by the number of their elements, but as well by the way the elements interact with each other. The system has characteristics that the individual elements do not necessarily suggest. The system is said to be ‘emergent’ and accounts for often surprising qualities. ‘An emergent property is marked by the appearance of novel characteristics exhibited on the level of the whole ensemble, but not by the
components in isolation’ (Laszlo et al. 1998). The more classical ways of looking at realities consider rather the elements than the relations that exist between them. This is a ‘reductionist’ way of looking at reality. By doing so, the importance of the system as a whole is underestimated: ‘The inability to account for surprise, creativity, and emergent phenomena is the major shortcoming of reductionist thinking (Datta et al. 2012).

Biologists applied these findings in the 1960ies and 70ies on ecology and natural equilibrium. A tropical forest has other qualities than the sum of its isolated trees. The primary tropical forest in Borneo has some 1200 tree species and hosts more than 220 species of birds. In a logged forest in which only a few tree species are removed, only 160 species of birds can be observed. A secondary forest, a decennia-long regrowth after the primary forest was virtually destroyed, hosts only 80 species of trees and 60 species of birds. Sociologists like Weber described societies and communities through the diverse power relations between individuals or groups of people. Psychologists consider children with behavioural problems as symptom carriers for relational problems between the parents. The obviously ‘sick’ child is looked at starting from his environment, in this case the family it grows up in. It is first put in its context (Bossyns 2001).

Figure 1. Left: Classical analysis: the elements are in the front. Right: The whole of elements (the system) is determined by the interactions between the elements.
Figure 1 illustrates this graphically. Reductionist approaches concentrate on individual elements (left) and keep all relations with other elements (artificially) constant in order to study the influence of one single factor on one element (laboratory conditions). System thinking on the other hand would concentrate on multiple elements at the same time and studies –in principle- all influences and relations between these elements simultaneously. It estimates overall impact on the system with all elements acting and reacting (complex reality conditions). This is correctly felt to be a ‘mission impossible’. Practical approaches downsizing somehow this theoretical ambition will be presented further.

The notion of emergent properties of systems leads to the concept of synergy, which helps to explain why the system is more than the sum of its parts (Laszlo et al. 1998). This will prove to be of major importance when dealing with development interventions in Section II.

**System thinking**

System thinking is a way of looking at complex realities. It is the way to approach, analyse, act upon and progressively better apprehend complex reality, taking into account systems and the way systems behave. By acting upon them and learning from the action, the unpredictability of complexity can be reduced. Unexpected behaviour of the system can be (partially) prevented by recognising patterns and predicting systems better through lessons learned from previous actions (positive and negative ones), thus reducing uncertainty. Although embedded in the thoughts of Hegel and Marx in the West, and the ideas of Buddhism in the East (Meadows 2009), system thinking was essentially formalised as a logical system by biologists to understand ecological problems and eco-systems in the 1960ies and 70ies. Since then it has been applied in many scientific disciplines, from physics and quantum mechanics to sociology, psychology, economics (Parker et al. 2007) and health systems’ organisation (Byrne et al. 2014).

In the classical western reductionist way of studying realities, complexity is handled largely by ignoring it altogether: influencing factors are considered in isolation of all others and single, simple cause-effect relations are studied ‘keeping everything else constant’ (the ’ceteris paribus’ principle).

System thinking claims that such ‘ceteris paribus’ never applies (Dujardin 2003) in complex realities. All influencing factors constantly interact and determine the system, the whole. Contrary to reductionist thinking, system
thinking starts from the complexity of reality and not from particular elements in the system. It starts from the whole and not from the parts (Morgan 2005). It looks at the complex and changing interaction between all elements at the same time. The vast majority of people has the spontaneous reflex to simplify things and to make intellectual shortcuts (Kahneman 2011). Most modern scientific disciplines apply classical analytical approaches and try to isolate one element from all the others and study the direct (linear) cause – effect relation between this element and others. System research observes many elements at the same time, considering that circular and changing causal relations determine systems (Chapman 2004). This non-linear thinking is often counterintuitive for our simplifying brain (Kahneman 2011) and our usual scientific training in analytic cause-effect thinking.

Development and development aid have to deal with changing societies. Development actors pretend, mostly implicitly, that specific interventions are able to influence the direction in which societies evolve and that development processes can be accelerated through such initiatives. But live societies are among the most complex and unpredictable systems that exist. Our classical way of analysing situations and proposing solutions may not be applicable in such an environment and does not allow a full understanding of what is happening in reality.

Watching and analysing a complex reality through glasses of complexity and system thinking will lead to different strategies for action. It also requires reflection on existing concepts and their definitions.

System thinking is not a specific practical tool. It is situated at a more general conceptual level and represents a modus to look at complex realities. Further in this document, helpful tools for improving the quality of development aid that are compatible with system thinking will be highlighted. Other tools like the logical framework, less adapted for use in complex situations, will be touched upon as well.
Systems’ characteristics and behaviour

Systems, especially social systems, can be likened to living organisms\(^1\). They seem to behave with an independent will, evolve gradually, spontaneously, and most of the time invisibly. Social systems are conservative. When disturbed or forced into change, they nearly always seem to return to their ‘natural’ equilibrium whenever the drives cease (Morgan 2005). Only by understanding the system’s properties and spontaneous behaviour can we intervene in a strategic way to make systems change in a durable way. The next paragraphs describe different characteristics of systems and system’s behaviour. Systems thinking scholars make important differences between ‘simple’ living organisms and ever more complex social systems in which ‘free will’ and ‘conscious interaction with the system’ can make it evolve or change. Without going in depth in this discussion, we will concentrate from here on further in this book on social systems. Development aid is indeed intervening in complex social systems.

Open systems and their environment

The number of elements included within a system’s boundaries is always somewhat arbitrary. Systems are ‘open’ and their boundaries are never definitive. They are transparent or permeable and under influence of elements outside the system. Overlap between systems is the rule. Therefore, systems can always be defined more broadly, or in other words, as part of broader systems. Every system is but a sub-system of a broader system, its environment. Some authors actually include this aspect in the very definition of systems: ‘A complex system is one made up of multiple elements which are connected to and interdependent on each other and their environment (Governance for sustainable development 2014). Health care systems (Paina et al. 2011) or the education sector are such complex systems, as illustrated in Box 2.

System’s boundaries on the one hand separate (as said before) in a rather artificial way systems from their environment and from each other, and on the other hand, they are the locus of exchange or interaction between systems. In system thinking it is said that systems ‘exchange energy (and

\(^1\) This is a metaphor and like all metaphors an imperfect representation
matter), they are ‘open’ systems’ (see Figure 2).

The environment of a system can be defined in an extremely large way (for some the universe is too small...). The power the environment exercises on the system is tremendous and does not simply ‘disturb’ the system but often actually co-determines it. Its conditions are imposed upon the system. Not understanding the environment’s influence on the system under consideration leads to wrong or infertile decisions in planning and implementation, as often observed in capacity development interventions (Datta et al. 2012). In general, system analysis includes the ‘immediate’ environment of a system because it is an important determining factor of its quality and often offers a strategic entry point for action (see changing systems). ‘Context’ or ‘conditions’ are frequently used terms to indicate environmental factors but are often presented as a few, often ‘obviously’ disturbing factors. By doing so, the risk is real that the determining power of the environment is underestimated and that opportunities to intervene on these elements to change the system are missed.

Mitleton-Kelly sums it up this way: ‘Although one makes a conceptual distinction between a ‘system’ and its ‘environment’, it is important to note that there is no dichotomy or hard boundary between the two, in the sense that a system is separate from and always adapts to a changing environment. Rather a system is closely linked with all other related systems within an ecosystem’ (Mitleton-Kelly 2003). Another way of expressing the same is ‘Systems are embedded within other systems and co-evolve’ (Pisek et al. 2001).
Box 2. Classical examples of complex open systems, boundaries are human made and allow for exchange with their environment

The health services system is an open system. Usually it is defined as a network of hospitals and health centres. But the system can be extended to the ministry of health, the patients and their families, local government, women movements, public finance management in the sector, local development, water supply, and so on. It has been shown that child mortality is lower when the mothers are literate. Is the literacy of mothers an aspect that belongs to the health system or not? Recent public health literature concentrates on social determinants of health, expanding the horizon even more. Depending on the system under consideration and the purpose of the analysis, certain aspects can be included or not. The system’s boundaries are not definitive. If the health system is defined narrowly as the operational components only, the Ministry of Health will be in its environment, read will influence or co-determine the system. When the Ministry of Health is included in the system’s boundaries, it will be for instance the Ministry of Finance or the macro-economics of the country that influence the system so defined.

The education sector is also a complex open system and could be analysed in a similar way as the above example. It can include schools, the ministry of education, the teachers, the training of the teachers, the curricula at school.
The health and the education system are sometimes considered as one system, the ‘social sector’. In this way, every system constitutes a sub-system of a broader or larger reality. The overall (societal) system is often called the environment or context in which a system evolves. The environment not only influences the system, but to a large extent determines it. The environment imposes conditions, hence affecting the characteristics of the system at stake. For example, in a highly corruptive environment, or in a reality of poor salaries for the public sector personnel, the health sector functions in another way than in a more conducive environment.

Above arguments suggest indeed that systems are somewhat arbitrarily defined. We could say that confronted with the endless complexity of the whole, the universe let’s say, humans have the tendency to reduce the reality to a manageable size, at their convenience. This is, from a pragmatic point of view, justifiable: although we cannot exclude that the black hole that is emerging at some millions of light years from here will influence our society, it does not seem too relevant for the daily question we would like to answer. At the same time we understand immediately that one cannot define a system on a completely arbitrary basis. Excluding elements changes the system and any conclusion one might reach about the system under consideration. Including medical university departments in the health system or excluding them because we consider them as part of an education system, will influence our view on and analysis of the health system.

Systems as modular compositions

A car is composed of many components or multi-parts modules. Every part determines at least some aspect or characteristic of the car. Some of these parts are said ‘not to be essential’ and when they are taken out, the car can still function whereas by removing others, the car just stops. We say that some parts are more essential or determining for the functioning of the car than others. The car can be considered in this case as a metaphor (a car as such is at the most ‘complicated’) for what is happening in social systems. Systems and sub-systems are composed of ‘modular’ elements. These modules (subsystems in previous paragraphs) are more or less determining for the quality or characteristics of the system. In other words, subsystems or modules have a certain hierarchy between them (Byrne et al. 2014). Some are said to be essential or more important than others. Changing them changes
the system radically, whilst removing or modifying other modules seems not to bother the system at all. When we speak of strategic interventions in a complex system, we mean that we are dealing with those modular components that determine the functioning of the system much more than many others. A strategically sound intervention would act on those modules or subsystems that are considered essential while at the same time opportunities exist to improve them.

System’s structures and agents

In sociological terminology social systems are described as the result of the interplay between structure and agency (Parker et al. 2007). ‘Agency’ refers to the fact that agents (individuals, groups, organisations,...) act, which includes making choices (consciously or unconsciously). ‘Structure’ refers to the ‘rules of the game’, the existing order, the set of constraints and opportunities (social and resource-wise) in which agents can make their choices. In most situations the result of the interaction between structure and agency, the state of the social system at one moment in time, is rather stable; structure is mostly the result of a ‘negotiated order’ (Strauss 1978), the result of historical processes leading to a form of equilibrium. When agents make choices, their enacting these choices (agency) can result in reproduction of the existing order (structure) or in transformation of this structure. The apparent stability of most social systems would then derive from the fact that most acts (choices) are directed toward reproduction of the existing structure. However, this stability is never total. Transformation goes on all the time, even though most of it is incremental rather than drastic or fundamental, and even though much of it seems to ‘just happen’ rather than being consciously directed.

This having been said, one could also say that the essence of development can be understood as accelerated transformation in a desired direction, that development aid is supposed to contribute to the ‘agency’ that brings this transformation about and that such a desired transformation will be sustainable (or sustained) only if future agency in the system will reproduce the successfully transformed structure.

It would seem clear that such an evolution cannot be an easy matter. All the more so because the metaphor of social systems as ‘living organisms’, introduced before, may be somewhat misleading in one respect. In most

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1 “Would” because it remains to a certain extent hypothetical.
living organisms as we know and picture them, the components work together for the greater benefit of the whole – at least this is what happens when we are dealing with a healthy living organism. In social systems this is never true. They are ‘imperfect’ organisms (Elwell 2013) in the sense that their components have their own interests and compete with each other. The importance of the whole is generally appreciated by the parts (the agents in the social system) as the degree to which the whole contributes to their individual interests. The present structure of social systems therefore is the result of a balance of power, tensions, collusions, cooperation, conflict, shifting alliances, winners and losers, all of this playing out in processes that are co-determined by their evolution in the past; people have memories.

Another helpful narrative in this respect is derived from ‘New Institutional Economics’ theory (Williamson 2013). In most of the practically popularised use of the word ‘institution’, within this narrative, it is defined or circumscribed as ‘rules of the game’, ‘behavioural procedures’, or, more specifically, ‘the way (opportunistic) agents deal with each other’ with the (economically defined) purpose of minimizing the transaction costs that would result from constantly having to re-develop the rules of engagement afresh. The complete set of ‘institutions’, defined like this, is – again – a set of modules, or subsets: the subset of institutions dealing with the relationship between management and workforce, different from the subset governing the relationship between management and suppliers, different from... etc. The term ‘institutional development’ can be understood as the exercise of optimizing these subsets internally and in their mutual relationships. The analogy with the sociological term ‘structure’ is obvious, though not total (especially in terms of their origins). At any rate, ‘institutional development’ can be extended beyond the sphere of economics (efficiency) to optimization in other spheres or the whole of social reality, depending on what such ‘development’ is supposed to be in aid of. It seems, again, obvious that such exercises can hardly be called easy.

The above perspectives also help to explain the observation in development cooperation that individual capacity building, as such and on its own, is always found insufficient to induce structural and lasting change. Sustainable change, change sustained by the system in a ‘spontaneous’ way, because the system is now ‘simply’ functioning in this new way, can only occur when the quality and/or nature of the interaction between individuals or organisations (agents) has changed significantly. If structures have to change, acting on several different interacting agents at the same time will
have more chances of success than acting on a single one. Relations are always – at least – bidirectional.

**Temporality**

Systems are specific in time. They are co-determined by their past and the options for change are limited due to the initiatives that were taken in the past. System's processes show 'path dependency'. When things happen affects how they happen. What happened in the past (events and their sequence) co-determines the pathway that is followed in the present. This makes decision-making in systems always historical: what is decided in one system, with its unique history will by definition be different from another system with a different history, even if they apparently look alike and even if the technical answers to a given problem seem equal. Decisions cannot be judged without knowing the system, also in its historical aspects and its context. What seems an illogical decision in one system may be well-adapted in another.

**Dynamic Equilibrium - Negative and Positive Feedback – Adaptive systems**

Complex systems are constantly under the influence of all kinds of factors which, even in isolation, could change the system. But due to the intensive, and often unpredictable, influences of elements on one-another, the potential impact of one element is often neutralised by other indirect forces or reactions. Negative feedback phenomena push changing elements to their initial status. They fall back in their 'natural' (previous) equilibrium. Other authors express this in terms of complex systems being 'self-repairing' and 'self-maintaining' (Datta et al. 2012).
Figure 3 illustrates this phenomenon graphically. Element ‘A’ intentionally would change element ‘B’. It exercises a ‘positive’ force on B. In isolation, element A influences element B and this would change the latter’s reality or condition. But side-effects and influences on other elements in the system (the elements do not interact in isolation as one would like in for instance a laboratory setting), make that finally B also receives counteracting forces from other elements. The final result on B is difficult to predict and often not measurable. If the negative forces are more important than the positive ones, unexpected side effects or perverse effects are observed; the intention was a positive change, but the result is negative (for example see Box 3). Others speak of unintended consequences (Chapman 2004).

1 ‘Positive’ or ‘negative’ have no quality qualification, they symbolise opposite directions in which an element would evolve.
Box 3. Examples of unexpected side-effects

In the Netherlands, a law was introduced that obliged cyclists to wear helmets, to protect them from severe head injury. After introduction and monitoring the impact, it was observed that the number of severe accidents among cyclers paradoxically increased. Further analysis revealed that the behavior of cyclers had changed through this new measure. They felt better or more protected and unconsciously were taking greater risks in traffic. This observation was not a reason to change the initial decision, but obliged the decision makers to re-analyse the unexpected situation and to take initiatives to counteract these effects.

In Senegal, a health project introduced a new and more transparent fee-paying system in the rural hospitals. As a consequence, the management of hospital pharmacies' improved and drugs became more readily available. But local and illegal drugstores and ambulant drug sellers saw their profits quickly disappear. They mobilised the local community and religious leaders to demonstrate against the project and complained at the ministry level. If the ministry would not have had the moral courage to maintain its support, the project would have been stopped then and there. The indirect effects of the new initiative and the possible resistance from the population were completely unforeseen, although they might be considered as rather obvious in retrospect. This illustrates that one can learn to understand a system's behaviour and use this experience to reduce uncertainty when confronted with similar problems in the future.

Even if specific efforts introduce change, they need to be maintained for a long time and combined with other changes; otherwise there is a real chance that the system will fall back spontaneously to its normal (previous) equilibrium. Systems are said to be resistant to change and behave conservatively. They regress 'spontaneously' to their 'natural' equilibrium. Feedback processes can inhibit change within systems (Ramalingam et al. 2008). Particularly in social systems, the system’s resistance to change can be translated as 'the drive of the system to maintain its identity' (Morgan 2005).

Systems are said to be 'resilient'; they can, in most circumstances, take a lot of shocks or external pressure before they actually change.

This has been all too often observed for development interventions. For example, a health project intervening at the level of a hospital succeeds in rationalising the delivery of care and making the hospital functional. Corruption has been reduced, management made more transparent and
performance enhanced, etc. But when the project comes to an end, the local stakeholders find themselves again under the influence of the surrounding system of corruption, lack of transparency and low motivation. They slowly return to their previous way of functioning. Gradually the hospital falls back in its previous conditions and after a while it seems as if the project never existed. The hospital regresses to its previous equilibrium with the same surrounding as before. Only if also these external factors change, either through the intervention itself or due to other factors or actors, the results can be lasting over a considerable period of time. A project ‘in isolation’ is sustainable, but is not sustained because the ‘hostile’ environment -read resilience of the system- did not change. In practice this means that any intervention in complex systems must keep an eye on these external factors, look for opportunities to intervene also at that level (this implies flexibility) or from the sideline promote other actors to engage in synergistic changes.

Positive feedback also exists. ‘A’ reinforces ‘B’, reinforces ‘A'', reinforces ‘B’, etc. If this goes on, it would destroy the system altogether, like a nuclear bomb exploding due to a chain reaction. One speaks of a virtuous (positive self-enforcing) circle or a vicious (negative self-enforcing) circle. As change is only exceptionally and temporarily linear, positive feedback does not last in most systems and vicious circles in general do not last. Social revolutions are said to be the result of societal positive feedback mechanisms that overthrow regimes and societies, sometimes resulting in a drastically transformed ‘structure’.

Four immediate strategic consequences for development cooperation interventions can be identified:

- A development intervention should never rely on one single action or tackle a single problem. Instead, different parallel, but coherent or synergistic actions should be planned for in order to act on the system globally.
- Interventions should never isolate the system from its environment and should always include considerations beyond the local (sub-) system. Working on external influential factors is important for the sustainability of results. This may have practical consequences for the choice of strategic anchorage of development interventions.
- Changing different aspects within a system in a coherent and synergetic manner requires time. The behaviour of a system always contains a degree of uncertainty. Development actors should seize opportunities and work with incremental changes until the system
will fall into a new equilibrium. Only long-term interventions can be relevant in this way.

- Development interventions with multiple entry points and/or multiple anchorages are likely to have more chances of being successful and of reinforcing long-term sustainability. The intervention should be conceived in a way that field experiences are sufficiently illustrated and documented, and fed back to the central level for policy making. ‘Local’ results at micro-level are only interesting to transform the overall system if incorporated into its routine behaviour or procedures, in other words, when structural change is introduced with sufficient power.

Box 4 gives an example from the transport sector. The intervention needs different entry-points to start from and a systemic approach if it wants to be successful.

**Box 4. Example of a systemic approach in the transport sector**

In the transport sector, the construction of a road in isolation can never be a development objective. To stimulate transport, roads and road construction are indispensable and as such positive. But without parallel measures on maintenance, traffic regulations, articulation with other roads or transport needs, this road will not contribute to community development, which was probably the implicit underlying reason to construct the road. The transport sector as a whole needs to be approached, rather than a single road. The Ministry of Transport and its decentralised structures have to improve their performance. They have to know how to plan in terms of priorities, but also budget-wise. They need to foresee preventive maintenance, traffic lines and signs, major maintenance, and manage all this through proper public tendering, quality controls of constructions, etc. Building roads through development projects will not address these issues if not taken into account in the early conception of the intervention.
Law of diminishing returns: a known example of counterintuitive thinking

System thinking can be counterintuitive. We have the natural reflex to reduce complex situations to simple linear interaction. But because all elements influence each other, a linear logic of “cause and effect” is not part of complex realities. If A causes B, then the more of A, the more of B. This is the classical Cartesian approach to reality. But because A also influences other elements that are also in interaction with B, the overall result is different from what one would expect in a logical (linear) way of thinking. In general the influence is less than linear (negative feedback). In economics this phenomenon has been illustrated time and again. Investments do not have proportional returns; to the contrary, in many cases, the more is invested, the less is the marginal return. This is the law of diminishing returns (Figure 4), an example of a non-linear cause-effect relation.

Figure 4. Illustration of the law of diminishing returns (http://www.webbooks.com/eLibrary/Books/B0/B63/IMG/fwkrittenberg-fig08_003.jpg)
Figure 4 shows how the increase of one labour unit from two to three units gives a return of four more jackets a day (difference between C and D), whilst an additional labour unit from four to five units only provides a production gain of one single jacket (difference between F and G). The changes are not linear and in ‘extreme’ situations the presumed benefit might even turn out negative (negative gain between point H and I in Figure 4). An apple a day takes the doctor away. Twenty apples a day might very well cause exactly the opposite.

The law of diminishing returns is an oversimplification of a complex reality, because the curve would permit exact predictions in any situation. Complex reality simply does not allow to have such smooth curve. The effect of one measure to change a system rapidly levels off at a new equilibrium. Unless complementary measures are taken, the system is unlikely to progress further. This was painfully illustrated in assessing the achievements of the MDGs (Friedman 2013).

The non-linearity is universal to all complex systems, expressed as the non-linear behaviour of systems (Laszlo 1998). Nevertheless, the concept is hardly ever applied in development intervention strategies. The direct implications of this evidence for development interventions are very similar to those in the previous heading:

- There are no magic bullets. Unidirectional, single-purpose interventions, ever more investing in the same, inevitably become counterproductive. Therefore, development interventions should not be narrowly defined, and should not concentrate solely on a particular isolated problem. In other words, ‘Never put all your eggs in the same basket’ (Meadows 2009).
- Priorities change over time and depend on the level of investments (efforts, materials, budgets,...) already made. They are relative. Opportunities for new or other investments or action appear and disappear.
- Utility or relevance cannot be estimated in isolation but are relative values depending on the moment and circumstances.
- If indicators become objectives, ever more effort is put in reaching this one indicator concerning one element in the system to the detriment of developing the system as a coherent whole.

Box 5 illustrates this with some examples of the education and health sector.

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Box 5. Examples of negative side-effects for the system as a whole when non-linearity is not taken into consideration

**Education Sector**
Following the definition of the Millennium Development Goals, a slogan in the education sector is to reach 100% enrolment of children in primary education. However, the more we want to reach this 100%, the more the marginal costs rise to get the last percentages of these children to school. Children in towns have relatively easy access and are relatively cheap to reach because of economies of scale. But to reach all children in remote rural areas and to provide the same quality of education in these areas costs far more. At the same time, if other elements in the system do not follow (e.g. the increase of the number of classrooms and teachers, hence implications on budgets and salary mass), the teaching quality diminishes and one might end up with less elementary school certificates than if less students were enrolled. Pressure on secondary education increases, drop-out rates increase (children with less favourable conditions such as poverty, walking long distances have a higher risk to drop out of the system) and the national budgets for education cannot follow. All these negative side effects have been recorded (Milan et al. 2014). A more systemic approach would look at gradually increasing enrolment, in phase with reinforcing the education system as a whole and especially the number of classrooms, the quality and quantity of teachers, school management, decentralisation of school budgets, etc. (Milan et al. 2014).

**Health sector**
Vaccination coverage is another example. International funds for vaccination aim for 100% coverage for all vaccines. But to realise such coverage, the required budgets skyrocket because of the huge marginal cost to cover the most difficult-to-reach children. To reach this maximal objective, special vaccination campaigns by expensive vertical teams were organised. This kind of priority setting has unavoidably consequences for the functioning of the overall health system. In economic terms, the opportunity cost for the system is high. Investing in other health interventions may well have a bigger impact on the health status of this population. An alternative, more systemic approach would invest in making the network of health centres work better, including the vaccination activities. Vaccination rates would improve gradually together with other priorities in the health service delivery. By monitoring the system, new initiatives could
be introduced to improve, among other aspects, the vaccination rates. A malaria control programme invested in the fight against malaria without taking into account the realities of the existing health system. After several years of intervention, the number of malaria cases had dropped enormously, but the government was not satisfied because they started to realise that all other health indicators in the region were actually worsening. Further analysis made it clear that the malaria programme had been buying away the lab technicians from the hospitals, to solely concentrate on malaria diagnosis and paying health workers for correct treatment of malaria. The regular health system was destabilised because of the presence of a development intervention chasing only one indicator, to the detriment of the local health system.

These examples are no fundamental criticism against interventions that aim to control diseases with high morbidity or mortality, but are intended to highlight the adverse effects when systems are not at the centre of thoughts. In other words, we believe that the majority of these side effects can be avoided without too much loss in effectiveness, but with the advantage to have created the systemic structures necessary to sustain the results in the long run.

Unpredictable systems: Working in uncertainty

Because of the complexity and the multiple interactions between different entities within systems (institutions, stakeholders, physical elements...), it is difficult to predict what the most strategic actions and priorities of the moment are and what the consequences of any action (decision) will be. Unexpected side-effects are the rule, rather than the exception. They can be positive (some people are really lucky), neutral or negative for the change process. Most of the unexpected results are perceived by the change-actors as negative, because the side-effects are mostly manifestations of the system resisting change. Some side-effects put an entire initiative in danger or result in a system balance that is worse than before. Anticipating systems’ behaviour is said to be a ‘wicked problem’ (Jones 2011). Working under such conditions causes uncertainty. Sometimes actors become insecure and paralysed when having to make decisions in such an environment. They prefer simple linear logics, fixed rules and norms and a mechanical plan without too much flexibility.

An immediate consequence for development interventions is the fact that
planning tools like logical frameworks and ‘Gantt charts’ are not well adapted for complex environments. This does not mean that such tools lose all their utility and should be abandoned altogether, but that they need to be handled with caution and at least be complemented by tools like continuous adaptation, Action Research or outcome mapping (see next chapters). Due to the uncertain outcome of any important decision, decisions and the activities related to these decisions should be regarded as working hypotheses rather than as mechanical steps towards the foreseen objectives of an intervention.

An ‘opportunity’ is an unexpected occasion for action with a relatively high probability of success. Opportunities are often linked to ‘critical incidents’ (see further). Being flexible and using opportunities are the important ingredients to obtain change successfully in complex realities. Learning by doing (see Action Research and Reflective Action), critical analysis and monitoring of initiatives with continuous steering are the tools for successful ‘muddling through’. Systems call for a constant search for incremental change, hence demand high flexibility in decision-making (Ramalingam 2013; Lindblom 1979; Mintzberg 2007).

**Changing systems: Discontinuity**

Complex systems do not change in a linear way. Often a lot of efforts do not seem to influence systems at all, until a certain moment when change ‘suddenly’ emerges. Qualitative changes can appear suddenly, just like water suddenly starts boiling at 100° C. Systems hover around a dynamic equilibrium. They are then said to be in balance. As long as the system remains in balance, even if the balance is under tension, little apparent change can be measured or observed. But once ‘over the edge’ (or ‘tipping point’ (Rogers 2008), the system moves into another equilibrium (it has found another ‘attractor’ state, in complexity speak). Only then a system has ‘structurally’ changed. Many inputs in the system may remain unnoticed in terms of lasting change, when suddenly the system finds a new equilibrium. Cumulative inputs can result in a quality jump of the system.

Non-linear change leads to frustration among development workers. Enormous efforts do not always seem to influence anything and sometimes no impact can be measured even after years. This does not mean that these efforts were useless, they are ‘simply’ not sufficient to overcome the natural resistance of the system. In most cases, more and other (parallel) strategic interventions are needed to overcome (other) bottlenecks for change or
influential elements in the system, the so-called ‘structural problems’. Only synergistic action can eventually overcome them. The need for synergetic action calls for complex programmatic approaches of development aid initiatives. In most cases, only a combination of different interventions, often with different modalities and scopes can lead to impact, defined as sustained and persistent change in the system. The challenge is to find an optimal level in defining the boundaries of the system under consideration, to try to be inclusive without becoming irrelevant or hopelessly dispersed.

Summary: The laws of system thinking

- Systems are more determined by the relation between their elements than by the elements in isolation. The whole is more than (or different from) the sum of its parts: systems are emergent, meaning that they show qualities that individual elements do not contain. Reductionist analysis (study of the elements) is only useful if followed by synthesis.
- Systems are open and the environment (conditions) in which they function largely determine their quality and behaviour in general. Acting on the environment might be sometimes more strategic than tackling the actual problem in the system head-on.
- Systems are in a dynamic equilibrium and any action for change is counteracted ‘spontaneously’ through equilibrating mechanisms (resulting from ‘negative feedback’). Therefore linear change and ‘simple’ solutions hardly exist. We speak of ‘resilient’ systems. ‘Resistance to change’ is a negative translation of the same, when applied to systems.
- Quantitative changes can result in qualitative jumps (discontinuous quality change).
- Social systems are complex and therefore often unpredictable. Changing systems requires managing uncertainty. This calls for flexibility, inventiveness and reflectiveness of the actors who should act on opportunities and should constantly search for incremental change.
Practical implications for development cooperation

Recognising the way complex adaptive systems behave inevitably raises questions about the way development cooperation is conceived and applied (Ramalingam 2013).

For many donor agencies the narrative of complexity is considered as annoying, disturbing the bureaucratic ordered way of approaching management, planning and controlling. Every time control mechanisms fail and unintended effects occur, they tend to choose for more management and control, resulting in increasingly rigid, risk-averse and stable (or static?) organisations. This has led to the development and use of evermore sophisticated tools and techniques that remain linear and simplistic in their scope and outlook (Ramalingam et al. 2008). Complexity cannot be ignored though, it exists and is not just another development aid ‘fad’ (Snowden et al. 2004). It forces development aid organisations to rethink paradigms, and in consequence, adjust their intervention tools and practices in order to be successful in bringing about change.

In the next paragraphs, the consequences of recognising complexity and complex adaptive systems for development aid are treated at the level of the conception of development interventions, the level of implementation and at the level of monitoring and evaluation. The distinction between these three levels remains a bit artificial. Monitoring is intimately entangled with the conception and implementation of a development intervention, evaluation is a continuous learning process throughout the conception and implementation of the intervention.

System thinking as the central concept for development aid in practice

Development aid has the mission to support, accompany and accelerate development processes in communities or social realities and even entire countries. These realities are extremely complex, with numerous organisations and stakeholders in interaction. Furthermore, these

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4 Development at this stage can be defined as favourable evolutions or desirable change in any society. Favourable is indeed a relative concept. What is favourable and for whom? In development aid, the current narrative is usually related to reduction of poverty and creation of a more equitable society, but also at this level, nothing is obvious.
organisations and stakeholders do not all have common goals. ‘Progress’ means different things altogether for each stakeholder and the same issues are valued differently. In order to optimise their intervention strategies and to avoid as far as possible unexpected negative side-effects, development actors need to understand how systems behave and continuously adapt to their environment (resilient systems) in a subtle manner, but also how systems can eventually change sustainably.

System thinking is the central concept, on which practical reflections on how to implement development cooperation needs to be anchored. In other words, policy papers, strategies and tools for implementing development interventions should be compatible or in accordance with the principles of system thinking and complexity. Denying the link with systems and their dynamics inevitably leads to misconceptions and suboptimal interventions. The consequences of complex systems and system thinking for development aid and its interventions are tremendous, which will be illustrated further in this book. One of the first consequences is the fact that development is not so much about isolated elements, individual problems or items, but about structures and agents in relation to each other and to a larger system. The objectives of development interventions should not just concentrate on improving particular elements within the system in isolation, but on influencing or structuring the interactions between the elements within the system. Although, in practice, single decisions often only act on a limited number of elements in the system under consideration, care should be taken that these decisions are compatible with the overall objective of strengthening the system. ‘Not doing harm’ is the minimal translation of this principle: isolated decisions should at worst be neutral to the overall functioning of the system. This is not as obvious as one might assume.

Box 6 illustrates through real examples (the left column are concrete examples of Belgian governmental intervention proposals from the past) how development interventions have been defined as the solution of a ‘single problem’ ‘Single element approaches’ do not provide structural change in complex realities though; they can only be temporary solutions. Their long-term achievements are often disappointing, because system failures are not addressed. The right-side column provides intervention descriptions that still encompass the single problem, but at the same time have the intention to address the larger structural problems in the system by making explicit what the systemic ‘scope’ of the intervention would be.
Box 2. Difference between single problem-solving interventions and more systemic approach alternatives

<table>
<thead>
<tr>
<th>Stated development objective</th>
<th>A systemic approach alternative</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 'Distribution of school books in maths and French for first and fourth grade primary school students throughout the country'</td>
<td>• Create a system of 'school book conception, production and distribution in the country' or broader still : 'create an education system that 'Increases access to quality primary education'</td>
</tr>
<tr>
<td>• 'Improve primary health care through financial support of the donor community to private-non-for-profit (PNFP) health care providers'</td>
<td>• 'Strengthen the partnership relation between PNFP and public health services to enable them to fulfil better their mandate in primary health care'</td>
</tr>
<tr>
<td>• 'Introduce Results-based financing for the health services in the country'</td>
<td>• 'Work towards universal health coverage in the country'</td>
</tr>
</tbody>
</table>

Development cooperation: Introducing change in complex systems

In this book, development cooperation is defined as the organisation of resources of all kind coming from an external donor organisation to facilitate a development process in a recipient country in a sustainable way. Development processes are societal changes. Development cooperation therefore signifies intervening in complex societal systems.

Introducing desired change in complex and largely unpredictable systems is not obvious. Moreover social systems resist change, as discussed above. Even outside an intervention, systems are under continuous influence of their surrounding environment, as illustrated in Figure 5 & Figure 6. Development interventions in general pay little attention to these aspects. The context can be enabling or representing constraints (most of the time constraints because of the dynamic equilibrium and negative feedback loops that are characteristic for complex systems).

In order to change a system, interventions or projects are obliged to tackle
it from different angles. Existing synergies between the direct outputs of the activities ensure that the global result is more than the sum of the individual efforts. The processes that lead to the change are represented as a “big black box”, because they are often little understood and certainly not entirely mastered. Unexpected effects or consequences are the norm rather than the exception.

Figure 5. Intervening in complex systems embedded in a changing and influential environment

This complex change process is far from the claimed linear reality, classically described in many textbooks on project management, as in Figure 5. Projects are often defined along the lines of ‘a project as a temporary endeavour undertaken to create a unique product or service’. They are characterised by limitation in time, resources and are planned, implemented and controlled (A guide to the project management body of knowledge 2000). Such linearity only exists in straightforward ‘simple’ interventions like building a school or distributing schoolbooks in a country. In a development context, such interventions –in isolation- are unlikely to be sustained because they fail to address other underlying system failures (underlying complex structural problems), such as, for the last example of schoolbooks distribution, the quality of the teachers, schoolbook management, teaching tools, etc.
Figure 6. The classical linear logic of change (Logic Model Development Guide 2004)

This does not signify that the reasoning as represented in Figure 6 is not useful in an absolute sense. At any moment, decisions are made leading to particular actions that need accurate planning. The products (outputs) are rather straightforward and likely to be achieved (predictable). The danger is to use this shortcut in all circumstances without realising that the ‘leading-to’ arrows, especially those between Output and Outcome, and between Outcome and Impact, are largely **hypothetical**. In the complex social reality, for an output to result in desired outcome or impact, a (usually unknown) number of necessary **conditions** need to be fulfilled. If these are not known, or if their existence is not even acknowledged, the linear progression depicted in Figure 6 is an unwarranted simplification.

As Peter Morgan puts it, ‘The continued use of reductionist mental models and especially the linear pursuit of preselected outcomes is undermining development effectiveness’ (Morgan 2005). The – simplifying – assumptions underlying ‘rational planning’ (mostly hidden or implicit) are inconsistent with complex systems. Hence policies and strategies based on it can have significant unintended consequences (Glouberman et al. 2002).

**Consequences for the conception and design of development interventions**

**SECTOR DEFINITIONS AND ANALYSIS**

Development cooperation envisages the upgrading of a society as a whole. The country level is too big and complex to be mastered as an overall system by one intervention. Therefore an individual aid intervention is considering parts of the overall system, hoping that the combination and synergy of several different interventions will strengthen the system, read society, as a whole. A country can be divided in a number of sectors, in principle covering all aspects of society. Sectors are sub-systems of the country system and can in turn also be divided in further sub-sectors or sub-systems. A sector can therefore be defined as a **complex sub-system of a society**. This entails that a sector consists of a number of components that form a recognisable whole.
through their interactions.

A sector should not be defined as an area of intervention, nor as a specific problem or a national programme. For instance, 'Rural roads and river ferries' cannot be considered as a sector, at best they are two elements within the local transport sector. Defining the intervention sector in such a way is not an innocent abbreviation of reality. It shows how this thinking is reductionist and ignores the complexity of a rural transport system, which also includes the users, maintenance, road police, local economics, fuel provision, distribution networks, etc.

Sectors are not natural entities, but are defined by human beings. Boundaries are modifiable and the discussion of whether or not an element belongs to the sector is often futile. The real and practical questions are about which elements are strategic for future interventions, what constitutes the important elements of its environment on which one might intervene and which elements are excluded for immediate action.

The aim of development interventions is to strengthen a (sub-)sector in its entirety and not just merely some elements within a sector. Such interventions should be defined starting from a (sub-)sector analysis, the identification of strategic entry points for action and the strategic anchorage, and the capitalisation of experiences. The analysis must also include the most important elements of the environment in which the (sub-)system is evolving.

REDUCING THE NUMBER OF SECTORS FOR MORE COHERENCE

The Organisation for Economic Co-operation and Development (OECD) recommends that donor agencies reduce the number of sectors they support, in order to concentrate efforts, to come to a rational division of labour and to achieve more internal and external coherence of development interventions (OECD Report 2011). However, this can only be the case when certain principles are respected:

- Sectors need to be country-defined and owned. In reality, donor agencies still identify sectors as they fit their interventions. A donor can claim to support the social sector encompassing health and education, whereas in the same country others support only the health sector or the education sector, for instance. For some donors a sector corresponds to a ministry; while others define sectors according to a single problem or a group of problems to be tackled. They essentially do not regard sectors as sub-systems of the wider
Societal system.

- Sectors cannot be strengthened without acting on the immediate environment of the system. Often this environment is part of another sector. A strict application of the OECD recommendation might lead to the exclusion of specific intervention opportunities because they are considered as part of another sector. For instance, the health and education sector are very dependent on the public service, a ministry usually not included in these sectors. A thorough analysis of the education or health sector might lead to the conclusion that it is important to intervene at the level of a public service reform. A mechanical application of the OECD recommendation might actually lead to less coherence and/or synergy.

- Sectors need to work together for complementary actions and for obtaining synergies. For instance, sectors like health and education are influenced by decentralisation policies, hence by the decisions of local governments. The obligation of these sectors to work together with the local governance sector and to realise a close collaboration becomes a challenge when the number of intervention sectors is restricted. This observation does not imply that development interventions should always increase their scope, but they should be aware of these interferences, look pro-actively for synergies with other interventions and show the necessary flexibility to finance certain unforeseen initiatives or engage in dialogue with ‘new’ stakeholders in order to overcome ‘structural’ resistance to change.

These observations imply that it is more important to search for internal (own intervention portfolio) and external coherence of interventions (with other development partners) and to stimulate synergies (more than paying lip service to it) between interventions, than to mechanically reduce the number of ‘sectors’. Therefore reducing the number of sectors can never become a meaningful indicator of coherence or an objective in its own right.

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5 As previously discussed: boundaries of sectors just like for other systems, are somewhat arbitrary.
A MULTITUDE OF DEVELOPMENT PARTNERS, OWNERSHIPS AND PARTNERSHIPS

The present development aid discourse correctly considers ownership and partnership as important principles. Although previously never really denied, ownership as a principle in development aid strategies was explicitly put back on the agenda on the occasion of the ‘Paris Declaration’ (OECD 2006). The national development partner should be in the ‘driver’s seat’ and the concept/notion of partnership should be revalorised. Policy dialogue should materialise the partnership relationship. But ‘Paris’ remains to a large extent in the linear logic of looking into developmental problems.

Reality is indeed far more complex than assumed. Development aid is confronted with the complexity of partners, owners and different priorities. Too often, partnership is looked upon as a one-to-one relationship with one or a few persons in the national ministry. Donor countries tend to overlook the fact that the beneficiary population also should own the development process and that their priorities might be quite different from the central level’s point of view. Even within the lead ministry for a given development intervention, not all stakeholders have the same point of view (and they shouldn’t necessarily). Individuals, even in the same institution or organisation show different degrees of ownership for action or might even be in frank opposition on what an intervention would like to achieve. On the other hand, finding common ground at donor level presents its own challenges: ‘The growing emphasis, as expressed in the Paris Declaration, on the importance of donors developing a shared diagnosis of a country’s problems, tends to lead to simplistic statements of the obvious (Eyben 2010). In other words, the search for a consensus among flawed analyses with a high degree of superficiality tends to lead to conclusions that are so oversimplified that they become completely useless.

The question ‘who is the development partner’ cannot be answered in a straightforward way. A development intervention includes several partners and if development aid stands for alleviating poverty and guiding evolution to a more equitable society, the silent poor are among the most important partners concerned and their rights and aspirations should be defended, sometimes in opposition to views represented by the central level, partner in the process as well. Sector Wide Approaches (SWAps) and budget support have been criticised for shaping a dialogue limited to the central level and for not including the operational one (van Reesch 2007). The Bussan
declaration paid the necessary attention to the NGOs that felt excluded from the policy dialogue (OECD 2011).

Ownership and partnership are multidimensional, involving a multitude of stakeholders. Reaching a minimal consensus between these often opposing visions is needed to allow appropriate decision-making and is the real subject of the technical and political dialogue that development partners should undertake. Without extensive negotiation, decisions can be felt as imposed and generate resistance which maybe would not have occurred if good communication and discussion had taken place. In reality, change hardly ever happens without both winners and losers. Reforms have little appeal if the winners cannot compensate the losers (World Development Report 1997). Change is therefore only likely to happen if negotiations between stakeholders provide sufficient agreement and support. This demands time and effort. It is difficult to predict how much consensus is really needed for change to happen.

**Box 7. Example of the complexity of ownership and partnership**

In Niger, several provinces developed an ambulance service to organise emergency evacuations of patients from the health centres to the hospital (covering about one million rural people). The simple equipment for communication between rural health centres and the hospitals and the availability of an ambulance vehicle to respond to the calls was sufficient to see hundreds of patients evacuated timely every year. The service was highly sustainable because the population agreed to pay for the fuel and maintenance (partly) of the ambulance vehicle. The system was indeed functional for many years without the need of donor or central government inputs.

But when the president published a decree stating that all health services in rural health centres should be free of charge for small children and pregnant women, the system came under pressure, as the population did not pay anymore for the fuel and maintenance of the vehicles. The president apparently did not realise that this was an essential service for which he also had to foresee a budget and procedures for reimbursing the costs of ambulance services. Local doctors and donor agencies brought the problem to the attention of the Ministry of Health authorities but no corrective measures were developed and the referral system collapsed. The voice of the people was too weak and the donor agencies’ dialogue obviously as well. Civil servants were afraid to bring up the matter against the president's opinion.
Box 7 illustrates the complexity of ownership and partnership. In this case, the population, the local health staff, the ministry of health authorities and the president were all stakeholders. Ownership was different with a well-motivated local population and health staff, both with little voice though. In combination with poor ownership at the Ministry’s level and unawareness at presidential level, this resulted in the fact that sustainable innovations were in practice not sustained. The policy dialogue between partner country and development partners was weak as well. The donor community at central level was actually largely unaware of the problem (reason for development interventions to remain in close contact with the ‘operational level’ – see Section II).

Such situations are far from exceptional. By ignoring the complexity of development matters, the Paris Declaration and many development interventions are actually missing the crucial leverage to address such problems.

**Operational consequences for development interventions**

System thinking and the recognition of complexity and uncertainty obviously should influence the conception and implementation of development interventions. Intervening in such circumstances demands a deep understanding of the system and mostly incremental decision-making. It calls for inventiveness and flexibility from the part of the actors.

Section II is entirely dedicated to the architecture of development aid interventions, inspired by the laws of system thinking. Development interventions should actively recognise the multitude of stakeholders, the complexity and multidimensional aspects of partner dialogue, the uncertainty in which interventions have to work, hence the need for continuous learning and monitoring for continuous adaptation of the content of the interventions and decisions.

**PARTNERSHIPS AND INTERNATIONAL EXPERTS**

The complexity of partnership and how the partnership dialogue can be structured in the light of complex systems is highlighted in detail in Section III. If development aid is to defend the priorities of the poorest members of society, the development partnership dialogue also needs to concentrate on those situations where the central authorities forget to defend the poor and to take into account equity considerations because of second agendas or capacity weaknesses.
International sector experts are representatives of the donor partner in charge of the jointly defined and managed development programmes. They are in the first place defined as experts who master the dynamics of the sector in which they act, because the interventions in which they are engaged have the objective to improve the sector. In other words, they need to master the sector as a whole and understand how such a complex system behaves and where the weaknesses and opportunities for improvement can be. They should have a broad technical background to be able to master the specific content and strategy of the development intervention. Finally, they will be involved either directly or indirectly in a technical and a sector policy dialogue to bring up interesting experiences to the central level’s attention. They are complex programme managers (for more details, see Sections II and III).

PLANNING AND THE USE OF THE LOGICAL FRAMEWORK

Planning in complex, hence largely unpredictable, systems or realities is difficult. Deciding on one definitive plan assumes predictability. However, as Jones puts it: ‘Although strategy and planning are desirable and relevant in the face of uncertainty, it is crucial to ensure that levels of uncertainty and ambiguity are accepted as a de facto part of the policy-making process’ (Jones 2011). In other words, ‘planning will need to remain light and flexible around ex ante analysis, to facilitate responsive, appropriate interventions’ (Jones 2011). ‘System thinking rigorously contests the view that if we cannot know and predict the outcome in advance and if no heroic leader is in charge, we are facing anarchy. A system view would point to the amazing amount of order that does exist amidst the pervasive failure of most plans and predictions’ (Morgan 2005). Management only based on planning and norms is incompatible with complexity and the classical CEO style management is challenged by making an appeal for complex leadership (Jones 2011; Datta et al. 2012; Ford 2009; Pielke 2007). Jones et al. propose flexible and forward-looking decision making as an alternative to the ‘usual’ three-to-five-year planning (Jones et al. 2014).

Classical planning is based on the assumptions of order, of rational choice and of intent. These three assumptions need to be challenged when intervening in complex environments (Kurtz et al. 2003). They are derived from the broader assumption that a given situation is well understood and therefore predictable. A manager imposes rules and norms that will further
improve the performance of the system. ‘The development of management science, from stopwatch-carrying Taylorists to business process reengineering, was rooted in the belief that systems are ordered and therefore predictable. It was a matter of time and money to discover the relationship between cause and effect’ (Kurtz et al. 2003).

The logical framework (log frame) has for long been the planning tool of excellence for development interventions. In simple realisations (e.g. in the case of simple (local) development projects or concrete infrastructure projects) the log frame is still valid. But complex situations and systems are far too unpredictable to be captured in a log frame, definitely if sectors or societies as a whole are considered for development interventions. Log frames are not systemic for several reasons, and therefore not easily compatible with system thinking (Giovalucchi et al. 2009).

- Log frames start from a problem analysis. The problem is analysed by finding underlying problems of the main problem, resulting in a problem tree. The problem tree is then reversed into a solution and action tree. The linearity of this logic is clear and therefore ignores the complexity of things. In complex realities, reason can become consequence, consequence reason, and influencing factors interact in multiple and opposite directions. Therefore system thinking starts from a broad situation and sector analysis, rather than just a ‘problem analysis’.

- Log frames are handling a linear logic of impact (see Figure 5). Activities, in the year plans even subdivided in sub-activities, together lead to results, results allow reaching the specific objective, which contributes to the overall objective. The objective is in practice still far too often formulated as a specific problem. The non-linear behaviour and the unpredictability of complex systems do not allow such approach. Although those in favour of the log frame claim that a flexible approach is possible, in practice adapting log frames often demands cumbersome procedures. Planned activities are implemented because they have been planned (in advance) rather than because they are useful and timely at a particular moment.

- Log frames cover periods of years. The further in time, the less system behaviour is predictable. Applying log frames over more than one year’s period is obsolete in complex realities (Van Ongevalle et al. 2010).

- Log frames look essentially for internal coherence within the
intervention. They have little eye for the environment in which the intervention acts. The environment is usually described under the ‘predicted risks and opportunities’ as the intervention is considered inadequate or unable to intervene at that level. Parallel thinking and side-actions to respond to sudden opportunities are therefore difficult to incorporate.

At best, log frames translate the best ideas and hypotheses of the most knowledgeable participants in the planning workshops. But in practice the ideas of the most powerful member of the group or the average consensus ideas are maintained. Moreover, the plans resulting from such workshops are rarely considered as working hypotheses. In system thinking, actions need to be considered as working hypotheses, if only because the behaviour of the system is said to be unpredictable. Log frames therefore are but simple roadmaps for organising work and activities. Useful as that is, they do not invite learning from mistakes (wrong decisions) and continuous learning. Instead, the exalted place occupied by the log frames in development aid bureaucracies stimulates the implementation of as many programmed activities as possible followed by an *ad hoc* evaluation. Momentary control evaluations replace continuous learning.

Defenders of the log frame approach will argue that the correct application of the methodology will counteract the above-mentioned weaknesses and that with a correct attitude these problems can be avoided. This is only partly true and in practice the drawbacks of the log frame as described above, are all too often observed. Bureaucratic organisations like donor agencies use the log frame essentially to exert control over the implementers of their budgets (Giovalucchi et al. 2009). They allow expenses and approve action plans based on the logical frame, not on the knowledge of priorities of that moment or on the consensus building dynamics of local stakeholders. They (unwillingly and unconsciously), cause illegitimate interferences and may have a negative influence on local ownership.

Log frames are useful for relatively short-term planning of concrete activities. Log frames and Gantt charts can be applied for simple or complicated but predictable activities like construction or organisation of major events.

**ALTERNATIVE TOOLS FOR PLANNING DEVELOPMENT INTERVENTIONS**

If logical frameworks show major drawbacks as a planning tool in complex realities, what are then the alternatives? Just like one single tool does not
suffice to assemble a car, development interventions cannot be planned with one magic tool either. Several planning and analysis tools compatible with system thinking do exist. When dealing with the initial planning of a development intervention the following tools can be applied in a complementary way:

**Incremental change – muddling through**: Mintzberg has opposed planned management to the art of ‘muddling through’ (Mintzberg 2007). Classical management starts from the premise that things are controllable through procedures, rules and regulations. Consequently, managers are making detailed plans, which are communicated to the implementers of the plan. The latter are subsequently controlled with the work plan as golden standard. In contrast, change is introduced through successive decisions, each time controlled for their accurateness and eventually adjusted, to reach incremental change, change at the margin. Development interventions should enable such an approach by concentrating on the processes and decisions rather than on the solutions. Lindblom (Lindblom 1979) calls for a ‘strategic analysis’ (using informed and thoughtful choices of methods of problem simplification) of complex situations in order to overcome ‘ill-considered often bumbling incompleteness in analysis’ as a result of an exhaustive attempt at ‘synoptic analysis’ (an attempt to analyse everything, which is impossible in complex settings). ‘Strategic analysis’ for Lindblom is about acceptable incomplete analysis (completeness is out of bounds) that still manages to capture the crucial elements needed for understanding. This requires well thought-through analytical strategies and the necessary skill, talent and judgment. Lindblom’s ‘muddling through’ needs high levels of expertise, but this expertise can be acquired...

**Sector analysis**: If the objective is to strengthen sectors, it is obvious that everything starts from here. Sector analysis includes the analysis of the main institutions, their way of interacting, the sector outcomes, and its environment. Sector policy papers should shed light on the vision the national partners defend.

**Institutional and organisational analysis**: This includes the main institutes and organisations of the sector under consideration, including their internal functioning and the quality of their external relations (see Section IV).

**Stakeholder analysis**: Who are the different stakeholders? What are their strengths and weaknesses? How do they perceive the problems and the values of the sector? How do stakeholders and their agendas relate to the priorities...
of the poor as the final beneficiaries of development aid? What are the power relations between the different stakeholders?

Some authors use the term network analysis when talking about stakeholder analysis, especially in the context of human organisations (Ramalingam et al. 2008).

Outcome mapping: Outcome Mapping takes into account the multitude of stakeholders who (often) have different agendas. It allows to change alliances when need arises and builds on flexibility by putting the results in the picture, rather than the inputs (the activities in the log frame). It puts stakeholders (individuals) as well as organisations in the centre of attention. Central to Outcome Mapping is the concept of outcomes defined as changes in behaviour, relationships, activities or actions of people, groups and organisations with whom the intervention interacts directly (Van Ongevalle et al. 2010).

Modelling and learning by doing: As the results of the intervention are largely unpredictable, there is need for constant reflection, for learning by doing and re-adjusting plans and initiatives accordingly (Morgan 2005; Gilson et al. 2014). It often signifies that only incremental changes are possible. Emerging opportunities (unpredicted) should allow for new initiatives. These aspects are discussed in more detail in the next paragraphs. Whatever the alternative tools to detailed planning, they are always based on the knowledge that exhaustive analysis of a situation is not feasible. But instead of trying to do the impossible (Lindblom’s ‘synoptic analysis’), and as a consequence to fall into ill-considered, often accidental incompleteness of analysis, it is better to strategically invest in a deliberately accepted incompleteness that still manages to capture the crucial elements needed for understanding, with the intention to introduce incremental change and to learn from the new situation (Lindblom 1979).

BUILDING UP EXPERIENCES IN PRACTICE: ACTION RESEARCH AND ‘SCIENTIFIC’ MANAGEMENT

Decisions are managed through continuous follow-up and evaluation in order to adjust them or to make new ones. Continuous learning from decisions and situations should be the motor of any intervention in development programmes. Intervention implementation is seen as an evolutionary learning process (Jones 2011; Gilson et al. 2014; Discussion Note USAID 2013). Different tools have been developed to act and monitor
in such complex situations. In the following paragraphs, this paper summarises some of the tools developed for managing complex situations. For full understanding of the tools, we refer to more specialised literature.

**The use of models to apprehend complex systems**

By definition, complex systems cannot be fully apprehended or understood. Systems’ borders are fuzzy and according to the point of view of the stakeholders, some elements can be incorporated in the system or rather defined as an environmental factor. Especially in human or societal systems, systems are looked upon according to the personal or institutional agenda of the stakeholders.

Each stakeholder has a mental (often implicit) representation of the system under consideration though. Mental maps are by definition a reductionist and incomplete vision of the system, influenced by norms, ideas and culture. They are inherently metaphorical (Byrne 2014). They are most of the time different from one person to another.

‘Modelling systems’ is rendering the system’s representation explicit so it can be shared with others. The individual mental maps can be confronted with each other. A model is therefore a simplified representation of a complex reality. It represents its elements in interaction. Because these interactions or relations exist within the mind of the stakeholders, and therefore are never the full reality, models include hypotheses. Models hypothesise the way systems function (Chapman 2004). Models are descriptive and explanatory, and rooted in interpretation.

These models are not best practice nor ideals to which to conform to, or pathways that have to be followed. But they can serve as a guideline for action. Therefore they can sometimes be normative in the sense that they guide decisions, without claiming this decision would be ‘by definition’ correct. They can guide preferred changes in the system by providing pathways and relations to be strengthened or weakened according to the objectives. In that sense, models can even have a predictive value. By confronting the hypotheses with the new reality after having intervened in the system, hypotheses can be confirmed or disconfirmed. In both situations, stakeholders can learn from the experience and apprehend better the interaction between different elements within the system. One of the results of this learning might be an adaptation of the initial model. Models can never grasp the complete system’s dynamics and therefore always reduce the complex reality. Because we are unable to apprehend the system in its
totality, it is ‘the awareness of that complexity that gives depth to our understanding of the system’ (Hill 2011). In other words, by being aware of this incomplete understanding, views and insights can be adapted (adjusting the mental model of the system) as learning progresses.

Explicit models allow for coordinated interventions in complex systems. Stakeholders have (provisionally) agreed on a common model of the system and on the relations they want to intervene upon. For central level policy makers, the introduction of a new policy is often a costly undertaking and includes risks due to uncertainty and lag of feedback of a complex reality. There is thus need for new policies to be piloted (Desouza et al. 2011). Policy makers need to create enough evidence for policy changes before actually implementing them system-wide. Policy-making should, in many cases, be rather evidence-driven than evidence-based, including a search for evidence rather than claiming to have it all already (Desouza et al. 2011). Deliberation should be a central and action-oriented process guiding the decision-making (Jones 2011).

**Action Research**

*Action Research*, sometimes called ‘consensual qualitative research’ gels very well with the complexity mode of understanding (Byrne et al. 2014) because it involves many stakeholders in the research process. The actors in context are part of the production of scientific understanding.

*Action Research* is probably the most complete but also most complicated or academic way of interacting in complex situations in a systematic manner. It has been developed as an alternative scientific method for the more analytical and statistical, linear approaches that are not valid for complex situations. *Reflective Action* starts from the well-known Deming cycle of management as shown in Figure 7.
But Action Research translates this mechanistic way of managing reality into a framework that is compatible with complexity theory as shown in Figure 8. It is an inclusive process, with ‘all’ local stakeholders involved in all the stages of the research process. The problem identification is translated in decisions for action to be implemented, taking into account the implicit degree of uncertainty to any decision, and then to be monitored and evaluated. The problem identification and the decisions to be taken are based on the local system’s knowledge by the stakeholders (and therefore participative), based on scientific knowledge and on an explicit model of a desired situation (model), shared among the stakeholders (actors in the system) (Grodos et al. 2000). A major difference with classic management is that not the problem is managed, but the decision. The decision is formulated as an hypothesis because of the degree of uncertainty that goes along with it and the research question inherent to the decision in an action-research context: Is the decision correct and can the underlying hypothesis be confirmed, in other words, does the realisation of the decision indeed improve the system. The process and feedback loops are central and allow for learning by all actors involved. There are three learning loops possible as indicated in Figure 8.
Modelling, as discussed earlier, is crucial for the process, for the analysis of the present situation as well as for formulating the 'desired situation', and the presumed models have to be rendered explicit among stakeholders to create a common view and understanding of the strategies used. This modelling is necessarily done using 'knowledge' in whatever form; in action research it is important to realise that this 'knowledge' can be (and often is) faulty – especially when we are dealing with complex issues. On the positive side, of course, this means that there is room for learning6.

Decisions are translated in operational terms in how decisions (read

6 We are less ambitious though than what Grodos and Mercenier originally proposed with the term 'model' and prefer to speak of a desired situation, a projection in time on how the system could function better. Grodos and Mercenier defined a model as a representation of a complex reality with predictive characteristics that can be confirmed through scientific analysis. When the hypothetical construct is confirmed, the scientific predictive value of the model would increase as well as its universality (relative independence of context) (Grodos et al. 2000).
policies) should be implemented. Again this is a participative process in which the local stakeholders translate their own engagements (decisions) into practical guidelines for implementation. In the health sector, well known examples of operational instructions range from clinical decision trees (how to treat patients) to guidelines for broader activities like 'how to organise outreach activities'. In the original version of Grodos and Mercenier the term 'operational instruction' was used, because of the degree of precision that is required to be able to evaluate the process and ultimately the relevance of the underlying decision\(^7\). These guidelines are best formulated in a participatory manner with those stakeholders who will actually implement them. The degree of precision of the guidelines will allow to see whether they are feasible and what resources are required for them to be realistic.

Operationalisation is followed by 'operational evaluation', verifying if guidelines are indeed implemented as foreseen. This is not only a necessary step before the 'analytical evaluation' (do the instructions contribute to the solution of the initial problems?), but it also constitutes a first learning loop in the process (see number 1 in Figure 8). If instructions are not applied according to the initial plan, either the instruction was not clear (need for capacity building), or the instruction was not feasible (unrealistic) and needs to be revised or conditions need to be created, or the instruction did not take into account certain ignored aspects of the system that need to be addressed.

The analytical evaluation allows to judge whether and to what extent the new strategy contributes to improve the system’s performance. This is the second learning loop (see number 2 in Figure 8) that might alter the initial decision. We estimate that if development interventions aim to significantly contribute to sustainable development, they should at least reach this level and quality of evaluation. The analytical evaluation, if sufficiently scientifically robust, gives rise to new or improved knowledge on the system’s behaviour and on the initial assessment. This is the third learning loop in the process (see number 3 in Figure 8). It is this one that makes Action Research a real research methodology. The last two loops constitute the learning process on the system, the so-called 'double-loop learning', one on

\(^7\) Operational guidelines of health policies often lack the necessary precision to be applied without ambiguity, e.g. official guidelines for care of raped women in RDC are universal for all levels of care (health centres, rural hospitals, specialised centres), whilst of course competences and resources are completely different.
the management cycle and one on the mental model underlying decisions (Parker et al. 2007; Valters 2015).

It is this third explicit learning dimension that differentiates Action Research from most other intervention strategies in complex environments, e.g. Reflective Action, Theories of Change, etc. (see further). However, not all development aid interventions need to reach this third dimension of learning on the system (which requires an important effort, indeed); this can probably be reserved for specific situations.

In its purest ambition, action-research goes beyond improving complex situations or sectors. Action Research wants to generate scientific knowledge applicable in a wider range of settings. It therefore puts emphasis on modelling reality, and on monitoring the long-term impact of decisions in order to test initial hypotheses. The initial model is adapted according to the lessons learned from day-to-day management of the decisions and from the monitoring of the (new) situation. The ultimate goal of Action Research is to extrapolate the lessons learned to scientific knowledge, generalising the explanation of what is likely to happen within a range of contexts for which the insight gained are valid. Action Research unites action, change, monitoring and evaluation in one single movement or process, rather than considering them as separate entities.

Action Research is sometimes hard to accept for scientists because it does not seem to claim total objectivity of the researcher. The actors are at the same time researchers of their own action, and this implies that ‘to take this position is to erode the privileged and detached position of the scientist as external researcher’ (Byrne et al. 2014). The principle of ‘everything-else-remaining-equal’ does not apply and makes it difficult to prove impact. External research partners are often included in the process for more distant and independent reflection (Grodos et al. 2000). The important advantage of the Action Research approach is that the results are practical and directly available for use in similar settings.

In practice, Action Research is not always needed in its purest form of contributing to scientific knowledge (i.e. knowledge accepted as ‘scientific’ by the scientific community). Other related but less ambitious tools like Theories of Change and Reflective Action are also valid approaches when it comes to intervene in complex realities and when local sustainable change is the ultimate objective.
Theories of Change

Theory of Change constitutes a multi-stakeholder analysis approach that seeks to identify mechanisms for change. The method consists of conceiving in a participatory way the hypothetical pathway of change that might be obtained when planning for action. ‘A Theory of Change is an ongoing process of reflection to explore change and how it happens – and what that means for the part we play in a particular context, sector and/or group of people’ (Valters 2015). It regards development interventions as hypotheses and assumptions, formulates activities as working hypotheses and as such is congruent with Action Research. The participatory process approach allows the team to learn and to share otherwise implicit views on reality and the way forward. Implementation of an intervention is described as an ‘evolutionary learning process’ (Jones 2011). In the above broad definition of Theory of Change, the difference with reflective action (cf. infra) is probably only marginal.

Theory of Change respects the fact that engagements in the future remain theoretical or just working hypotheses. The tool is extremely useful for developing a shared plan in a complex environment, but does not provide explicit answers for the implementation of the planned actions. It is as such an interesting part (first step) of acting in complexity.

Theory of Change is proposed as an alternative programming tool applicable in complex interventions such as influencing national policies (a particularly complex subject) (Jones 2011; Stachowlak 2014). The logical frame programming and Theory of Change are sometimes used simultaneously. This is not necessarily contradictory, but the danger is real that Theory of Change is reduced to a facelift of control-driven project planning. Instead, it should be a critical and evidence-based attempt to unpack the black box of causality between what is termed inputs, outputs and outcomes (Valters 2015).

Reflective Action

Derived from Action Research, Reflective Action also refers to the management of complex situations (e.g. development aid in a sector approach). Because of the unpredictability and uncertainty of the outcome, decisions are seen as steps to obtain incremental changes in the system. This needs close monitoring and continuous interpretation of the changing situation and continuous negotiation in the context of the development partnership and
multiple stakeholders' perspective (Discussion Note USAID 2013).

Reflective Action is a continuous, on-going learning process, in general supported by external experts providing additional insights and parallel thinking to general mainstream analysis. Reflective Action remains as systematic as Action Research in its approach, but ambitions are less pronounced, the aim being to stimulate local learning and exchange within the sector, not to produce 'universal' (generalised) knowledge.

The dynamics of Reflective Action are translated in a multitude of similar strategies or approaches around the same concepts and values of participation in a multi-stakeholders approach, learning by doing, collective capacity building, feedback loops between the policy-making and policy implementation level (Eppel et al. 2011; Fullan 2011).

“Backstopping” or scientific follow-up of interventions

Local intervention teams do not always have the time or the necessary technical expertise and skills needed in order to fully apply the above tools. Technical support missions by experts with diverse background, profile or skills can be offered to the local intervention team to assist them in the management of the change processes, in their reflection and learning. Development organisations could provide the service themselves or outsource it to academic institutions or consultancy bureaus.

This approach corresponds more or less to the external researcher notion in an Action Research context (Grodos et al. 2011). Internal agents are often blind for their immediate environment. They are so much occupied by the internal dynamics of the action that they forget to ‘see the larger picture’. By being more distant and external to the action, external experts who accompany the change process can bring new ideas and replace the focus of attention to a larger scope than the immediate action environment. They (can) bring more 'objectivity'.

The use of critical incidents

Systems curiously remain largely invisible for an observer even though he might be part of it. It is like the allegory of a blind person in a room he does not know. Only by moving around and hurting himself will he discover how the room 'looks like'. Simply by walking the streets of Belgium, Niger or Vietnam, differences in appearance can be noticed, but how society is really functioning cannot be known this way.
Critical incidents are defined as 'striking events', most often unexpected, that show how the system is working and reacting. For example, the observation of a road traffic accident in Belgium will teach us that some people run to give assistance to the victims and that others might call for an ambulance, which is arriving on average after 10 minutes. The majority of people is simply curious though and stands around the victims passively. Reanimation is done at the place of accident. Observing this event makes it possible to understand some aspects of how Belgian society is organised and reacts. For members of this society it might seem trivial, for people foreign to this society it is a revealing and interesting event that makes them understand some aspects of the system they do not know or understand. The same road traffic accident in a poor country will definitely present a very different picture.

Critical incidents are striking because they challenge the implicit or explicit models we all have in our minds. It is therefore that a critical incident for one person might not be critical for another. For a person to observe critical incidents, there is need for a critical attitude towards his own thoughts and convictions with the conscious willingness to confront reality with these ideas. It demands abstract, conceptual thinking beyond automatic reactive action. For critical incidents to influence decision making, requires relatively high levels of flexibility in intervening. Box 8 presents some less trivial critical incidents that were at the origin of new initiatives. The new emergent understanding of the system led to decisions that would not have been taken otherwise.

Box 8. Two examples of critical incidents revealing a new world of knowledge on the complex environment in which the health services function

<table>
<thead>
<tr>
<th>Referral in Niger</th>
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<tbody>
<tr>
<td>In a rural district in Niger, an ambulance service between the rural health centre (HC) and the district hospital was put into place. Patients now had the possibility to be evacuated. Due to distances inherent in the Sahel and important financial barriers, the service did not operate optimally. One day, in a rural HC at only 20 km from the hospital a woman arrived with prolonged labour. She was kept more than 12 hours in the HC and a decision for urgent referral was only taken when she actually had a ruptured uterus. The head nurse of this centre was known to be one of the brightest of the team, the radios were functioning and the ambulance available. The</td>
</tr>
</tbody>
</table>
nurse knew how to use and actually used a partogram.
In a 6-monthly routine review meeting with the staff, this event was
discussed. The district management team did not understand why this
woman was not referred soon after arrival in the HC. The patient could have
benefited from a timely Caesarean section. The discussion made clear that
nurses were reluctant to refer patients because they were “afraid to be accused
of incompetence”. Further exploration of the problem revealed that virtually all
nurses were indeed reluctant to refer patients and that they did not know
how to propose and discuss a referral in a proper way with patients and their
families. They were interested to participate in a training session to learn
about the power relation between patient and caregiver, how they should
communicate about a referral, how they should deal with the fear of the
patient when proposing a referral, and how to refer patients as a good
professional and not as somebody who would be judged incompetent.
Afterwards Nurses actually changed their behaviour because they now knew
how to react properly. This critical incident led to a scientific publication
(Bossyns et al. 2004).

**Malnutrition in Zimbabwe**
Malnutrition is known to be a wicked problem (Ramalingam 2013) as it
seems often resistant to therapy and frequent relapse. In a rural hospital in
Zimbabwe, a mother was admitted with a malnourished child. The mother
herself was rather obese and at that period, Zimbabwe was a country
exporting food to neighbouring countries. Physical reasons for malnutrition
were excluded (In about 50% of cases malnourished children in Zimbabwe
were actually HIV positive). Further questioning of the mother confirmed
there was no ‘lack of calories’ in the household and that she had other
children that were not malnourished at all. Traditional feeding practices or
other beliefs could not be the cause of malnutrition. Further probing of the
situation revealed that the mother was involved in a divorce fight with her
husband. The combination of diverted attention of the mother from her
child to the divorce question, her depression and the fact that the father was
claiming the child, caused the child to be neglected, resulting in
malnutrition.
This event led to the understanding that divorce (or other serious marriage
problems) was a very common cause for malnutrition in Zimbabwe (easily
30% of all children admitted with severe malnutrition in rural hospitals).
Subsequently also fathers were regularly invited to discuss the situation of their malnourished child. The catastrophic consequences of a violent divorce were explained to them, which often resulted in positive outcomes for the mother and child.

A few years later, Zimbabwe was struck by a serious food crisis because of lack of rains. Food relief agencies started to monitor the cases of malnutrition. They estimated that food relief was working well because malnutrition levels among young children (about 4%) were similar to the situation before the food crisis. They pleaded for more food aid to address also the remaining 4% of the malnourished children. This implicit linear and unidimensional way of looking at malnutrition and reducing the problem to ‘too little intake leading to malnutrition’ will never be able to solve the underlying structural and multi-faceted problems of malnutrition (Bossyns 2001).

Positive deviants represent particular critical incidents in a society. They can be defined as exceptional elements in the system that are able to maintain themselves despite a particularly constraining environment. These elements are resilient despite negative influences from the system’s environment. An example from literature is the malnutrition problem in Vietnam, where at a certain moment in the history of this country, 80% of children in rural villages were malnourished. It was worthwhile to look at the 20% that were not malnourished. They had coped with the situation despite the constraints and might serve as a realistic example for the 80% families with malnourished children on how to change local ‘survival’ strategies. They represent societal resilience in analogy to the Darwinist survivors in evolution theory (Ramalingam 2013). Critical incidents make the blind see. They represent in general a very underutilised source of information and inspiration for new initiatives for change in complex environments.

Facilitating bottom-up approaches through multiple anchorage in the system

‘Monitoring approaches that privilege feedback from stakeholders or make use of participatory methods are particularly valuable in complexity’ (Discussion Note USAID 2013). Learning from complex interactions such as development cooperation starts from the operational, practical level and ascends to the more conceptual and political level. To stimulate learning and create the proper opportunities inside development interventions, multiple anchorages of a development intervention at different levels within the
system can facilitate the generation/availability of information to ascend and the reflection at the central (political) level to result in policy proposals. This will be further developed in Section II.

Consequences for evaluating development interventions

Conducting an evaluation in uncertain and complex situations is difficult. Complexity pushes evaluators to change their tools and to quit using the linear mode of cause–effect relationships. Impact at the level of a sector due to a single intervention is very unlikely. Evaluation questions should therefore be put in a more realistic format: what is the probability that a given intervention or activity has contributed to a given result? This requires internal and external analysis of a situation as described in the previous paragraph.

Realistic Evaluation is a tool for continuous learning in a complex environment based on a continuous learning cycle. In summary the approach concentrates more on the question as to why something worked or not, rather than on what worked or not. By trying to answer the why question, the internal change process is taken into consideration as well as the external constraints and favouring factors of the environment of the system (Pawson 1997).

Realistic Evaluation starts from the vision that any change in a complex situation is based on a theory or hypothesis. The ‘mechanism’ is the accurate description of how the actors in the system ‘react’ to the inputs coming from the intervention. At the same time, and often invisible to the stakeholders, the environment is exerting its influence on the system and on the mechanism triggered by the action. When a plausible mechanism, that explains the change, can be described, the relation between action and outcome might be more than just coincidental (Figure 9). Just like outcomes are often highly unpredictable, certainty on a causal relation will always remain relative. By understanding the mechanism, the contribution (not necessarily attribution) of the intervention on the change can be illustrated and explained.
Realistic Evaluation is very different from the control function of logical framework-based ‘summative’ evaluations. Realistic Evaluation rather looks at learning: what was the change (the observed outcome is the ‘explanandum’), what exactly contributed to it, and how did it work (or not) for whom. It emphasises questions like “why” did change (not) occur, what has been the possible contribution of the specific intervention to this change, were there missed opportunities, did sudden destabilising events occur that influenced the project’s outcome, etc.? Rather than being limited to ‘did it work’ or not, the evaluation questions go beyond the observed outcomes and probe into ‘attribution, contribution and beyond’ (Forss et al. 2011). It enriches the underlying theories and assumptions for action.

Ignoring complexity in evaluation exercises results in wrong conclusions. Traditional evaluations are referred to as ‘black-box’ evaluations because their primary focus is on the magnitude of effects (is the target reached?) in contrast to explaining how and why effects come about (open-box) (Sengooba et al. 2012). The learning clearly resides in the latter. Understanding the mechanisms and the environmental conditions under which change was obtained (or not) is far more interesting than only the
actual change of any indicator. Indicators can easily change without any causal link between the intervention and its results. A recent evaluation of the impact of the Millennium Development Goals (MDG) approach clearly demonstrated that no causal link existed between the evolution of the MDG indicators and the MDG Declaration (Friedman 2013). If we are to embrace the ideas of complexity in evaluation, a number of “sacred cows” sometimes need to be slaughtered (Forss et al. 2011).

Box 9. Illustration on how sudden events, often from unexpected origin, can trigger a system to change

In Niger, multiple donor agencies worked together for more than ten years to decentralise surgical care to district hospitals. They were convinced that this would effectively decrease the high maternal mortality. Policies, training modules, contracts with medical faculty, workshops with the Ministry of Health, lobby work seemingly did not influence the system. The lobby of specialist surgeons was against the initiative because they preferred decentralisation of specialist surgeons (donors estimated this as unrealistic) and the Ministry of Health was too weak an institution and too little motivated to fully support such an important initiative.

But ‘suddenly’, the president of the nation declared that the high maternal mortality was a shame for the country and that surgical skills should be decentralised. The same year, training sessions in surgical capacity for general doctors started. All the preparatory work of many actors during many years suddenly bore fruits. The vision, strategy and policy implementation were immediately available (several concept notes were prepared over the past years). A few months after the president’s decision, practical measures to decentralise surgery were taken.

Box 9 illustrates that within a linear logic, the initiative to decentralise surgery would have been labelled as a failure until the day the president intervened. Targets would not have been reached. A year after the president’s statement, the same project would be evaluated positively. With Realistic Evaluation, the efforts to decentralise surgical skills would have been earlier judged positively. After the intervention of the president because the efforts were considered rational and realistic (based on experiences in other countries), but one important necessary contextual condition (the surgeons’ cooperation) was missing. The Realistic Evaluation exercise would have looked into the specific bottlenecks that hampered the system to change, and might
have proposed new additional initiatives.

Development aid is considered effective if the results of the intervention are lasting or sustained. It is generally accepted that without ‘sustainability’, development interventions are not worthwhile. But discussions on sustainability remain fuzzy and are usually not embedded in system thinking. Sustainability is essentially ‘a potential to sustain’, and in the context of development and development aid and system thinking, to maintain successes of change within the system beyond the time of intervention. Sustainability is influenced by several factors, and most importantly by the environment in which a ‘renewed’ sub-system has to survive.

Internal sustainability can be defined as the intrinsic capacity of the system to maintain changes over time irrespectively of the environment in which it functions. Two major factors contribute to the sustainability of an intervention: the institutional and human (agents’) capacity, the structures that govern the relations between these agents and, more down to earth, the (additional) financial means to maintain the change. These factors have to be taken into account at the design level, because they are vulnerable to change and can be prepared. A single development intervention has on average four years to create the necessary capacity (individual, organisational and institutional) and to prepare the necessary budgetary adjustments. This is far from obvious.

External sustainability is the capacity of the considered system’s environment to maintain the system’s development. In many cases, change has difficulties to survive in an environment that pushes the system to fall back into its initial equilibrium. A priori, the environment displays inertia. But measures can be taken to address some of the most important issues. Other factors are not vulnerable to change by the development intervention and should be considered as general or lasting constraints. A well-known factor is corruption. In a corrupt environment, innovation is often aborted due to lack of financial means or enthusiasm of the stakeholders to invest their time in real productive activities. But less obvious factors are to be considered as well. Stakeholders are numerous and so are their motivations for change. Although lack of financial means is often blamed for not maintaining positive changes in the system, this factor is seldom the real or main issue. Although change in itself has a cost, once the change is introduced, financial means to maintain the change are often not all that important. Motivation (or lack of it) of the central level decision makers to sustain positive changes in the system is often much more important.
Box 10 provides an example from field experience.

**Box 10. An example of how the success of a development intervention could not be maintained**

A health district was supported by a development project during many years. The performance of the district in terms of management became exemplary and it was decided jointly with the Ministry of Health to create a local training centre for district management teams, including field visits and practical exercises. The training centre functioned well, the Ministry was motivated and took its responsibility by recruiting staff for the centre and by creating a legal status for the centre. Financial viability was guaranteed by the registration fees, mostly provided by donors but later on also by a basket fund for the health sector. Six years after the project closed, the centre still existed but its quality became extremely poor. The district management team was replaced and could not maintain the quality standards required for a training district. This was not due to lack of (financial) means, but rather to lack of human capacity and motivation. The latter was jeopardized also because the Ministry’s high level staff had discovered that the centre was a source of income for them by providing guest lectures in the centre. They did not pay attention any longer to the necessary field visits and to the quality of services in the district. The income of the centre was seen as a source of financial incentive. This staff had no field experience, hence no capacity, to maintain or stimulate quality services. Slowly the district fell back to the average performance of other districts, and the training course became yet another training opportunity where students and teachers were getting theoretical inputs and financial incentives but without any practical benefit for performance in their future workplace.

In this example, both internal and external sustainability are at stake, but financing was never the real problem. Corruption was an important factor contributing to the decline of the centre, but surely not the only one. If the Ministry would have had more capacity, a better insight in why this centre was exemplary and motivated staff, this centre would have been sustained. The development intervention probably made too little efforts to create the necessary conditions and capacities at different levels to allow the initiative to be maintained...
The dynamics of sustainability can be summarised as follows:

- A concern for sustainability in development interventions is a shared responsibility between two partners, because new interventions are decided upon after negotiation. Sustainability relates to the amount of additional efforts needed after change has been introduced. To sustain intervention results in routine conditions is essentially the responsibility of the partner country. They have to take measures to sustain those aspects that are worth it through for instance reallocating budgets, affecting personnel or formalising new procedures.

- Sustainability has to be defined in a time frame. The more a situation is fragile, the more time and efforts will be needed to reach sustained change. The poorest countries cannot reasonably sustain their social sectors financially in the coming 20 years. Although they can make positive efforts and work towards sustained systems, external funding will still be needed for a relatively long period (Easterly 2006).

- Many development aid intervention results are sustainable in the sense that they have the potential and do not require extraordinary efforts to be sustained. Contrary to what is often thought, non-sustainable project results are a rather exceptional situation. Most results are not effectively sustained, because of lack of ownership, different priority agendas or simple lack of motivation or initiative by the governments or lead ministries. Sustainability of intervention results should not be confounded or mixed up with the specific (and temporary) extra resources needed to obtain results. Maintaining a (new) situation is generally less costly than creating it.

- A development intervention can (and actually should) actively contribute to stimulate the partner country to sustain intervention results. For example, through stimulating ownership, by preparing the central level to take specific measures to sustain innovation (budget reallocation), or by better capitalising on local experiences and by formulating specific policy changes for the central authorities (the principle of double anchorage, see Section II), results are more likely to be sustained.

- A non-sustained project is an indicator of one or more of the following:
  - Lack of financial resources. It is impossible to sustain the project financially (e.g. an excessive opportunity cost). This is the responsibility of both national partner and donor agencies.
- The partner country was not timely prepared to sustain the results. Sustaining results takes time and often involves different ministries because it demands budgetary changes. This is the responsibility of both national partner and donor agencies (Box 11).

- Weakness of the partner country or the system as a whole. The partner is insufficiently prepared to maintain successes. (No budget line voted, or the necessary human resources not assigned, for example). This is a lack of institutional capacity of the partner country.

- Resistance to change in the partner country or wrong priority setting. Often budget restrictions are blamed, but in-depth analysis reveals that priority setting or immobility of the national partner at high level are more significant to explain the (relative) absence of measures to sustain successes.

- Existence of personal agendas against sustaining the achievements. Personal agendas or interests rather than the benefits for the society as a whole or for the poor in particular, often explain why sustainable successes are not maintained. All too often, development interventions have been held responsible sustained achievements, far beyond their potential or intended influence.

Box 11. Example of the complexity of sustaining results and the shared responsibility of the national partner and the donor community

In Burundi, a six year bilateral cooperation intervention concentrated on the revitalisation and reform of the paramedical (nursing) schools owned by the Ministry of Health. These schools had resident students only, were largely underfunded, had demotivated staff without any means to work properly, had low capacity (pedagogical but also organisational), over-filled classrooms (80 students per classroom, designed for maximum 30 students) and an outdated curriculum. The inspectors of the Ministry of Health were not following school performance. During the six years, all these problems were addressed resulting in revitalised schools, with increased management and pedagogical skills, a completely new curriculum, organisation of locum sites, less students per classroom, etc.

Sustainability was a major challenge. What was needed to sustain the interesting results? School fees did not increase for the last 20 or more years,
resulting in fees that could not even buy the daily food for the students. The government subsidies were equally unchanged over the past decades whilst inflation was important and in some years even disastrously high. The underfunding was therefore structural and the school direction would be obliged immediately after withdrawal of the project to increase the number of students (government subsidies are per student) and ask for illicit payments from the students in order to maintain standards. Changing school fees and government subsidies demanded cabinet (inter-ministries) decisions and would affect not only the paramedical schools but the whole school system with resident students. The necessary decisions were therefore more far-reaching than foreseen and would definitely take time. It was not obvious whether the intervention could come up with a well-documented proposal illustrating the budgetary changes needed. Ideas were launched to create an indexed (to inflation) subsidy system with a clause for a maximum number of students per classroom and a study on ability to pay to determine what a reasonable school fee in Burundi could be. A costing analysis of the school was needed to know the actual cost structures of the school in order to determine a realistic height of the subsidies. Facing these problems, the donor agency decided to continue providing a subsidy for another three years.

Consequences for long-term vision and planning

Changing complex systems takes time. Development aid going beyond simple local achievements needs time, much time. The long-term view is often absent from reform approaches. However, it is a key element of a complexity approach because it allows time for rich feedback to accrue and for the system to evolve in response. In other words, longer term approaches can pay large dividends (Snyder 2014).

Practice has shown that a consistent development intervention should be envisaged for about 10 to 12 years. Such a period allows monitoring of results, learning from experiences and if needed to adapt the objectives. Short-term interventions need to avoid narrowing down a long-term vision and with it the ambition to work on structural development changes. Thus, even short-term interventions need to be conceived with a long-term view in mind.
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Section II:
Sustainable Sector development
The critical role of projects and programmes

Paul Bossyns, Anne Flahaut, Karel Gyselinck, Paul Verle,
Stefaan Van Bastelaere, Marleen Bosmans & Lieve Goeman
Introduction

Decades of development aid have not always succeeded in strengthening endogenous development processes. Many developing countries have remained highly dependent on external funding for basic social service delivery. But supporting development is not only a matter of increasing aid flows and development resources, it is also a matter of increasing effectiveness, of strengthening governance and of improving development performance (Millenium Development Goal 8 2010; Millennium Development Goal 8 2015).

In September 2000, at the threshold of the new millennium, the international community solemnly reaffirmed its commitment to eradicate poverty and to make 'the right to development' a reality through the adoption of the so-called United Nations Millennium Declaration by the General Assembly of the United Nations (United Nations Millennium Declaration 2000). In 2005 donors and developing countries decided on far reaching reforms of the way development aid was to be delivered and managed, and adopted the 'Paris Declaration on Aid Effectiveness' (The Paris Declaration 2008). The Declaration was based on five fundamental principles that should guide all interventions: ownership, alignment, harmonisation, managing for results and mutual accountability (Box 12).

\[\text{in 2010 only five donor countries had reached – or exceeded – the UN target of allocating 0.7% of its combined national income to development aid;}\]
Box 12. Major principles of the 2005 Paris Declaration (The Paris Declaration 2008)

| Ownership: | Partner countries exercise effective leadership over their development policies, strategies and co-ordinate development actions. Donors commit to respect the partner country leadership and to strengthen their capacity to exercise this leadership. |
| Alignment: | Donors base their overall support – country strategies, policy dialogue and development cooperation programmes – on partner countries’ national development strategies, institutions and procedures. Partner countries commit to undertake the necessary reforms based on periodic diagnostic reviews in order to ensure effective, accountable and transparent systems, institutions and procedures. |
| Harmonisation: | Donors’ actions are more harmonised, transparent and collectively effective. They commit to implement common arrangements and to simplify procedures as well as to increase complementarity through a more effective division of labour. Partner countries commit to provide clear views on donors’ comparative advantage(s) and on how to achieve donor complementarity at country or sector level. |
| Managing for results: | Aid is managed and implemented in a way that focuses on desired results and uses information to improve decision making. Partner countries commit to establish result-oriented reporting and performance assessment frameworks that monitor progress in national and sector development strategies. Donors harmonise their reporting and monitoring requirements and rely, as far as possible, on partner countries’ monitoring frameworks. |
| Mutual accountability: | Donors and partners are accountable for development results and commit to enhanced transparency in the use of development resources. |

All donor countries and their agencies endorsed the Paris Declaration, conceived as a policy option for the multi- or bilateral relations with the receiving partner countries. The donor community is increasingly guided by the concern to respect national ownership, to align with partner countries and to better harmonise with other donors. However, which aspects of the Paris Declaration are implemented and how, largely depends on the specific context, the intervention and the donor. Principles are not sufficient, though. The question is not so much whether the principles of the Paris Declaration are correct (or even new), but rather how they can be translated.
into new strategic approaches.

Given the complexity of development processes, efforts aimed at increasing aid effectiveness cannot be limited to the predictability of the disbursement of funds or the development of appropriate financial accountability mechanisms. Development is not a mechanically linear cause-effect chain but a process of continuous change in a complex environment with uncertainties and unpredictability. It is not only country specific but also sector specific. As most donors aim to strengthen government institutions and improve public service delivery, effective development aid should enable the different stakeholders in the development process to better understand, support and orientate the changes that are taking – or not (yet) taking – place. The “how” has become more important than the “why”-question, in the sense that there is a broad consensus for the latter already.

The Paris Declaration was the occasion to criticise the traditional development project approach. It provided arguments to radically replace the project approach by Sector Wide Approaches (SWAps) and especially budget support initiatives. However Paris did not address the fundamental reasons why development aid was not effective nor efficient. The linear logic of traditional projects (many local and temporary achievements will result in development) was replaced by another linear logic (i.e. that increasing budgets and supporting overall policies through a policy dialogue at central level, will automatically result in development). Paris denied, just as other good intentions, the complexity of societal development as described in Section I. The risk is that the Paris Declaration results in another fashion-hopping without significantly affecting the fundamentals.

In this section we endorse the principles of systems thinking and complexity, and apply them to development aid and its interventions. We plead to redefine traditional concepts of development projects and programmes in this light. We reflect on how the Paris Declaration principles should be put into practice by exploring the practical implications and the development potential for interventions within a given sector. We have the ambition to demonstrate that systems thinking and complexity are not just high-brow philosophy, but that they can be translated in practical applications for a more effective development aid.
Lessons learned

From Traditional Project Aid...

In the traditional approach to development, aid is provided through self-contained projects, reflecting donor priorities rather than priorities of a partner country (WHO, s.d.). Projects are an attempt to respond to visible, preferably specific problems for which concrete solutions are sought, such as the building and equipment of schools and hospitals, the deployment of teachers and medical staff, or the organisation of farmers in cooperatives. Traditional aid is based on the assumption that the creation of multiple good practices in various sectors throughout the country will eventually lead to general development of the entire country. Surprisingly, the opposite appears to happen. The main criticisms of the traditional project approach are that it is basically donor-driven, that it leads to fragmentation and duplication of efforts, that transaction costs are (too) high, that it creates parallel systems that are not well aligned with domestic policies, that it poses unrealistic demands on developing countries’ limited economic and human resources and that it is even undermining government legitimacy (McNee 2012). Reliance on traditional project aid makes it difficult for governments to prepare coherent policies and budgets that reflect their own national priorities (Cassels et al. 1998). It does not strengthen government systems but is instead consuming precious but restricted government time and resources. The traditional approach of multiple stand-alone projects is - at least partially - the consequence of weak governance, which leads to a never-ending spiral of poor policies. The traditional approach results in weakening of already poor government systems. This vicious circle is shown in Figure 10.

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A particular type of projects within the traditional approach are the so-called ‘pilot projects’. These are meant to create good practices that can be replicated in the rest of the country. Many externally funded pilot initiatives work well, but their impact remains limited because they are operating on a small scale and create islands of excellence that do not necessarily contribute to the strengthening of the overall system. Pilot projects also appear to suffer from serious conceptual weaknesses. They show a tendency to disregard priorities and strategies set forward in prevailing national policies. Funding agencies are tempted to put their own approach into place without meaningful consultation or involvement of the national institutions. Piloting was often practiced as a pretext for not having to align with national policies and for behaving independently from higher partner authorities (Cassels et al. 1998). Due to these experiences, piloting received a bad connotation.

Both the traditional project approach and the pilot project approach are based on the erroneous assumption that governments will automatically be inspired by the good practices that have been created and will readily invest in consolidation and scaling-up of good practices and lessons learned. From experience, the opposite appears to be true. Lack of government involvement – i.e. government ownership – throughout the project cycle is only one of the reasons explaining this phenomenon. Even when governments are involved, public authorities and service providers often lack the competences and
resources to scale up promising initiatives or to integrate lessons learned and good practices into their policies. Section I gave ample attention to the complex problem of sustainability of intervention results and highlighted the shared responsibility of donors and national authorities. Assuming that sustaining results is an automatic process should be classified as unrealistic. In terms of systems thinking, one can say that self-contained projects are contradictory to the complexity of the system in which one intervenes. The implicit hypothesis that projects will simply (linearly) lead to development is naïve.

...to a Sector-Wide Approach

As a result of generalised discontent among both donors and receiving countries about the limited – and even disruptive – impact of traditional project-based development aid, development partners started looking for a new approach that would meet the need for a longer time horizon and for supporting a process which explicitly addressed policy, budgetary and institutional issues. In the mid-1990s the concept of Sector-Wide Approach (SWAp) was introduced. The terms ‘sector approach’, ‘sector support’, ‘sector-wide programmes’, ‘sector investment programmes’, ‘programme based approach at the sector level’, ‘sector policy support programme’, ‘sector development programme’ and ‘SWAp’ are frequently used interchangeably (8;9). A commonly accepted definition of SWAp is the one formulated by WHO (Cassels et al. 1998):

“An approach that involves all significant funding for the sector supporting a single sector policy and expenditure programme, under government leadership, adopting common approaches across the sector and progressing towards relying on government procedures to disburse and account for all funds” (McNee 2012; IFAD 2011).

SWAp has a dual purpose. Firstly, its aim is to ensure that policies, budgets and institutional arrangements lead to improvement in sector performance and consequently improvements in the quality of services and in the sector outcomes. Secondly, SWAp is meant to create the conditions for a different form of interaction between governments and donors (Cassels 1997). This interaction is not only about more efficient aid management, the reduction of transaction costs and the pooling of funds for the development of a specific sector. There is also a strong link with the need for engaging in a constructive dialogue about the setting of sector priorities and about the
mechanisms for technical support, capacity building, monitoring and evaluation (Cassels 1997).

A SWAp is by definition about change and change is a process that takes time. The alignment to a sector-wide approach implies a longer-term commitment of both donor and receiving countries to a direction of change, rather than the comprehensive attainment of all its elements from the start (Hutton et al. 2004). The SWAp is meant to unite governments, donors and other sector stakeholders in a unified and endogenous, national development process aimed at bringing about the necessary changes whereby sector programmes are continually refined, rolled forward and improved (EuropeAid 2007; WHO, s.d.).

Donors are assumed to play a supportive, catalysing role and are not supposed to be involved in the detail of the change process itself. As illustrated in Figure 11, donor support should contribute to enhanced government leadership and government legitimacy, national sector policy and institutional development, strengthened government systems, and sound and improved performance of information systems. The ultimate purpose of a SWAp is to contribute to improved service delivery and sector results (McNee 2012).

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10 World Health Organization (s.d.) Trade, foreign policy, diplomacy and health. Sector-Wide Approaches (SWAps).
The adoption of the Millennium Development Goals (MDG) created an important momentum for the promotion of a SWAp in order to increase aid effectiveness and to ensure the achievement of the MDG goals and targets by 2015. In 2000 the Member States of the European Union formally adopted SWAp as a basic policy for its development cooperation (EuropeAid, 2007; op.cit.). In response to the Paris Declaration the OECD DAC recommended donors to focus on the development of partnerships at the sector level; i.e. ‘sector partnerships’, with the aim to

- Broaden partner countries’ ownership of decisions about sector policy, strategy and spending;
• Increase the coherence between sector policies, spending and results through a wider dialogue and a comprehensive view of the sector;
• Strengthen national capacity at all stages of sector planning and management;
• Reduce transaction costs (OECD 2006).

Since the introduction of SWAp, donor coordination and awareness of the potentially negative impact of donor driven aid practices have substantially increased. It has facilitated a real change in the relationships between donors and receiving partner countries. In some countries even a significant increase in public spending for social service delivery has been observed (Hill 2002). Nevertheless, reviews of the Dutch cooperation showed that the experiences with SWAps varied widely across countries and between sectors. The overall assessment of SWAps showed poor results in terms of structural changes in a sector and a rather poor policy dialogue between the national partner and the donor community. The dialogue was specifically criticised for not being based on local realities and for not involving local stakeholders (van Reesch 2007; van Reesch 2009). In reality most SWAp processes were still donor-driven, with a strong focus on the financial components of how to provide aid and how to streamline budget flows. The ability to deal with political and power issues was low and the crucial role of change and learning processes, which are inherent to any development dynamics, was easily neglected. Instead of supporting the development of an endogenous policy dialogue, donors tended to prioritise the (external) policy dialogue with the central government without investing in the building of necessary competencies and capacities of all stakeholders at all levels (McNee 2012; Vaillancourt 2009; van Reesch 2009). SWAps made the conceptual mistake of assuming that policy dialogue between national partners and the donor community is the most important motor for development. The different aspects of policy dialogue are discussed in detail in Section III.

The strong focus of this (new) aid 'paradigm' on improving the state-to-state partnership has resulted in a widening gap between donors and partner governments on the one hand and civil servants and civil society on the other. Donors tend to assume that supporting central government institutions and structures will automatically contribute to the strengthening of decentralised levels of governance or that support to central public authorities will automatically 'trickle down' and strengthen civil service organisations, civil society and the private sector. However, experience has shown that more specific incentives are needed to strengthen the
complementarity between different key stakeholders involved in the development process.

Another major criticism of SWAp is its poor focus on poverty reduction. SWAp indicators are mainly related to institutional strengthening at central level, but do not allow for identifying real changes at the outcome level. Reliable data on who exactly is benefiting from improved services - and whether marginalised populations and regions are also reached - are difficult to come by. The reason is that performance assessment frameworks primarily frame the dialogue between government and donors. Based on general aggregated data and achieved results, donors should then be able to disburse (McNee 2012; van Reesch 2009).

Similar to projects, in practice SWAp deny the dynamics of the complexity of development and development aid by reducing de facto the approach to a simple linear relation between on the one hand a single plan, a pooled budget and a sector dialogue between donor community and national government, and on the other hand the development of the country. This approach ignores the complexity of the landscape with different stakeholders at different societal organisation levels, the multiple choices and trade-offs that can and have to be made and the complex and ambiguous relation between central government stakeholders and development.

**Budget Support: The Magic Wand?**

In search for a more effective aid modality, the donor community started promoting Budget Support to support governments of partner countries. Budget support aims at filling gaps in national budgets that are needed for the implementation of national policies. The advantage of - general or sector - budget support as compared with traditional project aid is that it is less likely to lead to distortions in national policies and priorities. Budget support also ensures relatively large injections of funds, which are more rapidly disbursed and are - or should be - more predictable.

By now the limitations of budget support are known. Donor commitment often is assessed on the basis of the amount of money disbursed, rather than on how these budgets are used and what impact the money has on the development process. Some even describe budget support as a “bureaucracy’s nirvana” (Collier 2012). It is often related to macro-economic reforms and offers few opportunities for ensuring that the support leads to improvements in sector performance or to the creation of more equitable systems (Cassels...
As an example, an evaluation of the Belgian budget support initiatives pointed out the low effectiveness of this aid modality due to the strong centralisation of the decision-making processes, the lack of vision on the complementarity of budget aid with other interventions of the Belgian cooperation and the poor quality of the policy dialogue with the partner government on issues such as sector policies and decentralisation processes. These weaknesses were partly attributed to the absence of synergies with other interventions supporting these aspects (ADE-HERA 2007).  

Governance issues appear to be a major obstacle for budget support. Because of the fungibility of funds, fiduciary risks are high and often observed at a large scale. The policy dialogue, as in the case of SWAps, has been highly criticised for not focusing on real performance, for not addressing equity (and not being able to) and for not attaining the necessary technical quality level.

As for other aid modalities, budget support has been assuming a straightforward, linear relation between filling budgetary gaps plus a policy dialogue between governments and donor communities on the one hand, and other sector development initiatives on the other. Where classical projects often deny the importance of central government and public finance management aspects in development, SWAps and budget support initiatives tend to forget the unique position of peripheral dynamics for development and the obligation to learn continuously from local development outcomes (see Section I) when intervening in complex environments. In other words, they all seem to rather radically deny complexity.

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Understanding development dynamics

If development aid did not perform up to expectations so far (is the international donor community not simply too impatient?), and if the linear assumption of most aid modalities with single bullet initiatives did not score significant success, it might be useful to return to the basic and fundamental questions of “What is development and what hampers it? How can development aid stimulate development?” With this analysis we intend to provide answers to these questions.

A Societal Process Involving Multiple Stakeholders

Experience from the past has shown that development is not the result of a linear process where “input equals output” or where the outcome of an intervention can be confidently predicted. Development is determined by a complex interaction between multiple stakeholders with different – and sometimes even opposing – agendas. It is not a static but a dynamic process, ideally underpinned by a continuous learning cycle which enables to continuously adapt the approach to development to ever changing contexts and newly gained insights (see Section I).

Development happens within a society, whose members should not only benefit from it but should also be involved as main stakeholders in directing and supporting the process. One possible way of describing society is to view it as a complex human organisation with three main constituents: i) the government with its political structures, administration and institutions, ii) civil society, or organised citizenry and iii) the private sector (in the economic sense). They can be regarded as the three major power entities that interact with each other, resulting in some form of dynamic balance (Figure 12).
Figure 12. The three constituents of a modern society for decision making and development

The interactions between these three constituents can be understood as resulting in "governance", which is ideally based on a democratic decision making process (Ridell 2007). Democratic decision making should not be reduced to a matter of majority-minority, but is built on respect for a separation of powers and the protection of human rights and dignity as well as fundamental freedoms, such as the freedom of speech and the freedom of assembly, free from coercion whatever the source - state, church or society - as an expression of so-called 'constitutional liberalism'. Constitutional liberalism is not about decision making procedures but about the process and the goals that need to be achieved through these procedures (Zakaria 2004).

12 The concept of governance is subject to different views and definitions. E.g., DFID proposes to see it as “How the institutions, rules and system of the State – the executive, legislature, judiciary and military – operate at central and local level, and how the state relates to individual citizens, civil society and the private sector” (cited in R. Ridell (2007) Does Foreign Aid really work? Oxford University Press).
Figure 13 shows that in a democratic decision making process each constituent has a specific role to play. National governments have a regulating and normative mandate. They are responsible for assuring access to basic public services such as health and education, either through organising the services directly or through regulating the market of public goods. A well-functioning private sector provides wealth to society and contributes to innovation. Feedback from civil society to the government is crucial to ensure accountability and to propose necessary changes to policies.

**Figure 13. Interactions between the three main constituents of society**
The quality of interaction and the balance of power between these three main constituents define how any society, rich or poor, deals with its problems and tries to propose solutions. Too much of central government leads to dictatorship, too much of civil society would lead to anarchy – like in Somalia where civil factions seem to try only to ensure their personal security and wealth. Lastly, a completely un-regulated private sector would lead to an extremely individualistic society, in which there is no place for public goods and social protection. Although there is much discussion between different current world philosophies on the right proportion, hence the right equilibrium between the three constituents, there is hardly any doubt that the three must interact in a dynamic equilibrium.

In many developing countries, not only does the right equilibrium not exist (e.g. a largely illiterate civil society often lacks capacity and is weakly organised to interact adequately with the other constituents), but also the dynamics to gradually correct such situations are often absent. Before development partners intervene in a society, it is crucial they first examine how power is used and shared between these three constituents and how the interaction between them is organised. Gaining insight into these processes can help to better understand development problems and lead to identify new possibilities for change (Ramalingam et al. 2008; Haffield 2013).

A Continuous Cycle of Trickle-Down and Capitalisation

Changing environments require a continuous adjustment of policies in order to respond properly to newly arising challenges. In an ideal world national policies are 'tested' at the operational level where people and institutions have to put these policies into practice according to the rules and regulations that were decided upon at the government level. For the sake of simplicity, we will lump together civil society, civil servants, the population and the private sector and call them 'the operational level', or those who are supposed to follow a government’s policy decisions. Testing policies implies that policy shortcomings can be identified. Mechanisms for continuous feedback between the operational level and the policy level should allow governments to understand the gaps and problems that prevent them from meeting their goals and objectives and to adjust their policies where needed. The testing and adapting of policies is a continuous, cyclic process. It determines whether, how and to what extent development can be achieved. It is based on a constructive but critical dialogue between the government, civil society and the private sector. It describes the continuous learning of
society based on the practical experience of applying (real) policies (Mintzberg 2007) (see Section I).

Each step in this process requires specific capacities as illustrated in Figure 14. Governments need to develop an attitude of being an ‘active listener’ in the dialogue with other stakeholders and develop the capacity to formulate and adapt policies, rules and norms aimed at meeting the needs and rights of the population (see also Section III on the endogenous policy dialogue). Stakeholders at the operational level need the capacity to understand and interpret government policies, rules and norms and to put them into practice. In order to stimulate development they need to feel motivated to take up their responsibility and to develop the capacity to identify and critically analyse shortcomings as well as to formulate proposals for alternatives.

Figure 14. Tasks and responsibilities in the decision making process from a development perspective

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Ideally the endogenous decision making process does not only include the stakeholders involved in policy development and policy implementation, but also those making use of the services and those entitled to use them but who are without or little access. The quality of the interaction between the different stakeholders and their role in the decision making process are determined by the way they interact within a context of checks and balances, which is country and context specific. In developing countries, the endogenous development process is often hampered by so many obstacles that one is easily tempted to focus on the isolated and independent development of one specific societal constituent, neglecting the feedback and accountability mechanisms that are essential for any development process. Government functioning may be hampered by limited technical capacity, lack of financial resources, hidden or open corruption, internal instability or poor credibility to implement its policies. Often the attitude of listening and willingness to learn from ‘the periphery’ seems to be lacking and is hampered by an authoritarian attitude.

The role of civil society in the development process may be hindered by weak organisational structures, poor consultative competences or political manipulation. In developing countries, civil society is often dominated by government (government officials organising or being owners of NGOs), which leads to an obvious conflict of interest. Lack of capacity at the community level to organise itself is an important cause. The private sector may not be interested in assuming its role and responsibility in supporting the development process because of limited technical capacity to promote innovation, the absence of a sound economic environment or the pursuit of short-term profits only. In many developing countries, the private sector has the tendency to speculate on poverty and poor institutions, rather than to invest in long-term benefits. Government and private enterprises are also frequently entangled with conflicts of interest.
Governments are expected to provide the financial resources required for the implementation of policies according to the rules and regulations that they have stipulated. But the impact of these policies will largely depend on the outcome of the processes generated by a continuous cycle of policy formulation – policy testing – policy feedback – policy adaptation, which can be described as a continuous cycle of “trickle down” and “capitalisation” as illustrated in Figure 15.

As development and change are highly dependent on the strength and quality of this cycle, development aid should therefore focus on supporting the endogenous policy dialogue, which is at the heart of any development process. Effective development aid actively invests in articulating both the trickle-down and capitalisation process. The creation of the trickle-down\footnote{‘Trickle down' has had several, and usually negative connotations in the development aid literature. We preferred Trickle down over top-down, because the process is much more than}
effect does not occur spontaneously, nor does the capitalisation process whereby experiences of the policy implementation are translated in constructive feedback. The cycle of trickle-down of resources and policies and the capitalisation of experiences need to be continuously triggered in both directions. Change and development require an active, informed and competent participation of all stakeholders involved. However, they also build on the development of an open and critical attitude that allows a constructive analysis and debate about policy results, its successes and failures. These attitude aspects play a role both at central and at the operational level and are part of the capacity of a society at large.

The focus on supporting the endogenous policy dialogue, which is fundamentally country-owned, implies a shift in the donor-recipient dialogue. The latter should essentially be inspired by the progress made in support of the endogenous policy dialogue and the role that development partners play in underpinning this process. The endogenous development process is determined by the quality of governance, independently from the technical (sector) stakes (see Section IV). This is true for any developed or developing country, but weak institutions and organisations in the latter often play a major role in preventing them to develop properly.

**Sectors as Subsystems**

The interaction between the three main constituents of society is not only country-specific, but also sector-specific. A clear-cut, universally accepted definition of a sector does not exist. The sector concept is used in different ways with different meanings. According to OECD DAC the definition of a sector should be ‘pragmatic’ (OECD 2006). For example the education sector can be described as the whole of the education system of teaching policies and provision, management of teachers, teaching infrastructure etc., but restricting the sector to the primary education sub-sector or a policy/thematic area can be equally valid, depending on the goals and the objectives of the intervention. In order to make the sector concept more operational the Danish development cooperation agency, DANIDA, proposed the following definition:

“A national policy area benefiting from support. It could also cover a sub-sector or a planning. It is actually a laborious process of planning, communication, capacity development, providing financial and other means, etc. We claim that top-down processes are as much needed as bottom-up dynamics but that there is need for a just equilibrium, which is noticeably absent in many developing countries.
thematic area. It is often, but not necessarily, clearly delimited in terms of national institutions involved and expense items on the national budget." (DANIDA 2009).

Such definitions are far from unequivocal. Systems, sub-systems, national strategies, national plans, intervention areas or thematic areas are all different but overlapping concepts. With such definitions, it is impossible for countries to define 'their' sectors and to negotiate a rational division of labour between donors.

Applying the concepts of complexity and systems thinking to society development, a sector can be considered as an identifiable, complex but coherent sub-system within the wider system of society, determined by a number of elements (agents) that are in continuous interaction. This implies that a sector (as any system) cannot be understood as a stand-alone entity, as it builds on the continuous and ever-changing interactions between all stakeholders in society (see Section I). Sectors are social entities the boundaries of which cannot be clearly circumscribed (cf. the notion of 'open' systems). Sectors are surely not equal to national programmes and even less so to specific problems or themes. Whether sectors are narrowly or broadly defined does not really matter as long as the initiatives aimed at supporting development in a specific sector also address the interactions between the respective stakeholders in a systemic way. The number and kind of stakeholders – whether public or private, national or international – and the interaction between them vary from sector to sector. For example, in the social sectors such as health or education, the government does not only act as policy maker or regulator and rule setter, but often also acts as main service provider (see Box 13). In the agricultural sector, however, the government’s role is basically regulatory, since the private sector plays a much more substantial role in agricultural production. Replacing development sectors by 'themes' of intervention carries the risk of denying the structures and systems and to regard every possible stakeholder as an individual entry point and intervention subject, losing the vision on the whole and the coherence between initiatives.

The systemic definition of sectors allows us to divide a society in a number of sectors and subsectors, which all together constitute society as a whole (see Section I). It allows division of labour between donor organisations. It also clarifies that sectors are not simply confined to one ministry. In the health sector, for instance, the Ministry of Health obviously

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is central, but the Ministries of Finance and Public Service are important stakeholders as well. They may or may not be included in the health sector definition depending on the angle through which one wants to address health matters. A development intervention concentrating on the quality of care, might decide to consider Public Service and Ministry of Finance as the environment in which it intervenes, but when concentrating on human resources issues it probably makes sense to incorporate Public Service as an important partner in the sector.

**Box 13. A systemic approach for the education sector**

| Education is a priority sector for any government and therefore also for development agencies. Using a rather restrictive definition, the education sector can be defined as a system containing schools at primary, secondary and tertiary level (universities and colleges) and the (complex) relationships that exist between them. A broader definition of the education sector might include the ministry of education, traditional education, religious schools, private schools, adult literacy initiatives, teachers’ schools, vocational training initiatives for vulnerable children, continuous training, etc... But interventions in the education sector can also focus on a particular sub-sector such as technical and vocational training, as long as the complex interactions within the sector are taken into account. In countries where decentralisation processes are put in place, local governments should also be included as main stakeholders in the interventions. Community involvement is another determinant for the successful implementation of education programmes. Local governments and communities can play an important role in school management (e.g. through parents committees) or in awareness raising activities among the community members to convince them about the importance of education for girls, for example. Schools should be addressed as social systems at the micro level where district education officers, school inspectors, school management, teaching and non-teaching staff, learners and their parents as well as community leaders interact on a continuous basis. The kind of support to the education sector will be determined by the priorities set forward in the education development plan and an analysis of the actual needs and opportunities. Depending on the objectives and the results of such a strategic analysis of the education sector, the entry points for supporting the education sector will be different. |
Sector governance is determined by the interactions between state and non-state stakeholders in the processes of decision making and implementation of these decisions (UNESCAP, s.d.).\textsuperscript{15} The quality of the interactions between the different stakeholders at the different levels and their competencies to deal with processes of change are equally important. Ownership and adequate governance conditions (e.g. transparent budget processes, the existence of watchdog agencies and inclusive citizenship) are critical for the actual sector performance and for achieving sector results (EuropeAid 2008). For donors to effectively support the development of a specific sector, it is crucial to understand how stakeholders interact in order to identify the most appropriate entry points and strategies in response to the development needs.

Sector development cannot rely on sector specific expertise only. It requires a comprehensive approach that integrates a series of crosscutting disciplines and competencies that are not sector specific but have a much wider scope. For example, effective decentralisation processes, improved public finance management, effective and transparent procurement systems, adequate human resources management, training and capacity building, infrastructural works, etc., are all strong determinants of successes and failures of sector development programmes. These crosscutting disciplines and competencies are recurring priorities in the interventions of any development cooperation. For example, the creation of an enabling material environment through initiatives such as provision of water supply or the construction of roads, hospitals and schools, might be key for rural development, but it will only contribute to development if it has been conceived as an integrated part of an overall sector development strategy and not as a stand-alone initiative.

Development partners increasingly recognise the importance of integrating capacity building strategies in their programmes with the aim to strengthen institutions as well as the capacities and competences of their staff. In practice, capacity building aspects still tend to focus on national institutions at the level of central government. They are often restricted to supporting national policy, planning and financial systems (the ‘trickle down’ process), and thus fail to invest in the (difficult) ‘capitalisation’ process. The

\textsuperscript{15} UNESCAP (s.d.) What is Good Governance. At: http://www.unescap.org/pdd/prv/ProjectActivities/Ongoing/go/governance.asp. Accessed 22 February 2012.
latter is neglected because it is about favouring the development and consolidation of a critical mass within society, which is still a politically and socially sensitive issue. Therefore, capacity building on technical issues should be complemented with building capacities that enable stakeholders to capitalise on experiences and use scientific literature/sources. This should enable decision makers to develop a listening and learning attitude, indispensable for completing the learning process of capitalisation.
Rethinking development aid

If development is about a continuous learning-and-adjustment cycle between a government and its population, development aid should be concentrating on stimulating this cyclic process. This allows to deduce a number of development intervention principles.

The Critical Alignment Principle

National ownership and donor alignment are two key principles put forward by the Paris Declaration in view of increasing aid effectiveness. However, how does one deal with these principles when national policies, systems, institutions and procedures fail to meet internationally accepted quality standards?

The Paris Declaration started from the ideal setting where development partnerships are based on a common understanding of the kind of development that is pursued and how to achieve it. In practice, the vision and strategy on development differ among stakeholders, including donor agencies, and depend on their respective social, political or economic interests. Whereas donors tend to promote ‘pro-poor development’, national governments in partner countries might be “only reasonably well-aligned with the interests of citizens” (Collier 2012; Mintzberg 2007), because defending the poor may go against other vested interests. Many development agencies tend to approach leaders in developing countries as if they “want to do the right thing, if only they knew how...” but “bad institutions exist because it is in the interests of powerful political forces within the poor country itself to keep things this way.” (Acemoglu et al. 2012). They concentrate on policy dialogue with central government stakeholders who have little affinity with the operational level that implement policies, and even less with the populations that should benefit from them.

‘Passive’ alignment, for the sake of the principle only, is contradictory to a development process. Perfect policies do not exist. They all need to be continuously adjusted in response to the changing environment. These adjustments should be the result of a continuous learning process aimed at strengthening local ownership of the sector development process. Donor agencies can only stimulate this continuous change in a context of ‘critical alignment’ with national sector policies, institutions and procedures of the
partner country.

Development aid inevitably alters existing power relations as well as the direction that the reforms will take, particularly in a context where partner countries have remained highly dependent on external aid for providing basic social services and achieving their development goals (Manor 2005). Critical alignment requires continuous scrutiny and appropriate monitoring based on a thorough understanding of the development dynamics in a given country or sector and the identification of possible entry points for meaningful and sustainable interventions.

In summary, critical alignment with national policies should be a major principle for all development agencies, whereby donors align with national policies – as a starting point for all interventions conform the Paris Declaration – but also invest in the identification of shortcomings and in the development of proposals for adjustments through facilitating the endogenous policy dialogue between the national stakeholders at all levels of the decision making process (see Figure 15). It is the strengthening of the structural relations between the government and the operational level that actually allows for gradual evolutions within an existing policy and for sustainable structural change in society.

**The Double Anchorage Principle**

The anchorage of a development intervention is the main location or organisational level from where the intervention operates. It is the privileged institutional locus of dialogue for formulation and implementation of the intervention. The identification of the optimal anchorage, from a systems logic, starts from a broad stakeholders or network analysis and results in a proposal of the most strategic partner – or sub-system – in order to reinforce the system under consideration (Ramalingam 2013). Selecting the anchorage of a development intervention can be defined as the strategic positioning of the intervention in a complex system with a multitude of stakeholders with different agendas and power structures. It is assumed that from this selected position, a systemic approach can reinforce the relations or stimulate the interactions between the various stakeholders in what will turn out to be the ‘negotiated’ direction. Such choice sometimes seems obvious or nearly automatic in bilateral cooperation the lead ministry in the sector seems by definition the obvious partner (though never the only one), although even at that level the choice of where exactly in the Ministry an intervention should be anchored can be a vivid debate. It obviously also has to do with 'perceived
opportunity’. In a complex reality the choices might be less obvious. Strategic anchor points might be ‘the most powerful’ partner or stakeholder but also exactly the one that has no voice.

Much of development aid aims at strengthening governments and public service delivery in a continuous effort to refine national policies within an overall SWAp framework. The extent to which development aid will have an impact on strengthening the voice of civil servants and civil society, and on the development of the private sector, will depend on how the aid can/will contribute to the strengthening of the continuous and crucial interactions between all these stakeholders at central as well as at decentralised level. These interactions should be sought right from the conception phase of any intervention through regular consultations with State as well as non-State stakeholders, and other donor agencies that play a key role in the development of the sector in question. A first prerequisite for strengthening the complementarity between the three constituents is to foster a culture of open debate, mutual trust and constructive feedback.

**Figure 16. Decision makers and implementers of policies in a complex learning situation (based on Eppel et al. 2011)**

Figure 16 illustrates the endogenous complex process of policy formulation and implementation, that applies in any society (Eppel et al. 2011). The learning cycle and capitalisation process are universally applicable. The obvious analogy with action research was already noted in Section I.

Development aid ideally enables this process of joint learning between
stakeholders of various origins. It involves both the central policy making level and the multi-stakeholder implementation level in one learning cycle. To enable stakeholders to improve their understanding of the barriers and challenges in a given sector, development agencies are supposed to promote the endogenous policy dialogue and the societal learning process. Problems and challenges in the implementation of nationally agreed policies manifest themselves in different ways and at different levels. Decision makers at one level have only a limited understanding of the dynamics of the situation they seek to optimise. For one ministry or institution to have full control of achieving a certain development objective will require the collaboration of a variety of stakeholders who work together in shaping the knowledge about the problem. Often the knowledge potential at more peripheral decision making units or in organisations that are not formally connected to hierarchical governance structures is not or insufficiently exploited. Sometimes local actors can address complex problems more efficiently as they often have a more thorough understanding of the local dynamics. Delegating rights and responsibilities to the local levels is also more likely to strengthen their ownership of the solutions that are proposed and that need to be worked out. Collaboration and collective action, built on existing but untapped potentials of social capital and mutual trust, are key to achieving sustainable changes (Jones 2011).

The double anchorage principle according to which development partners collaborate both at the (national) policy level and the (intermediary and local) operational level (Figure 17) is a logical consequence of addressing development as a dynamic process of change, the results of which cannot be accurately predicted but are determined by cycles of continuous learning shared by a variety of stakeholders operating at different levels. It provides a framework for nationally owned sector policies to be tested through more focused interventions at the operational level. These ‘projects’ do not stand alone but are designed with the purpose to generate a critical mass of lessons learned and good practices that are needed for adapting existing policies, with the aim to increase their effectiveness and to develop an appropriate response to complex and ever changing realities. Anchoring interventions at both the central policy level and at the operational level not only creates complementarity but is also key for assuring and maintaining the continuous cycle of trickle-down and capitalisation in view of strengthening the endogenous policy dialogue. Both loci of intervention have to invest actively in facilitating the two-way communication between central and operational
levels. The double anchorage principle claims that the complementarity in interventions at central and operational level lies in the facilitation of these communication lines. It implies the creation of various types of discussion fora, but also of action research-type initiatives that have the potential of capitalising on local experience and translating it in constructive proposals for innovation to the central level. This is illustrated in Figure 18.

The double anchorage principle is an inclusive strategy, involving a maximum of stakeholders and uniting different agendas in a single and shared dialogue between stakeholders at policy and operational level.

Figure 17. Supporting the cyclic development process and the complementarity of interventions and stakeholders
The “double anchorage” principle is aimed at ensuring a continuous feeding of a constructive dialogue between different stakeholders at both the normative, regulating level and the operational level (Lehmann et al. 2015). At the normative and the regulating level (i.e. at the level of the central ministry) the interventions are basically aimed at reviewing national policies and standards and strengthening the capacity of national institutions. This level today is supported, in the framework of development aid, through institutional capacity building and sector budget support initiatives, and their policy dialogue between donor community and the national decision makers. At the operational level development interventions are aimed at strengthening the capacity of local institutions, supporting the
implementation of national policies and standards, supporting local decision making processes and capitalising on field experience in view of supporting endogenous policy dialogue. Likewise the development interventions actively invest in the identification of possible synergies between different interventions and stakeholders at both levels and in facilitating the interactions between them (see Figure 18).

The double anchorage principle does not necessarily require each development agency to intervene at each level or to support each and every stakeholder. Also the creation of synergies through effective coordination with other interventions and development partners, the identification of possible complementarities and common development concerns and goals are compatible with the principle.

Support to various stakeholders at different levels in a particular sector requires the use of different aid modalities. At the policy level, development aid is mainly channelled through budget support initiatives (e.g. general budget support, sector budget support and basket funding) as well as through specific interventions enhancing institutional capacity. At the operational level, support to the implementation of the national policies and standards can be provided through projects and programmes. An example is given in Box 14.
Box 14. Application of the double anchorage principle for the rationalisation of clinical services in the Democratic Republic of the Congo

In the Democratic Republic of the Congo (DRC) a Belgian cooperation programme supported the operational level to rationalise clinical services in a hospital. The intervention was based on the hypothesis that the healthcare providers would never accept any rationalisation as long as the services were commercialised and every act in the treatment cycle needed to be paid for separately by the patient. The proposal was to introduce a system of “payment by disease episode” for different categories of diseases, including all costs for medical acts, drugs and laboratory tests, before attempting to improve quality of care. After three years of negotiation and monitoring of the initiative, sufficient statistical evidence had been generated to demonstrate that a rationalisation of clinical services benefited the hospital, the care providers and the patients, but that this was impossible without first ‘de-commercialising’ care. The hospitals observed a significant increase in the hospitalisation of severely ill patients, the official wages of the care providers increased and non-official “compensations” for their losses were no longer possible because the patients were duly informed about the treatment cost. Simultaneously with this intervention at the local level, the Belgian bilateral cooperation also supported the Department of Research and Health Policy Planning at the central Ministry of Health.

The anchorage of the health support programme with interventions at both the operational and the central level facilitated the communication of the local experience towards the central level. Among other initiatives, a national workshop was held involving stakeholders of all levels and development partners in health to discuss the above experience. Several NGOs provided testimonies of similar experiences. A plea to continue the reflection resulted in an international workshop on the same topic in Lubumbashi. Although the discussions did not result in the adjustment of national policies on fee-paying in health (yet), the example does illustrate how local experiences can be fed back to the central level. It also illustrates that capitalisation processes are complex and resource-intensive, and that, in practice, change can only happen through a nationally owned (endogenous) dialogue in which the donor community can only act as a facilitator.
Rethinking development projects and programmes

Projects: From Local Service Delivery to Overall Impact

REDEFINING DEVELOPMENT PROJECTS

To be coherent with the principles of critical alignment and double anchorage, and with the specificities of complex systems in mind (Section I), development projects should no longer be regarded as well-circumscribed, punctual and strictly local interventions, limited in time and scope and implemented with a strict planning to solve a specific problem, or merely aiming at improving local situations. Instead, they should be re-defined as:

interventions that accompany a nationally-owned development process, addressing important problem(s) in a sector and with the principal objective to strengthen the sector as a whole.

Such a definition implies the following:

• Project approaches should be based on an overall sector analysis and a thorough understanding of the complexity within a sector. They are meant to address important challenges within a sector and explicitly aim at strengthening the overall sector and its development potential. They support processes instead of proposing clear-cut solutions for specific well-defined problems.

• Just like budget support initiatives, development projects enter the development process without the a priori assumption of a beginning and an end.

• Local achievements are subordinate to the general objectives of strengthening the sector capacity and performance.

• Most importantly, the logic behind the solution of specific problems is crucial. Solutions that are ‘effective’ but damage or weaken the system are to be avoided. A typical example is the construction of an emergency shelter, by a donor, next to a district hospital as a response to an acute famine in the region and using its own staff to deliver the services. The intervention will be evaluated positively when only looking at the number of malnourished children treated successfully. However, this action will discredit the nearby hospital staff and the Ministry of Health. No local capacity is built to respond to similar situations in the future and the system as a whole.
(the Ministry of Health) is not urged to adjust its policy and strategic approach to address the famine problem differently. The system as a whole will come out weakened in the eyes of the population.

CRITICAL ALIGNMENT WITH NATIONAL POLICIES

Development projects contribute to the national development process by combining the following three aspects:

1) **Improved local service delivery** based on a critical alignment with national policies (i.e. accumulating the necessary operational experience). Improving local situations is important but insufficient for contributing to real development. An exclusive focus on locally improved service delivery does not lead to active and meaningful participation in the endogenous policy dialogue aimed at improving overall sector development. Local experience needs to be combined with local capacity building (see point 2) and capitalisation of lessons learned (see point 3) in situations of both success and failure.

2) Reinforced **capacity building of local stakeholders** aimed at active engagement in the technical policy dialogue. The local level needs to contribute to national policy improvement at the central level through a regular feedback on local experiences.

3) Support of the locally-owned policy dialogue through a **capitalisation process**, requiring proper documentation and capitalisation of local experiences in policy implementation (i.e. accompanying local stakeholders through critical alignment and sustained monitoring – possibly formal Action Research initiatives). This implies a scientific approach with systematic monitoring and interpretation of various indicators. Creativity and flexibility are needed in the interventions to search for the optimal way of achieving results. The capitalisation of project experiences in support of the endogenous policy dialogue is actively pursued through different ways such as the organisation of workshops and technical meetings for national and local stakeholders, joint reviews of working papers and study reports, publications of papers in scientific and other specialised journals and magazines, etc. (Figure 19 B).
From a development perspective these three aspects are fully complementary and combining them enables development projects to support local change processes, to make meaningful and evidence-supported contributions to national policy development, and to significant and sustainable change in society. This is illustrated in Figure 19 A.

Figure 19. A: From local experiences and capacity building to a strengthened endogenous policy dialogue. B: Project opportunities for strengthening the endogenous policy dialogue

Through critical alignment and learning processes, all development projects are in a way *piloting* experiences. These are different though from the so-called classical pilot projects discussed earlier. They are clearly not independent from the overall system, are not defined independently from national authorities at whatever level, and start from existing policies. The national stakeholders should take the lead in policy dialogue, not the donors. The national level is in principle the initiator of the piloting initiative and an active stakeholder in the pilot from the very start of conception of the intervention.

This type of projects is far less predictable in its outcomes than the traditional projects. Additionally, such projects accompany in a critical way the implementation of national policies and facilitate the necessary capitalisation processes. They can be defined as complex and multi-
dimensional, with broad national development objectives. Therefore they cannot be implemented according to a strict and detailed planning or logical framework using easy-to-measure and predictable indicators. This kind of “planning in uncertainty”, of which the final outcome cannot be accurately predicted, requires flexibility and additional tools. To handle such degree of complexity, hence of unpredictability, programme management tools rather than traditional project management tools (Managing successful programmes 2011) are required.

EMPOWERMENT THROUGH CAPITALISATION

By facilitating critical alignment and change processes at the local level, and by supporting an endogenous policy dialogue, projects can offer more voice to technical staff (implementing civil servants), civil society, local administration or the population at large who are otherwise relatively powerless stakeholders. This empowerment process includes capacity building in policy development, policy analysis and policy dialogue, as well as in the systematising of project and process experiences. The development of a genuine capitalisation process – as one of the project components – requires:

- Clarity about the stakeholders who should be involved;
- An Action Research approach whereby working hypotheses are formulated, tested and adapted;
- A dynamic change approach using a bottom-up strategy;
- The development of appropriate tools and mechanisms of communication and discussion: Technical working groups, seminars, publications, documentation and dissemination of experience, etc.

In order to underpin the continuous process of learning and capitalisation, a set of learning tools have been developed that can be applied at different levels of policy development and implementation in complex environments, such as Action Research, Reflective Action, Realistic Evaluation and Outcome Mapping (see Section I). Capitalisation is a difficult exercise altogether. There is need for strong capacity in interpreting indicators, organising information and analysis. Therefore, such interventions often draw on research institutions to help them with these aspects. In Action Research terms, these actors are called ‘external researchers’ (Grodos et al. 2000). Those who are facilitating and supporting the development process should have the competences needed to decide which tools – or set of tools – should be used at which stage of the
Development process. This decision should be based on a good understanding of the prevailing development dynamics of the sector in which they are intervening.

Piloting Revisited

Pilot projects, as mentioned earlier, acquired a bad reputation because they were perceived as non-aligned and a pretext for experimenting for the sake of the project. They were often regarded as just producing annoying external criticism.

However, when development dynamics are described as a learning cycle starting from a national policy, actually all development projects are by definition piloting experiences. “Piloting” then means to critically implement national policies in order to learn and to provide a constructive feedback to national or sub-national decision-makers.

The more innovative, read uncertain, a new policy is and the more expensive a proposed reform is, the more reason that piloting is the only option for any authority to introduce change in society. Especially in the early stages of a new policy or innovative initiative, the costs of introduction are high and the risk of failure or non-adapted solutions is important. Piloting at a reasonable scale will reduce the financial risk. It allows to introduce change and to adapt the policy to field realities, before expanding a policy to the whole territory.

This piloting can therefore be defined as trying out the introduction of innovation in a closely monitored environment in order to test the policy or reform at a reduced scale before scaling up. Critical feedback loops are needed to adjust the policy with rational arguments. Indicators and result analysis are crucial. Such piloting will contribute to reveal a realistic outcome of the new initiative, on the condition that the influence of the special pilot context (high level of intense attention, close monitoring, etc.) on the mechanisms leading to the observed results is well understood. It then allows to estimate more precisely the needed investments and recurrent costs and enables to identify the necessary context conditions for successful implementation (or otherwise) of the reform. These learning opportunities will additionally enable important adjustments of the new policy before nation-wide implementation (see Action Research in Section I). Development agencies can carry the financial risk of piloting new initiatives, where this might be unacceptable for the national authorities.

Piloting is not the only learning moment in development. Even during
the roll-out phase of a policy, the above learning cycle and critical alignment need to be applied. Learning is continuous at any moment of development. Piloting is the intense learning at the start of high-risk and/or high-cost innovation (both often go together).

Programmes: From Isolated Projects to an Integrated and Coherent Sector Development Approach

OECD recognises that development aid is provided through a mix of modalities (OECD 2006). In the light of the above discussion, development programmes can be re-defined in a more comprehensive way as follows:

Development programmes are conceived as “regrouping” several development interventions (projects – (sector) budget support – pooled funds – basket funds) to constitute a coherent whole, with explicit synergies and one common objective to reinforce a sector or national programme.

Due to the sectors’ complexity, desired change can only be achieved by approaching the system/sector from multiple angles. Therefore, sector development requires the combination of several similar interventions (e.g. several projects combined) or a combination of different aid modalities that are complementary, mutually supportive and coherent. The search for coherence is crucial and forces the different interventions within the programme to coordinate and work together. They are no longer conceived as stand-alone initiatives but as an integrated part of a well-defined strategy designed to accompany the nationally-owned development processes. The identification of the type of interventions and of the modalities to be used is based on a common vision for the overall sector strengthening within the framework of a coherent approach.

From a sector strengthening perspective, no aid modality is superior to another. Sector budget support, basket funding, sector and sub-sector programme support, sector projects, organisational and institutional capacity building, scholarships and micro-interventions for the reinforcement of civil society can be equally important if they become complementary and all tend towards a multi-stakeholder policy dialogue. All interventions within a sector programme are built around their specific strategic entry point into the system. Whereas budget support and institutional capacity building are most likely the appropriate aid modalities for intervening at the central government level, projects as described above are best suited for interventions at the operational or local level.
A coherent sector development approach paves the way for bringing a variety of stakeholders in relationship with one another. It also has a strong potential to increase the overall impact of the programme on a given sector through the creation of - often unexpected - opportunities for generating added value as a result of synergies that can be created between the different interventions. These synergies do not appear spontaneously but are the result of the active - and proactive - use of tools and mechanisms that have been put in place in order to facilitate their identification and their exploitation in the best possible way (Box 15).

**Box 15. Evolution from stand-alone projects towards an integrated programme**

At the beginning of the millennium, shortly after the end of the civil war, the Belgian support to the health sector of Burundi was channelled through three projects that were administratively, geographically and conceptually completely independent from one another. One project was meant to support a particular directorate at the Ministry of Health at central level; another project was designed to rehabilitate the public paramedical schools; and the third project was meant to support the implementation of the national health policy in one of the provinces.

To create synergies and to broaden the specific problem approach to a more structural systemic approach, the objective of the project for the paramedical schools was broadened to "supporting the human resources policy at the ministry's level with special emphasis on the rehabilitation of paramedical schools". Out of a genuine concern to create an added value for the three independent projects, a national (government) and an international coordinator were assigned. During a joint workshop opportunities for creating synergies and possibilities for joint action were identified. At that moment, the budgets were still completely separate. Moreover each project had its own starting and ending date and the planning of each project was undertaken largely independently from the others'.

In the second phase, the support to the health sector was re-conceptualised as a single programme. The different strategic entry points in the system were maintained. Attention was paid to the identification of possible synergies. Channels for exchanges and joint planning were identified. The recruited international experts had complementary fields of expertise. This approach made it possible to combine a diversity of disciplines needed for sector development, including a senior international administrative and financial
manager and an engineer for facilitating the necessary construction/rehabilitation of the health facilities. This variety of expertise would not have been possible if each programme component had been conceived in a separate way. The available expertise and budgets were interchangeable when needed, although the different components remained relatively autonomous in terms of planning and financial implementation (flexibility). They adhered to national policy priorities but also invested in stimulating local initiative, motivating local stakeholders to take up their responsibility and to increase the local ownership of the intervention. An important part of the programme concentrated on the operational level, applying the double anchorage principle and creating the channels for an endogenous policy dialogue.

As a result, new synergies were created and it became relatively easy to integrate new initiatives that arose as a response to newly identified needs (such as, for example, support for the Department of Planning and for the National Health Information System) in the health programme. Evaluations were organised for the whole programme and not for each component separately. The whole team was responsible as a team for the successes or failures of the intervention, instead of each component being responsible for its own results only, which would have made teamwork impossible.

The identification and proper use of possible synergies and complementarities between different programme components require continued and critical reflection, the ability to adapt to changing circumstances (i.e. ‘adaptive capacity’), proactive attitudes, networking competences, consultation skills and the establishment of transparent decision making procedures (Jones 2011). In the constitution of a sector programme it is critical to keep a proper balance between the “centripetal” forces of integration (one single huge intervention with central, hierarchical coordination) and the “centrifugal” forces (intervention units keep a relative independence in order to safeguard their responsiveness). Too much integration kills responsiveness. The programme approach emphasises the whole, through respecting the parts. In practical terms this means that coordination, joint planning, expertise sharing and active search for synergies do not exempt the respective components from their responsibility to remain responsive and responsible for realising their specific objectives and activities (De Wit et al. 2010).

A sector development programme composed of different interventions...
requires a variety of technical expertise that can only be provided by an multidisciplinary team and a balanced combination of short term and long term, national and international, technical experts. The diversity and complementarity of expertise available within the team allow for a better understanding of complex sector dynamics and facilitate the identification of entry points for developing a constructive policy dialogue, provided that the overall sector programme actively invests in effective, reflective and dynamic coordination and consultation mechanisms.

The role of the technical expert is basically aimed at facilitating and supporting the process of change and development. Long-term (international) technical experts are no longer simply implementers of a five-year logical framework plan, but become facilitators who accompany the national development process (see Section III).

Long-term experts are expected to support the development of individual skills and competences of local stakeholders in action research, in translating experiences into policies and in engaging in a policy dialogue with the central government. These particular skills are often lacking at local level. At central level the technical experts are basically involved in national institution strengthening and budget support. At both levels they play a key role in supporting and facilitating the endogenous policy dialogue.

The employment of long-term ‘international’ technical experts is essential in facilitating the endogenous policy dialogue. As international experts they are not ‘part’ of the system but temporarily ‘working within’ the system. They can cast a new eye on the actual functioning of these systems. Their (relative) autonomy with regard to the national system of the partner country makes it easier for them, at least potentially, to support a critical dialogue with the national government and other development partners and to facilitate the continuity of the trickle-down and capitalisation cycle at both the central and the operational level. Long-term involvement enables international technical experts to act as “expert facilitators” of change processes rather than as “expert service providers”. They need an overall understanding of the complexity of a given sector, enabling them to stimulate critical reflection, to launch innovative ideas and to identify new leverages for bringing about necessary changes. Compared to their national counterparts, they are in a much more comfortable position to support alternatives, particularly in situations where resistance to change is important as proposed alternatives might threaten long-standing practices and privileges. This will be further elaborated in Section III.
What about Paris now?

Ownership

The proposed approach for sector development aims to ensure full ownership by both central and local stakeholders of the overall sector development process. The identification of the main challenges in the development process, the decision on the approach to be developed and on the kind of interventions needed, are the result of a joint and participatory process to which both donors and national stakeholders contribute as equal partners. Throughout the implementation of a development programme the focus is on supporting the endogenous policy dialogue and strengthening the active participation of all stakeholders in a transparent and inclusive decision making process.

The role of development projects in this process is key for strengthening the role of local stakeholders in the overall decision making process and for making national policies more responsive to actual needs at the local level in an ever changing environment. The decision about the challenges that projects should address and how, is taken jointly in close consultation with the local partners. These are best placed to identify local priorities and to ensure realistic planning and budgeting with the available means. Participatory decision making is crucial for strengthening local partnership and project ownership. Such projects can build partnerships at the local level and make a significant contribution to local capacity building through negotiation, consensus building and policy dialogue.

Alignment with National Systems

Planning Systems

If development projects aim at contributing to the overall strengthening of a sector, they should also use the existing national planning systems. In most countries decentralised governments have a certain degree of autonomy to decide how best to implement national policies at the local level. Strengthening a sector, however, does not only imply the strengthening of the respective government levels, but also the interaction between the different levels through supervision, appropriate use of planning and control mechanisms, development of innovative approaches, enhanced subsidiarity, improved coordination and communication (see Figure 20).
Project alignment with national and operational planning systems implies that projects engage in a critical dialogue throughout the planning process and negotiate the priorities that a project can - and is willing to – finance or co-finance. Cooperation with the national system for programme design avoids the creation of parallel project planning systems. Embedding the project in the local planning and information system will also ensure that all data generated by the project will automatically be integrated into the national monitoring and evaluation system and thus contribute to the reliability of the national indicators. Rather as an exception, nationally defined indicators can be complemented by project specific indicators for monitoring the project performance in the improvement of local change processes and the resulting achievements. The identification of complementary project specific indicators is particularly important when testing national policies and innovative approaches through Reflective Action and Action Research initiatives.
Financial and Procurement Systems

Alignment with the national financial and procurement systems is another recommendation evolving from the Paris Declaration. This obligation is based on the assumption that using country systems increases aid effectiveness in contrast with parallel systems that some donors still tend to create. Using existing systems for budget support initiatives makes it possible for the development partners to identify weaknesses and bottlenecks that can be remedied provided that the intervention succeeds in creating an added value as a result of a policy dialogue on public finance management with the national authorities.

Projects are expected to make use of local financial and procurement mechanisms as far as they do not affect project effectiveness too much or hinder it in achieving its development objectives. For example, the impact of capacity building initiatives for local staff may be nil and wasted if local procurement systems for the purchase of the necessary equipment create unnecessary and unjustifiably long delays. Projects or programmes are not the best opportunities to change procurement systems as the related problems are not of a technical but rather a governance origin. Institutional strengthening of, for example, Ministries of Finance and Planning, reinforcing public finance mechanisms and the fight against corruption are maybe more effectively addressed through budget support initiatives, illustrating the complementary function of such interventions with project or programme initiatives.

Effective project management in the context of the described approach requires a certain degree of flexibility in order to take the most appropriate decision after having weighed the importance of efficiency and effectiveness against the importance of following deficient national procedures. Typically, Action Research type of interventions require particular and flexible budgets in order to respond to emerging opportunities or to react appropriately when intermediary conclusions warrant new or as yet unplanned initiatives.

DONOR HARMONISATION WITHIN THE SAME SECTOR

The identification of the most appropriate entry points for interventions should not only be based on a thorough understanding of the sector dynamics but also on a good insight in the respective roles of other donors and their interventions in the same sector. Donors may work together through the establishment of a "common fund" with the aim to contribute to building coherent sector programmes. Such a fund can only be effective if
the partner country and all donors agree on the final programme content, strategy and goals. Donors of the common fund could delegate the responsibility for the negotiation with the partner to one lead donor.

In a context where donors as well as the partner country engage in a common strategy for sector development, harmonisation is feasible. In practice, however, the establishment of effective coordinating mechanisms and the identification of synergies between the respective donor interventions remains a serious challenge, both at national and at operational level, as donors’ mandates do not always coincide with the priorities and the strategies that are put forward by the partner country. Donor harmonisation is also complicated by the cross-sector requirements that are inherent to many sector development programmes. According to the European Code of Conduct on the Division of Labour, development partners are expected to concentrate on a selected number of sectors to create more coherence in their interventions. In these interventions, though, it often appears that it is also necessary to create partnerships with stakeholders that are actually situated in other sectors but whose involvement is necessary for improving the coherence of the sector approach. Coordinated and joint planning with the different national and international stakeholders at all levels of the programme and its interventions remains paramount.

MANAGING FOR RESULTS AND SUSTAINABILITY

The impact of interventions at central level, such as budget support and strengthening of national institutions, can only be measured indirectly if they are not linked with interventions at the local, operational level. Because of its double focus on both the improvement of service delivery and the improvement of national policies, the project approach within the context of a broader and coherent programme approach is the perfect link between the national and operational level and for measuring the impact of decisions taken at central level. Projects that are an integrated part of a broader sector development programme can also improve the chances for sustainable results because of:

- Increased ownership of the projects at the local level, as the projects are completely integrated in the local management and planning systems and the dialogue between the different stakeholders;
- The capitalisation process of projects fully aligned with national policies, which also increases their “visibility” to all stakeholders
• The contribution of such projects to the strengthening of institutions that are responsible for maintaining results and eventually scaling-up of good practices and approaches.

**MUTUAL ACCOUNTABILITY**

Mutual accountability, whereby development partners commit to enhanced transparency in the use of development resources and to the pursuit of jointly agreed development goals, is one of the foundations on which genuine development partnerships can be built. Critical, strong and well-structured partnerships are essential for long-term aid effectiveness. For a partnership to be meaningful, the dialogue between both partners should not be restricted to administrative and financial implementation modalities. Partners need to be able to engage in a mutually critical but constructive dialogue on the achievements and challenges in supporting a sustainable development process and thus contribute to the endogenous policy dialogue. True partnership dialogue starts with the technical and policy dialogue at the operational level. This partner dialogue at the operational level is supported and facilitated through project interventions providing evidence-based data that are needed for policy improvement and adaptation. In the absence of a strong dialogue at the operational level, the partner dialogue at the central level runs the risk of becoming sterile and theoretical. Long-term international experts engaged in development projects or programmes have a crucial role to play in shaping the partnership relation between donor and recipient countries. They are directly accountable to the donor (community), but indirectly as well to the local and the national stakeholders whom they support and with whom they work in close collaboration with the aim to reach common objectives (see Section III). Such local accountability, in order to be real and effective, requires serious thinking about appropriate mechanisms and procedures.
Conclusion

Sector development is a complex and dynamic process of continuous change, the outcome of which is determined by the interactions between a variety of stakeholders who intervene at different levels, in different areas and at different phases. Not seldom, these stakeholders also have different – if not conflicting – development agendas. The quality of this process is highly dependent on the coherence between the different interventions as well as on the stakeholders’ competence to engage in a critical but constructive dialogue aimed at improving policies and making them more responsive to existing needs. Strengthening stakeholders’ interaction as well as improving their competences to actively participate in this process, is one of the main challenges in increasing the effectiveness as well as the impact of development aid.

Sound aid development is driven by the principles of critical alignment with national policies and of double anchorage whereby the complementarity of interventions at both the national and the operational level is actively triggered by a continuum of trickle-down and capitalisation processes. This continuum is aimed at facilitating endogenous policy dialogue whereby national policies are continuously developed, tested and adapted. Development aid is meant to support this process (instead of steering it) as it is fully owned by the national central and local stakeholders.

The international donor community can play a key role in supporting this process through investing in a better understanding of the development dynamics and the development of coherent sector programmes whereby the choice of interventions is determined by their complementarity and their potential for creating synergies at both the national and the operational sector level. For the interventions at the operational level, projects remain the preferred modality provided that they are an integrated part of a broader sector development programme and thus coherent with national sector development policies and priorities. Projects successes are not merely determined by improvements in local service delivery or capacity building of local stakeholders. Their main goal is to create opportunities for generating experience learning and capitalisation processes that are relevant for overall sector development.

Well-conceived projects have the potential to feed the policy dialogue with concrete experiences of implementing policies. They also create
opportunities for developing and testing innovative and challenging approaches, the results of which can also be fed back into policy dialogue. Such projects have a considerable added value as (and if) they are fully complementary with the other interventions of the programme (such as budget support and institutional strengthening initiatives) but, above all, as they contribute to increased local ownership (through involving public and non-public stakeholders) and to increased participation of local stakeholders in the national system, by strengthening the bottom-up dialogue between the local level and the central national policy making level and through local capacity building initiatives in all aspects related to the development dynamic.
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Section III:
Partnership relations in development aid

Partnership dialogue starting from sector expertise

Paul Bossyns, Sofie Van Waeyenberge, Paul Verle, Marleen Bosmans & Lieve Goeman
Introduction

Development cooperation inevitably touches upon partnership relations. Organisations from different countries supply additional financial and human resources to work in ‘cooperation’ towards the same development goals. No wonder partnership relations always pop up in discussions about development aid and its strategies.

Partnership has been incorporated under the concept of “mutual accountability” in the Paris Declaration (OECD 2008) among other principles like alignment, ownership, harmonisation and aid effectiveness. But partnership has received little attention in the follow-up discussions, in the monitoring of its application and in donor performance. Just like aid-effectiveness becomes to a certain degree incompatible with alignment (see Section II), so might strong partnerships, at least in the short-term, lead to unexpected delays in implementation of an intervention, and thus reducing the effectiveness of aid. A thorough dialogue, and certainly in case of conflict, takes time, to the detriment of practical implementation of activities. However, in the long run it is believed that a good dialogue, although maybe tough at moments, will create the mutual understanding necessary for effective aid.

The scientific community has shown little interest in structuring partnerships, in analysing in-depth how mutual accountability has been applied in practice and how it could be conceptualised for the set-up of development aid. In the context of complexity, in which predictability is reduced and therefore strict respect for collaboration contracts becomes difficult to measure, the partnership relation tends to become even more blurred. Therefore a re-examination of the international aid set-up, of its effectiveness beyond the simple value-for-money analysis and of the way development processes are pursued, is required. The debate on how to create a working policy dialogue between the donor community and the recipient country, and on what strong partnerships should look like, needs to be taken up.

In this section we explore the hypothesis that strong, critical and well-structured partnerships are essential for long-term aid effectiveness and sustainability of aid (Jones 2011). We want to show that partnership relations do not get the attention they deserve and that they are insufficiently developed to allow a sincere and facts-based dialogue at technical, policy and
political level. The partnership dialogue, currently conducted at high political level, is often sterile (van Reesch 2009), purely theoretical, not taking into account the rights of the poorest in society (Sanders et al. 2004; Glennie et al. 2013; Nash et al. 2006) and, maybe most importantly, becomes counterproductive for the endogenous, nationally owned policy and political dialogue between the operational and political level within the country itself (see Section II). Much attention will be paid to partnership relations built up in development projects and programs. Partnerships also apply to other aid modalities such as basket funds and budget support initiatives, but they seem less controversial in these set-ups. It will be demonstrated further that budget support initiatives and the development dialogue linked to it, in isolation, are insufficient to be useful for development. The dialogue between high-level partners is only fostering development if the link can be made with field experiences and if it supports the endogenous nationally owned policy dialogue.

We will analyse the problem first on a conceptual level: how should a partnership relation be structured taking into account the complexity of development aid and its consequences for the project-programme conception? Practical experience and critical incidents constitute a second source of information that will be used to think about partnerships for development aid. We propose a model, based on these two sources of information. More systematic observation and testing in the field will be needed to come up with more robust arguments. We will also look at the relation between establishing partnerships and the presence of “international technical assistance” in interventions (Land 2007). We will concentrate on bilateral development aid. However, the basic principles of – and need for – a correct partnership are believed to be also valid for multi-lateral and NGO interventions.
Defining Partnerships

What are we talking about?

A partnership is a collaborative arrangement between two or more parties to work toward shared objectives, involving a sharing of responsibilities, co-investment of resources, joint accountability, and sharing of risks (Lavergne et al. 2006). Development aid can be described as a partnership between institutions from different countries. In bilateral aid, the partnership is essentially between two governments. It can be seen as the equivalent of joint ventures in the sphere of commercial firms. Two parties work together because they can mutually benefit from the collaboration and together they can reach more than each separately.

A partnership is like a legal contract uniting two partners that have rights and obligations. In principle, both parties are equal (De Wit et al. 2010). The obligations are those elements in the contract which the respective partners have to realise in order to ‘realise the contract’ or in other words in order to ‘reach the common objectives’ defined in the contract. The rights of the respective partners can be defined as the right to monitor the performance of the counterpart, to verify whether the counterpart respects the agreements described in the contract and also the right to question the contract when observing anomalies in non-respect of the contract terms. In the context of complexity, partners need to learn by doing together and by jointly deciding on changes or adaptations in the approach to realise the objectives. Joint planning is largely insufficient under complex conditions (see Section I). Therefore the ongoing dialogue between the partners is crucial and should be structured explicitly. In a worst case scenario, one of the partners can terminate the contract when all negotiations to restore respect of the contract conditions have failed (De Wit et al. 2010).

In principle, partners are independent and pursue their own interest. Nevertheless, the relation is not one of opposed parties. The contract linking both partners represents common interests for which both parties want to work together because of the perceived mutual benefit. In other words, they pursue common goals described in the partnership contract. If an individual, defined as belonging to one of the parties, is inclined to defend the interest

16 Benefit in case of development aid should of course be understood as positive and sustained development results, not as profit in the economic sense of the word.
of the counterpart against the interests of his own partner organisation, there is a conflict of interest. This implies that the accountability of each actor in the contract needs to be explicitly defined for the contract to be executed without confusion (De Wit et al. 2010). The common goals defined in the contract do not permit individuals “to belong” to both partner sides. They are ‘accountable’ to one side of the partnership relation (Box 16). Further on in this section, when we discuss accountability, we will speak of being hierarchically responsible to either the national partner or the donor side, never to both at the same time.

The term “national partner” will be used in this section to indicate the partner country (developing or recipient country) and “donor partner” when indicating the donor side or country (the donor or his executing body). The term “development partners” will be used when indicating both.

Box 16. The importance of explicit accountability relations in the frame of partnerships

<table>
<thead>
<tr>
<th>Accountability</th>
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<tbody>
<tr>
<td>Accountability is a much used term in development aid, but in different occasions and contexts which causes quite some confusion in many writings on development cooperation.</td>
</tr>
<tr>
<td>Being accountable to somebody or an organisation means that one is expected to give explanations for what one has been doing. There is often a connotation of hierarchy between the accountable person and the one to whom he is accountable. People occupy many functions at the same time and therefore one person can be accountable to several persons. Sometimes these lines of accountability can become complex and even contradictory. So one is accountable to the director at work, and one is also accountable to wife or husband at home. But there are also friends, clubs, neighbours, police, tax controllers, etc. In addition people also feel moral accountability to their principles and beliefs, i.e. to themselves.</td>
</tr>
<tr>
<td>In the context of development aid, confusion exists around the accountability of experts hired by projects or programmes. Some state that they are accountable to the national partner, others claim they are accountable to the donor agency who pays the salary, still others claim to be accountable to the poor, for the benefit of whom they do the work. Probably experts are accountable to all stakeholders and these types of accountability can indeed become contradictory. Whatever the position though, it is essential that experts in the frame of their developmental work are assigned...</td>
</tr>
</tbody>
</table>
explicitly to the authorities to which they are primarily accountable, from whom they get their orders and which position they defend. By not being explicit about it, partnership relations between national partners and donor agencies can become confused and a potential source of conflict.

Strong partnerships are necessary to realise the contract. This means that all parties fulfil their obligations and exert a control over each other's obligations through a frank and constructive dialogue. If one of the partners is weak, it may easily be overruled by the stronger partner. It becomes then likely that the contract will be realised in a unilateral manner with loss of ownership by the weaker partner. The tendency of the donor community to aim for quick and tangible results stimulates this phenomenon by investing in action rather than reflection.

Specificities of partnership in development co-operation

Partnerships in the context of development aid show distinct differences with the classical principles known from the private sector partnerships, in which two or more partners are linked by a clear contract.

COMMON OBJECTIVE?

An important difference is the 'common goal or objective'. As discussed in the previous section, 'development' means different things for different stakeholders. Unlike the more uniform product of the private sector where profit is essential, the development aim is not without ambiguities. Whereas in the private sector each party knows 'exactly' the agenda of the other, this is far less the case in the development aid context. Although partners claim that development is at the centre of their attention, this is not always clear (personal agendas do interfere with common agendas). Many developing countries publicly ask why the so-called developed countries want to help them. Some countries bluntly criticise donor countries by stating that the latter have a double agenda. It is obvious that donor countries, just like the developing country partners, have multiple agendas - e.g. international politics can never be fully separated from development aid. But even if the intentions were noble, development organisations have been accused (e.g. "sterilising" the community through (polio) vaccination (Nigeria), or "killing the population" in the Ebola crisis in Guinea Conakry in 2015).
MULTIPLE PARTNERS: DIALOGUE BETWEEN WHOM?

The multitude of stakeholders is an obstacle to clearly define the partner and partnerships. For a bilateral aid agency the partner is the national authority (at whatever level of the political pyramid), and the population, read the poor, is assimilated with the ‘objective’ to be ‘lifted out of poverty’ through development aid. At the same time this poor population is an important stakeholder with whom the national and international partners need to maintain a dialogue. In practice, some bilateral development agencies see ‘the poor’ as their partner, confounding the dialogue with the national authorities.17

Bilateral aid agencies have a privileged dialogue with the developing country authorities, but this does not prevent them from dialogue with NGOs with a different -sometimes contradictory- intervention content. Even between actors of the lead ministry, the dialogue may not be uniform. Unlike in the private sector, where decisions and positions are relatively straightforward (the director or CEO makes the final decision and takes full responsibility), this is often not the case in a development cooperation context.

Many international NGOs develop a partnership contract with the local community or a civil society organisation (national NGO). For them the partnership dialogue remains at this level and sometimes they jointly confront the national authorities as the common opponent. In-between situations also exist, showing how difficult it is to find a common ground for partnerships in the context of development aid.

ASYMMETRY IN POWER

Power asymmetry is also a major difference between development aid and the more classical private sector partnership relations. In the private sector, an asymmetry either leads to abandoning the relation or a take-over. Obviously mergers or take-overs are not possible in (bilateral) development cooperation. The power asymmetry in development cooperation is complex. Low Income countries need the donor money and are dependent on foreign aid. On the other hand, they have other levers of power (e.g. the right to refuse), and can exert power on the orientations of development interventions. In principle, they know better the end product (development objectives) than the donor

17 Such agencies confound ‘partner’ in the sense of a partnership with the one whose rights they defend, ‘partner’ in the sense of ‘the one we like’.
countries. Donor countries seem more powerful because they have the financial resources, they can withdraw from development aid when they like (in practice they only do when serious problems arise) and they claim to have a lot of capacity for analysing situations, making good intervention proposals and to implement projects. The donor community has been accused of unpredictability because every so many years they seem to restart their planning from scratch, often leaving financing gaps. The latter is the case for budget support initiatives where big disbursements can suddenly be stopped. Although in principle more predictable, in practice budget support scored worse than other intervention modalities in terms of predictability. The donor community has also been accused of arrogance, imposing their (development) agenda on the partner countries. The donor community often accuses partner countries of being weak, of not having the absorption capacity, of lacking long-term vision and of preferring personal agendas above development as a public good.

The asymmetry in power relations between the donor community (development agencies) and recipient countries is a reality. The powers that can be put into play to exert power over the other are multiple and difficult to compare. This partly explains why the Paris Declaration put so much emphasis on the ownership and alignment principles.

LINEAR PROJECT LOGIC – SIMPLE PARTNERSHIP

Projects have been considered as straightforward interventions with a linear cause-effect logic. The log frame allowed to plan activities and the necessary means years in advance. Contributions of the donor agency as well as from the national authorities are clearly identified in project documents. In such an approach, little discussion on project implementation is needed and the partnership consists of verifying whether both parties fulfil their pre-identified obligations. The partnership is logical, linear and predictable, just like the project implementation. In the complex learning modus, this logic cannot be maintained. Under the simple logic of project implementation, many donor agencies claim that policy dialogue does not take place at the project implementation level (the dialogue being ‘completed’ at the project’s conception), whereas in our analysis of interventions in complex environments, this operational level is crucial for a credible policy and political dialogue.
ABSENCE OF A THIRD PARTY AUTHORITY

Partnership contracts in the context of development aid are not regulated by a third party. When there is a dispute on fulfilling obligations by the partner, solutions are looked for through informal exchanges, diplomacy or frankly accepting failure.

There is anecdotal evidence that donor agencies allow much liberty for the national partner because on the one hand they do not want to put their own position in danger (a more critical dialogue might result in abandoning the cooperation altogether) and on the other hand because they know that ‘punishing’ political authorities is in the end ‘punishing’ the poor whose rights they claim to defend. Reality is probably an in-between situation where donor and recipient country are involved in a difficult balancing exercise.

THE HUMAN RELATION

In light of the above, it is astonishing that with such complex relations and power asymmetries, and despite the absence of a third party regulator of the contracts, development cooperation still exists. We assume that this is largely due to the moral and human relations that exist between donor and recipient country. Development aid is not about simply making profit, but about human values and defending the rights of the poor and most vulnerable in a society. Although these terms may mean different things for donor agencies and recipient countries\(^\text{18}\) we can reasonably claim that human values qualify the relationship more than anything else. Development partnerships balance between legal contracts and contracts based on trust and moral values, in a context of social control and peer pressure by other development partners and actors who make up the international diplomatic community. After all, everyone has a reputation to defend.

\(^{18}\) The human values and the corresponding ‘ideal’ societal model is different for each donor agency and each country. Even within organisations, the expression of these values might be extremely different.
Observed elements of partnership contracts in bilateral development aid

For most bilateral donors, cooperation starts with defining sectors and the broad areas of intervention. This choice is usually based on the demand of the recipient country, historical reasons (e.g. previous interventions) and on division of labour between donor partners. Subsequently, more in depth analyses of prioritised intervention sectors are conducted to identify the scope and content of the interventions. In principle the national partner should be the driving force behind these further analyses.

In general, the macro-environment in which bilateral development aid takes place is shaped by an 'overall cooperation agreement' between two countries. The support to a sector can be defined in a Memorandum of Understanding (MoU) on international aid or in a bilateral agreement or contract. In the Belgian development co-operation the latter is used to stipulate the legal binding for an intervention.

Most development interventions are developed in a “technical document” which also includes financial, administrative and managerial aspects. The degree of detail of this document varies considerably between donors and depends on the type of aid modality (project-programme, budget support, pooled expertise fund etc.). It forms the ‘contract’ for the intervention and describes the partnership relations between stakeholders of the contract, the way partnerships are structured and organised at the different levels. Therefore the ‘partnership contract’ is the reference document for the partnership relations as it defines explicitly who is accountable to who, what is being discussed with whom and at what level, and finally on what occasion which kinds of decision are taken.

In the context of the project–programme approach such a partnership contract is valid for projects defined by relatively narrow objectives and relatively independent implementation agencies, but also for more modern projects and programmes, which have no specific parallel project structures and are rather critically aligned with the partners strategies and policies (see Section II).


19 We used the Belgian system as the basis.
A partnership contract consists of:

- Mutual commitments to achieve the goals;
- Obligations and rights of both partners;
- Overarching, internationally recognised, development aid goals for the eradication of poverty and other human indignities;
- The technical project-programme document, which describes the technical scope of the intervention and the objectives and results to be achieved. Often these are schematised in a logical frame with an initial plan of activities and budget (the limited relevance of these planning tools has been highlighted in Section I);
- The definition of the implementation modalities for the administrative and financial procedures to be followed.

The technical document and the implementation agreement each highlight different aspects of the partnership relation. Both aspects will be examined further. A model for organising partnership in development aid will be proposed based on the insights of complexity theory and the obligatory learning mode when dealing with uncertainty.
Partnerships in Project-Programme Approach under complex conditions

The Paris Declaration emphasises the importance of building partnerships and mutual accountability mechanisms in development cooperation. Partnership dialogue is not limited to the interaction between the partner representatives (e.g. sector authorities). While every donor remains responsible for the content of his dialogue with the national partner, donors amongst themselves also need to look for a uniform and concerted dialogue with the national partner. Finding consensus within the donor community is not always possible, but if donors are willing to have an open constructive dialogue amongst each other, a consensus can be jointly sought with the national partner (Box 17). It is up to the latter to decide among different policy options. Donor communities that esteem that their vision is not sufficiently represented can opt out in those specific domains of aid.

Box 17. An example on how two donor organisations have incompatible approaches to development questions

A donor intervening in health in support of health insurance had the green light to pilot an experience of a public health insurance initiative. However its vision was opposed to that of another bilateral aid agency, that envisaged a health insurance for the poor through scaling-up community-based health insurance schemes. The first argued that scientific literature showed that small-scale community-run health insurances were never lasting and that scaling-up was demonstrated to be virtually impossible. The latter claimed to be more aligned with the national policy it had been contributing to. In the field there was geographical overlap.

The ministry was undecided because it did not want to offend the two donor agencies. Both interventions invested a lot in policy dialogue, but without much progress. Finally the ministry decided that both agencies could pilot their vision on health insurance in two different geographical zones. Evaluations would have to reveal evidence which vision had most potential. The visions of both donors were profoundly different from each other. The first believed in public service and state involvement, the latter had a vision of private initiative. Different world views result in different policy dialogues, sometimes incompatible with each other. In such situations the ministry
should take a decisive role but then the weaknesses of the ministry's vision and policy become visible.

*Defining the partnership relation in the project-programme approach*

**PARTNERSHIP IN A COMPLEX CONTEXT: UNPREDICTABILITY OF CONTRACT OUTCOME**

Partnerships are mutual contracts in which the rights and obligations of both partners are defined. The objective is supposed to be simple if it concerns for example private enterprises that are looking for maximum financial profit of both equal partners. Section II showed that due to the complexity of the matter, the outcome of development aid is rather unpredictable. Therefore the rights and obligations of both development partners are less obvious than in private partnerships, especially when it comes to ‘the obligation to participate in strategic thinking and contributing to complex development results’. Which contributions are sufficient? What is the role and responsibility of each partner when results are below expectation?

Tools like *Realistic Evaluation* were proposed in Section II to look with a critical eye at complex change mechanisms. We are convinced that they can produce a sense of objectivity to answer above questions and at least produce a sound basis for discussion.

**PARTNERSHIP UNDER LEARNING CONDITIONS**

Partnership relations, as illustrated in above paragraphs can be based on objective engagements like financial contributions or contributions in kind. But much of the partnership is situated in the complexity of the interventions, where objective contributions in the development process are less evident.

Complexity and the inescapable degree of uncertainty that goes with it oblige stakeholders engaged in change for development to follow a ‘learning-by-doing’ attitude. Both development partners have to put themselves in a learning mode, accepting that their respective contributions are relative and that none of the parties has the absolute truth. Open discussion, ‘*a priori*’ respect for each other and listening are therefore part of the modus vivendi between development partners. This is all the more true at the concrete implementation level of project activities, the ‘operational level’.

In order to understand each other, things have to be well documented.
(monitoring, action-research approaches) and approached in an objective and rational manner, as much as possible away from (or at least aware of) emotion and impressions. Development interventions therefore need to invest in Realistic Evaluation methodologies with monitoring of indicators, interpretation of these indicators through process analysis and modelling. Partnerships in this sense are essentially human relations between stakeholders who learn to understand each other’s positions. The dialogue and partnership building are continuous.

The concept of critical alignment (see Section II) is the starting principle for constructing such partnerships.

**Partnership in terms of content management**

The principles of double anchorage, learning by doing, multiple stakeholders approach with different and often opposing agendas and vision were developed in Section II. It is in the light of these principles that the proposal made in the following paragraphs to organise the partnership relation must be understood.

Development partners engage in a partnership contract to jointly achieve the intervention’s objectives (mutual obligations). Indicators and monitoring tools allow to follow the progress made and to provide the content for dialogue and for possibly criticising the counterpart when commitments are not met.
Figure 21. Organisation of partnership relations in a project-programme approach in the Belgian development co-operation

Figure 21 shows schematically the different levels of partnerships and the different forms of partnership dialogues used in the project-programme approach in the Belgian development co-operation. Projects are structured in such a way that partners meet at different levels in order to work together for development.

The ‘lowest’ or operational level is defined as the place where the planning and implementation of the intervention's activities take place. Projects and programmes support local initiatives and negotiate which activities can be financed through a consensus building process. It is at this level that intensive collaboration, exchange, negotiation and consensus building take place between the (long-term) International (sector) expert(s) and the ‘local’ national partner. This level can handle any specific element or group of elements of the system (sector) in which the intervention operates. It is to be regarded as the starting point of a successful partnership dialogue. In terms of complexity, it is at this level that modelling takes place. The system and its behaviour need to be understood and working hypotheses...
This level of dialogue has been relatively neglected in more recent development aid strategies like SWApS that concentrate on high-level political dialogue, tending to ignore the stakeholders of the periphery and the voice of the poor (OECD 2011; de Renzio et al. 2006). Such centralised dialogue seems convenient but can easily become trivial (van Reesch 2007) if it denies the fact that development aid cannot be politically neutral. It often denies the multi-stakeholder reality in which development aid operates (see Section I & II) and the necessity to conduct a policy dialogue starting from field experience and with knowledge of what happens at the operational level. A decision can be favouring one or the other stakeholder, seldom all stakeholders at once, especially in the short run.

The operational level dialogue is also in many ways the most important. It is at this level that (i) the conception of change should take place, (ii) capacity development is most important because the gaps are biggest and opportunities are created (learning by doing) and finally (iii) capacity strengthening is most necessary to stimulate the voice of people who are relatively powerless in society.

If intense learning takes place at this level, and if moreover the policy dialogue depends on lessons learned and field observations, this implies that at this level the donor has to provide experts who accompany the change and innovation processes. These experts have to work through what Khaneman (Kahneman 2011) called a second level or slow mode of thinking. Learning indeed means that one leaves the intuitive or spontaneous mode of acting and reacting that we use in daily life, to replace it by continuous analysis, reflection and critical action: slowly, but surely, or at least with more certainty, considering the complex environment in which one acts, more than strictly sticking to uncritical planning and implementation or relying on ‘automatic’ action-reaction mechanisms for decision making.

Project-programme steering committees constitute a second level of consensus building and partnership dialogue. Project steering committees were initially created in the 1960s for classical projects in order to bring these parallel, non-aligned, often local, initiatives back in line with national policies and to reinforce ownership at higher national levels. Current interventions should be fully integrated in national systems, which implies that steering committees could become obsolete as they now become parallel structures.
that get entangled with nationally owned plans and decisions. They can still be important for the following functions, i.e.:

- **Increasing national ownership** through the provision of the necessary information of the project’s achievements, difficulties and challenges. They contribute to bottom-up information exchange. This is especially true for projects in remote areas where contacts with the central level are relatively scarce and where the principle of double anchorage is poorly or not developed.

- **Resolving obstacles and conflicts** through policy dialogue at a higher level. They can intervene in case of conflict when one of the partners does not fulfil its obligations or when no consensus can be reached at the operational level. Steering committees are well placed to alleviate important bottlenecks which prevent the project to reach its objectives as their members are usually high level officials with important decision making power and potential to influence other ministries or sectors.

- **Increasing national ownership** by involving higher levels of decision making on important re-orientations of the project, meaning negotiation of important changes to the content of the partnership contract.

A third level of partnership dialogue and negotiations exists at the central level. It is the dialogue between national authorities and embassies of the donor community. It is at this level that the (policy) dialogue becomes essentially a **political** dialogue\(^{20}\). This dialogue is important in case of major conflicts when for instance (basic) conditions such as democratic ruling or respect for human rights are not respected, and these situations could lead to the interruption of the partnership by the donor side. The scope and technical aspects of the intervention itself are not systematically discussed at this level. In case of controversy on sector development strategies or on broad priorities they can become the subject of discussion.

The vertical arrows in Figure 16 indicate the exchanges of information and opinion that should exist between different levels of organisation within each partner’s side. These are the accountability lines (see Box 16) in the frame of building partnerships.

The higher instances of (policy and political) dialogue (steering

\(^{20}\) Even though it can be said that there is an interplay between ‘policy’ and ‘politics’ at all levels, not only the most central one.
committees and intergovernmental negotiations) are somehow the higher ‘independent’ authorities that can solve local conflicts or frictions. At this level, consensus building and partnership are also needed, so these organs are obliged to take distance and judge the situation in an objective way before deciding.

**Partnership in administrative and financial implementation modalities**

The separation between content management and administrative and financial implementation is artificial. However, separate discussions allow to highlight the different aspects of such complex partnership.

The project-programme contract stipulates how the financial means of the intervention (project funds) have to be mobilised and how activities have to be financed (under national or international law, with or without public tenders, subsidies,...). Checks and balances in the financial procedures are defined in order to ensure transparency for both partners. They are part of the broader governance aspects in development aid, which are discussed in Section IV.

Regarding the execution modalities, both partners have explicit obligations and rights. The most important right is the demand of transparency in decision making and the right to control expenses, be it *a priori* or *post hoc* (through audits). The partnership is reached through consensus building. In most interventions, also for these aspects, the ISE are privileged witnesses because of their proximity to the intervention planning and implementation.

**Box 18. ‘Co-management’ in the Belgian Cooperation**

<table>
<thead>
<tr>
<th>Co-management in the Belgian Bilateral Cooperation</th>
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<tr>
<td>Years before the Paris Declaration, the Belgian cooperation conceived an original approach to implement the projects, from an administrative and financial perspective.</td>
</tr>
<tr>
<td>In principle, Belgian projects were encouraged to use the national partner’s financing rules and procedures. This was sometimes difficult because the procedures were not always guaranteeing transparency and procedures often got stuck, causing time waste and less efficiency. But there was also the clause that all expenditures had to be signed by both partners. This double signature gave equal powers to both partners, because either party could</td>
</tr>
</tbody>
</table>
block an activity by not signing for the expenses. This was an important tool for power sharing and creating transparency. National partners often appreciated such an approach because of this (even if sometimes symbolic) type of partnership relation. Voluntarily releasing some power strengthens the partnership relation and obliges both partners to respect a dialogue and to build consensus.

**Development aid as a team sport: a continuum of dialogue in partnership**

Any partnership implies a dialogue. The dialogue serves the achievement of the common goals and objectives as stipulated in the overall agreement of cooperation and the project-programme contract. All stakeholders at both sides of the partnership contribute to the dialogue. The level and position of each stakeholder determines the nature and type of the dialogue. There is no clear cut between the different kinds of dialogues but rather a continuum as illustrated in Figure 22.

**Figure 22. The continuum of the partnership dialogue in development cooperation**
Actors at the operational level use an operational and technical dialogue to discuss the technical aspects and the day-to-day business of the project or programme. This level forms the starting point of the continuum of the partnership dialogue. Strategic options or the overall improvement of the sector, however, need feedback from the lead ministry so the technical dialogue becomes more a policy dialogue.

At the level of steering committees, the dialogue gradually turns into a more political dialogue. This dialogue is in the first place inspired by the policy or the technical dialogue and by the analysis and inputs from 'lower' decision-making levels. This information is usually provided by civil servants or civil society at the national partner side, by long-term technical experts at the donor side.

Conditions to establish strong and credible partnerships include:

- **Feedback and inputs from the ‘lower’ levels**: The ‘higher’ levels depend on feedback and inputs from the ‘lower’ levels provided by experts accountable to them. An international expert is a privileged witness of what is happening in the field at the operational level and in the sector. Presence in ‘the field’ allows to base the partnership dialogue on local experiences and observations.

- **Team work**: experts, donor representatives and embassies have to work closely together and act as a team, in order to be on one line in their communication with the national partner and to enable a constructive and fact-based dialogue.

- **National team**: The national partner also needs to function as a team. They need to be organised and prepared to be able to engage as a strong and equal partner in the dialogue. This avoids frustration and unnecessary authoritarian reflexes which can hamper the intervention.

- **Harmonisation of the donor community**: In modern cooperation, development interventions are rarely implemented in isolation. They are part of a more general programme, generally implying multiple partners at the donor side. Deliberation between donors is essential and donors, whenever possible, should speak with one voice. In this way, the partnership dialogue implies a strong harmonisation of the donor community on the content and strategies of the development interventions, which is distinct from harmonisation of...
administrative and financial procedures (see Figure 16) right side, donor community development dialogue).

- **Understanding of the context and honest empathy:** Constructive and honest partnerships should be based on a profound understanding of each partner and of the context in which the contract has to be realized. Profound knowledge of the local conditions and the local partner allows developing honest empathy and trust for the partner that will stimulate a constructive cooperation and development. The understanding aspects allude to the necessary learning mode and attitude in which one has to work, and therefore on taking voluntarily distance from using power to get one’s way.

- **Consciously and explicitly consider complexity:** Partnerships are constructed in complex environments with multiple stakeholders at different levels. Inclusiveness is an important value and approach to improve governance in society.

Strong partnerships should not be confounded with “conflict models” based on mistrust, paranoia and disrespect. On the contrary, partnerships create the possibility to engage in a confrontation of ideas and positions in a constructive and frank way, based on mutual respect and trust. As it is unrealistic to expect that all stakeholders would have the same opinions, agenda’s and objectives, discussing these differences in a strong partnership setting can prevent conflicts that would block further cooperation. Partnerships create the right environment to negotiate and to look for a consensus to continue the interventions.

**The endogenous nationally-owned policy dialogue**

Figure 23 repeats the figure from Section II on the conception of programmes. It shows that the policy dialogue between development partners is related to but substantially different as well from the endogenous and country-owned policy dialogue. The latter is defined as the policy and political dialogue between the operational and political level within a given sector between the population, civil society and civil servants on one side and the political level on the other. In principle this dialogue should emerge spontaneously in a well-functioning society where ‘democratic’ and especially ‘good governance’ values (Zakaria 2004) are in place. Such dialogue should be institutionalised and part of the national strategic decision-making process. But the reality shows that the endogenous policy dialogue is often weak in developing countries. Most of the time, such societal dynamics are
little considered in contemporary development cooperation. This will be further discussed in Section IV on the governance issues of development aid.

Figure 23. The support of development projects to the endogenous policy dialogue between the national stakeholders at ‘local’ and ‘policy level’

Projects provide the opportunity to support the endogenous policy dialogue (Figure 23 A). Through their support to local change processes, they can help to structure this dialogue. Strengthening this dialogue is giving voice to the people at the operational level (e.g. lower civil servants, civil society, the population, the poor, the vulnerable) and is part of the internal emancipation and development process. The weaker the local stakeholders, the more projects should invest in supporting this emancipation process. Figure 23 B highlights the means that can be deployed by projects to stimulate this endogenous policy dialogue. It also shows that development is a national partner’s responsibility, but that development aid interventions can support this process.

The partnership policy dialogue in the frame of a development intervention reinforces the endogenous one because largely the same themes and stakes will be discussed as they are based on the same experiences. Donor agencies often do have more power than local stakeholders and, unfortunately, are sometimes more taken into consideration than local stakeholders. Fortunately this is not always the case.
Use of expertise to define and shape partnerships

Reasons for re-defining Technical Assistance

Sector development requires specific capacities. The primary objective of technical cooperation is to ensure the achievement of sustainable results through the development of the capacity of organisations and individuals. According to the guidelines issued by the European Commission, technical cooperation consists of ‘the provision of know-how in the form of short and long-term personnel, training and research, twinning arrangements, peer support and associated costs.’

Technical cooperation is needed to provide policy or technical expert advice (or to make knowledge products available), or to ensure the effective implementation of complex interventions that require highly specialized expertise, or to facilitate programme preparation and cooperation between the development partners. In practice there will often be an overlap between these four objectives (see Figure 24).

Figure 24. Purposes of Technical Cooperation (TC) and corresponding types of support
The term ‘technical assistance’ has been widely used throughout the history of development aid. Its meaning evolved along with the changing concepts of aid provision but without necessarily following the same evolution. Technical assistance refers to ‘the personnel involved (individuals as well as teams of consultants) in developing knowledge, skills, technical know-how or productive aptitudes’ (European Commission 2009; OECD 2009). It has never been explicitly defined and covers today quite a number of different concepts and an amalgam of situations. Experts, sector experts, technical experts, technical advisors, sector advisors are but some of the wordings used.

In the early days of development aid, technical assistance was defined as a development partner staff, who was practically realising the project on behalf of the national partner. Often the implementation of the project meant bypassing of the national partner to achieve quick results. In traditional development aid, technical assistance was provided through the employment of long-term international technical assistants with a mandate to improve local systems and to generate the expected project outputs. In this approach the danger of overemphasizing the role of the international experts with often purely technical capacities (skills) was a reality. The current situation has become more diverse with the presence of different forms of development aid like budget support, technical advice at the ministry’s level, pooled funds of expertise, bilateral expertise funds, partner countries hiring independently international expertise paid by their own funds, etc.

In these definitions and description of functions, nothing is said about the partnership relations and they are still embedded in an atmosphere of top-down transfer of knowledge, read a linear logic of development. They therefore do not fit well with the complex environment in which development programmes work, they do not specify on which side of the partnership these experts are sitting, nor what their specific skills should or could be.

The place of science and expertise in development and policy-political dialogue

In Section II, arguments were given for a more scientific and research approach in development cooperation. In the following paragraphs we will study what science and research can signify for policy and politics and their place in development cooperation. Kahneman described how the human mind has difficulties to make rational decisions. The more situations become
complex, i.e. the more decision options and contradictory information exist, the more there is need for careful analysis before deciding. We are brought up in a linear logic of cause-effect reasoning and a system's real behaviour therefore often becomes counter-intuitive. There is much need for what Kahneman calls a ‘System 2’ reflection: 'effortful mental activities, including complex computations and subjective experience of agency', choice and concentration (Kahneman 2011).

Table 1. Articulation between science and policy advise according to Pielke (Pielke 2007)

<table>
<thead>
<tr>
<th>View of democracy</th>
<th>View of science</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madison</td>
<td>Pure scientist</td>
</tr>
<tr>
<td>Schattschneider</td>
<td>Science Arbiter</td>
</tr>
<tr>
<td>Pure scientist</td>
<td>Issue Advocate</td>
</tr>
<tr>
<td>Science Arbiter</td>
<td>Honest Broker of Policy</td>
</tr>
<tr>
<td>Honest Broker of Policy</td>
<td>Alternative</td>
</tr>
</tbody>
</table>

Independently from any development aid considerations, Pielke described the articulation between scientists (science) and politicians (politics and policy making) as presented in Table 1. He recognises two types of democracy. In Madison’s democracy competing factions engage one another in political debate and the resulting compromise reflects the best possible balancing of conflicting demands. Under such a view, experts would best serve society by simply aligning themselves with their favoured faction of interest group and offering their special expertise as an asset in political battle. In Schattschneider’s view, democracy is a competitive system in which the public is allowed to participate by voicing its views on alternatives.

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21 Active stakeholders in a system
presented to it in the political process. These policy alternatives come from experts who have the role to present policy alternatives for decision-makers (Pielke 2007).

Secondly, Pielke distinguished two models of how science can contribute to policy and societal development. The linear model is familiar in terms of a metaphor that represents a flow of knowledge from basic research to applied research to development and ultimately societal benefits. He stated that the situation of a particular fact or body of knowledge that compels a particular decision is hardly observed in reality. Instead, the process of using science for social purposes is thought of as one of optimally matching scientific opportunity with social need. This optimal balance between opportunity and need can only be arrived at through a highly interactive, mutual education process involving both dimensions (Pielke 2007). Such recognition and taking into account of different actors' concerns is the defining perspective of the stakeholder model.

This point of view corresponds with our discussions on intervening in complex situations (no simple linear cause-effect relations) and the role of the experts that we described earlier as a stimulator of scientific learning by doing. If we place experts in a partnership relationship between two independent countries in which it remains the responsibility of the national partner to take the ultimate policy decisions, experts fit in best in the 'honest broker' model. This means that they should respect as much as possible the independence and the ultimate responsibility of the partner country. They provide in the best way possible the different options through which a government or local stakeholders could tackle a problem.

In practice this approach is never present in its purest form. Experts do not know all alternatives and cannot always be neutral and independent from their own ideas and preferences. But the honest broker is a person who constructs and learns. Such an attitude is a voluntary act of releasing power in exchange for a more constructive partnership relation.
Figure 25 summarises the discussion on the role of experts in development aid. They can have each role at certain particular moments during their mandate. In general though, and especially when it comes to innovation, tackling complex situations, there is no clear consensus, there exist quite a degree of uncertainty and the purpose of the partnership is not to reduce the scope of options but instead to highlight the alternative available options.

**Role and accountability in the partnership relations**

At a project-programme’s operational level, the partnership is structured through a representative of the national partner and an expert representing the donor side. They are both in principle committed to the common goals of the development intervention document, but this does not influence their respective accountabilities to their own organisation or the partner they represent. They are in constant interaction with each other to negotiate how the common objectives of the intervention will be realised. They plan and make budgets and they act together to reach the project’s objectives. Through monitoring of indicators, mutual controlling for respect of financial procedures, both exert their right to control the respect of the contract by the
counterpart. Co-management is the term applied to this kind of situation in the Belgian cooperation (Box 18). They work together, but they do not belong to each other. This means that the expert is not working for the national partner but together with him.

The expert should have a broad “technical” expertise (e.g. engineering, public health, agriculture, in principle related to a specific sector an intervention is dealing with) because they need to master the scope of the intervention and of the sector in which the intervention takes place. They support a complex development process in the specific context of an intervention (Schneider et al. 2006; Ford 2009). They are in the first place change-managers of complex processes rather than a person ‘who realises activities’ (see Section I & II). As change managers they are in the first place ‘honest brokers’ (Pielke 2007), providing all the necessary technical and political inputs to enable partner’s choices and decisions. They have no hierarchical authority on local stakeholders, nor the right of manipulation to make their own opinions pass. This demands specific relational skills and attitudes, balancing between doing, observing, providing information and advising, sometimes referred to as ‘complex leadership’ (Pielke 2007).

Without experts, the intervention would lack a crucial accountable person at the donor side. They represent the donor side at the first level of negotiation and monitoring of the contract between two nations. They are privileged witnesses of the ‘local’ reality. They start and shape the dynamics and content of the partnership dialogue. In case of conflict or inability to reach a consensus in how the contract should be implemented, the steering committee can be the next level of negotiation between the two parties. At that more political level, often no specific technical sector competence is present to judge these aspects in the project. Therefore, the expert and the national representative are the respective resource persons for the contracting organisations (donor side and national partner).

Even in development interventions that aim to build the institutional capacity of a ministry at the national level, experts are bound to the donor partner through the partnership contract. They remain accountable to the donor organisation irrespective of the content of the intervention to which both parties are committed. They can give independent advice to the national partner organisation and negotiate the activities needed to reach the intervention’s goals in the same way as an expert does in projects intervening at the operational and local level. Box 19 provides some practical examples of the accountability in the project -
programme approach. They illustrate that the accountability position is too often left implicit causing confusion in case of conflict.

**Box 19. Practical examples of the accountability of experts in development cooperation**

In an institutional capacity building project, an expert identified himself so much with the partner’s interest that at a given moment he advised the ministry not to accept a proposal of the donor. The donor partner interrupted his contract because of this conflict of interest. *Even if the international expert questions the decisions of the donor, he should search for consensus within the donor’s ‘side’. In the end he has to defend the interests and opinions of the donor partner. International experts remain accountable to the donor organisation.*

The national partner at the operational level refused to implement the rationalisation of personnel even though this was stipulated in the project document as condition to pay incentives to the remaining staff. As a result the international expert did not allow the payment of the incentives. This led to a conflict with the partner on the interpretation of the project document. The donor representative had to intervene at the lead ministry level. In the end the local level was asked by the ministry to respect the project document. *The partnership roles were played correctly at two levels, irrespective of the question whether this decision was correct or not.*

Three different projects in the health sector had one joint steering committee. Once a national partner representative could not attend a steering committee meeting. The international expert of that project took over his role and started to criticise the other projects’ planning and proposals. This was not appreciated by the other experts nor the donor representative. To avoid similar situations in the future formal meetings between experts were set up. They served to reach a common vision and position within the donor side. *International experts can never replace a national partner representative in a steering committee meeting, no matter how good the personal relationship might be.*

An international expert was placed at Ministry level in the frame of an institutional capacity building project. She was explicitly recruited through a basket fund by the Ministry of Health. She was explicitly accountable to the national partner. During four years she was frustrated because she saw all the corruption, felt how the project’s objectives were pushed aside for lucrative
activities for certain individuals, etc. She informed the embassy, but they did not react officially. At the same time, the embassy used her to get information about the Ministry and how ‘things were going’. The project withdrew after four years and the cooperation agency decided it was impossible to deal with the ministry. They started subsidising national and international NGOs and even other bilateral cooperation agencies. When another cooperation took over the institutional capacity building at the Ministry’s level, it was at first hard to take for the ministry that the international expert would be accountable to the donor side and that the intervention would be managed under mutual agreement. The project went through a difficult time, with few disbursements during one year. A strong dialogue emerged from this situation and finally the Ministry took its responsibility and replaced certain elements of the personnel. Afterwards, the project fared well. In this example the importance of an open and frank dialogue and a strong partnership in favour of development becomes clear. They form a necessary condition for international experts to function.

Experts should constantly dialogue with the partner on the priorities of the intervention and be in the frontline of the fight against corruption. This position makes them most vulnerable at the donor side of the partnership and thus they deserve an ‘a priori’ protection by the donor. An explicitly formulated line of accountability of experts and their role in the partnership with regard to the intervention’s objectives will benefit the overall partnership relation.

**The role of National Technical Assistance**

National Technical Assistants (NTA) have the nationality of the recipient country. In our definition, NTA also sign a contract with the donor partner. They are in principle technically equal to international experts. Nevertheless their position in a development cooperation strategy is different due to their nationality.

First, an international expert has an external eye on the system, with less resistance to change, which provides a more comfortable position to question ‘the obvious’ and to make original proposals for change. Secondly, even though international experts and a NTA are both contractually accountable to the donor organisation, this is less obvious for a NTA. Even if a NTA is on the payroll of the donor organisation, it is not guaranteed that in case of conflict, the NTA will represent the donor partner.
and defend its point of view. The chances are that they are too much linked to local dynamics and relations to keep sufficiently distant from social pressure. Box 20 shows some practical experiences of how the role/accountability of an NTA can be ambivalent, sometimes even embarrassing the international experts and jeopardizing the project’s results.

**Box 20. Field situations that illustrate the accountability problems of NTA**

In RDC, a senior NTA was contracted by a bilateral donor organisation to work at a high level in a project. At a certain stage of the project, a conflict on paying topping-ups for the personnel of the ministry arose between the international expert and the representative of the national partner. The project document stipulated that salary supplements could only be paid if the ministry would rationalise (read reduce) the number of staff according to the real needs. This was against the immediate interest of some individual national stakeholders. In the context of this conflict, the senior NTA publicly declared in front of the partner that the salary supplements had to be paid (immediately) without any conditions. Although contracted by the donor partner, he was identifying with some countrymen’s interests. As a result the international expert was discredited and the national partners pushed for his resignation.

An NTA was pressured by the ministry to pay for (improper) per diems for a workshop in the province and on another occasion for a visit to traditional healers during the weekend. The NTA did not dare to refuse but argued that the international expert had to sign for these expenses and that it certainly would be refused because this activity and thus the expenses were not planned in the framework of the project. He was actually relieved that he could pass the responsibility to the international expert.

Because of possible conflicts of interest in accountability and the social pressure to which NTAs are exposed, NTAs should be hired for technical inputs and technical dialogue in a development programme. One should be aware at all times of the possible social pressure under which such cadres sometimes have to work.

**Buying in occasional (short-term) expertise**

**EXPERTISE CONTRACTED BY THE PROJECT-PROGRAMME**

In the context of development projects, short-term national or international expertise is often attracted and contracted to facilitate project’s activities.
This expertise is used to realise well-defined activities and to answer specific needs of the intervention. These experts have a specific mandate and role. They form an integral part of the project-programme, have a restricted scope of work and their contract is limited in time. They do not (directly) engage in the ‘change process’ for development directly but contribute to it in a specific way through their assignment. These persons are contracted by the project and hence are accountable to the project and the project team. As a project is owned by both partners, such occasional experts should not be directly involved in the partnership dialogue. This marks an important difference with the role, mandate and accountability of the national representative and international experts, whose scope of work is much broader. There is a clear parallel with expertise that is attracted through a pooled expertise fund (special funds), discussed below.

EXPERTISE CONTRACTED THROUGH SPECIAL FUNDS

A specific approach of providing expertise to a partner country is contracting expertise through special funds. EU and DANIDA for instance actively promote pooled funds for expertise. For a long time, the Belgian Cooperation has provided expertise funds through which partner countries can buy specific expertise. In general this is about short-term expertise. The lead ministry contracts experts with specific terms of reference. These experts have usually a specific task to fulfil. They are filling (temporary) expertise gaps of the contracting ministry when this expertise is not available in-house. In principle, they should be replaced by national ministry staff whenever possible. As such, they are directly accountable to their contractor, which is the ministry in question. They are not defined in the partnership contract between the national partner and the donor. As such they do not accompany the projected development process, though they contribute to it in a specific way. They are in principle not defined as change managers.

These experts find themselves in exactly the same position as the experts who are contracted for their specific expertise in the context of a project–programme (see previous paragraph). Such experts, whether contracted through special funds or projects, should not be directly or institutionally involved in the partnership dialogue.
Partnerships in SWAps and Budget Support Initiatives

The Sector-wide Approach (SWAp) was first promoted by WHO. It was introduced as a reaction against classical problem-oriented projects and vertical programmes that were acting in parallel to government structures and systems (Hill 2002). It was to be a move towards a more systemic approach to development and development aid. SWAps made a call for changed partnership relations between donors and recipient countries. It was a (renewed) call for more ownership and leadership of the developing countries and for a voluntary sharing of power by the donor agencies. WHO formulated it as follows:

“Under the SWAp, project funds contribute directly to a sector-specific umbrella and are tied to a defined sector policy under a government authority. In essence, a SWAp calls for a partnership in which government and development agencies change their relationships (to clearer government leadership). They interact more together in the formulation of policy, and less on the details of its implementation.

Key characteristics of the SWAp should include: i) the partner government clearly leads and owns the programme; and ii) a common effort by external partners to support that programme, including provision of all or a major share of funding for the sector, in support of the government’s unified policy and expenditure programme. Over time, some SWAps progress towards using government procedures for implementation and the disbursement of funds.

OECD defined SWAps as follows:

“All significant donor funding to support a single, comprehensive sector policy and independent programme, consistent with a sound macro-economic framework, under government leadership. Donor support for a SWAp can take any form – project aid, technical assistance or budget support – although there should be a commitment to progressive reliance on government procedures to disburse and account for all funds as these procedures are strengthened.” (OECD 2006).

Every word is important in the above descriptions of SWAps. We have to recognise that SWAps are essentially about partnership considerations. Projects, programmes and other types of development aid modalities are possible, but the initiatives should respect government policies (alignment) and ownership. SWAps can be considered as long term partnerships (Hill
Development aid should become less donor driven. At the same time, it is recognised that SWAps are not feasible under all circumstances. Other sectors than the health sector have followed the same approach, but results have been mitigated. Much of the (non) success depended on the level of leadership and ownership of the recipient country. SWAps were most successful in countries that showed strong leadership. The Paris Declaration was certainly inspired by the hypotheses of SWAps. Unfortunately, it did not consider so much the systemic dynamics and the conditions needed for such principles. Instead of ’more’ alignment and ‘more’ ownership, the principles were presented rather as absolute values.

In theory SWAps are less demanding from an administrative point of view, but this has been offset by the extent to which the preparation for and implementation of SWAps consume the limited ministry energies and resources (Hill 2002). In our experience and perception, SWAps later evolved into Budget Support (BS) and Sector Budget Support (SBS). But the system’s complexity was ignored in the simple (oversimplified) set-up: a huge budget aligned under one policy, and a critical dialogue between the donor community and the recipient countries, were supposed to be sufficient for development to happen. An explicit partnership relation was put in place, but the learning aspects (for the donor community!) were reduced to (necessarily superficial) yearly field visits, and leadership and national policy were (by definition) considered mature enough to build a strong partnership with the donor community.

In practice, the partnership relation in BS and SBS is not laid down in an intervention contract as such but acts through a Memorandum of Understanding (MoU) signed by donor partners and by the national partner. This MoU is, in terms of partnership, the equivalent of the project-programme contract between two partners with shared objectives. A MoU in the case of BS describes the following aspects:

- **Size and use of the budget**: The MoU stipulates in the first place the budget and the way this should be disbursed. The budget support serves commonly defined (consecutive) objectives which the partner should attain as condition for the next part of the budget to be released (‘conditional disbursements’). Unlike in the project-programme approach, the financial and managerial implementation

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22 Necessarily because the donor community in (S)BS is largely absent from field conditions and experiences.
modalities are by far the core business of the partnership, whereas the technical aspects (sector strategies and plans) are roughly considered to be the responsibility of the national partner only.

- **Performance indicators**: Commonly defined indicators allow to follow the sector evolution and the public finance performance in the country. They are the basis to discuss on the degree of performance of the national partner with regard to the contract.

- **International expertise**: Some donors allocate international expertise to the budget support initiative to enable the policy makers at the donor side to interpret the progress and to decide on future budget releases. Usually these are experts in Public Finance Management (PFM) or sector experts. This international expertise is clearly accountable to the donor partner and functions as technical advisor for the donor community. They are not considered as direct actors in the development process but they concentrate on monitoring the partner’s results (obligations).

- **The policy dialogue**: Technical working groups, sector reports and annual review meetings structure the policy dialogue between donor and national partner.

Figure 26 illustrates how the partnership in budget support is structured. The similarity with the partnership structure under the project–programme approach is obvious (see Figure 16). There is as such no opposition or contradiction. The two partnership structures are congruent and complementary, the major difference being the (S)BS’ absence from the operational level.
More even than in the project–programme approach, the partnership is not realised in isolation. Every donor can join the partnership. The need for coordination between all stakeholders and parties and at the various levels is clear. That harmonisation is not an obvious process was illustrated earlier, though; theory and practice may be different. The dangers of this kind of partnership and consequently the dialogue are highlighted in Section II. As a link with the operational level is not automatically established in a budget support initiative, the budget support partnership only includes central national level partners. There is no or limited multi-level anchorage and this is a limitation for a multi-stakeholder approach.

Although not by definition, in practice (S)BS is often ignoring complexity as much as most other development interventions (classical projects and programmes). The dialogue is based on presumed predictable targets and indicators and ignores the inevitable degree of uncertainty, hence the obligation to continuously learn that goes along with it. The technical working groups in practice often lack the field experience dimension and
many donor agencies do not appoint international experts to contribute to these working groups. The technical working groups are often ‘dormant’ and actually tend to replace a dynamic of analysis and discussion within the Ministry’s organisation. In many occasions, the ministry considers such working groups as an obligation on the donor partners’ side in order to fulfil their obligations in the partnership relation. The intrinsic motivation is often low.

On the donor side, harmonisation is often lacking, not only because of opposing opinions between donor agencies (this would actually lead to interesting exchanges) but also because many donor agencies do not use specific (sector) expertise. The Belgian cooperation is one of the exceptions because they appoint ‘by default’ a sector expert and a public finance expert (PFM) whenever they engage in budget support. These experts are considered as advisors for the Belgian Embassy and are therefore clearly situated at the donor partner side.

In our experience, the biggest danger for the policy dialogue in the frame of (sector) budget support is the fact that it is disconnected from field experience and innovation. The dialogue cannot be based on piloting and learning. In our experience, technical working groups and (short) annual field visits cannot fully compensate for this inconvenience. Budget support, in isolation, is therefore probably insufficient to act effectively in complex development situations, but it could usefully complement project and programme approaches if well-coordinated.
Strong Partnerships in Programmes in a complex environment

Increased Need for Internal Coordination

Section II defined a programme as ‘A group of development interventions (e.g. projects, sector budget support, general budget support, pooled funds) that constitute a coherent whole, with explicit synergies and one common vision’. Its objective is the strengthening of a sector or a national programme.

Even though development programmes operate in a complex environment, the principles of a strong partnership and the use of long-term expertise as the entry point of a partnership dialogue do not change. But the combination of several interventions increases the risk of internal division or unintended contradictions. Therefore coordination among experts of a same programme is crucial to avoid contradictory exchanges with the national partner. Box 21 is an example of how poor internal (in this case ‘inter-donor’) coordination causes confusion and incoherence, even leading to delays in fund disbursements and in achieving the objectives of the intervention.

Box 21. Example how poor coordination within the donor community causes confusion and incoherence

In DRC, an agreement between the Ministry of Health and Public Service and the donor community, stipulated that donors were prepared to pay salary topping-ups that corresponded with the difference between what the government would like to pay and what it could actually pay (i.e. the Mbudi Agreement).

At that time the Belgian Cooperation supported the health sector through an important bilateral health sector support programme and executed at the same time a health programme on behalf of the World Bank. Both donors were equally aligned to the above-mentioned policy. But incoherence occurred when applying the policy in the field. The Belgian Cooperation, in exchange for the salary topping-ups demanded a rationalisation of the staff, as in many health centres and hospitals between 50 and 90% of the

23 ‘One common vision’ here refers to the shared underlying paradigms whereas ‘objective’ is more concrete.
personnel was considered plethoric. The decision of the Belgian Government not to pay for irrational use of personnel and their demand of rationalization of the health personnel caused important resistance within the system against this conditional change. Intentional delays in disbursement of the project budget and a difficult dialogue between both parties were the result.

The World Bank however did not adhere to the demand of the Belgian government (or did not know about it) and pushed for quick disbursement of the budget. In their interventions areas the dialogue with the partner went smoothly, whereas in the areas supported by the Belgian Government the dialogue with the partner was rather difficult.

**Coordination in practice**

Different types of long-term expertise can be used simultaneously in complex programmes. Meetings between experts are privileged occasions to build synergies and to shape and deepen the policy dialogue. Projects can be anchored at different levels and have different entry points into the system. This means that experts cover different aspects of a complex reality in the system. Their view can be biased because of partial knowledge of the sector.

In order to avoid contradictory advice, to enhance their acting coherently and to enlarge their vision on the sector, it is essential that technical experts meet on a regular and structured basis to understand other interventions and difficulties. Meetings should be structured in a way that it enriches each individual intervention.

There should be no *a priori* hierarchy between experts. Every expert has an original insight and input in the global process of sector development; they can mutually enrich each other and therefore are complementary rather than hierarchically structured. The different competences are not of more or less importance, but are to be considered as complementary. Control and hierarchy rarely stimulate free reflection and exchange of information.

Overall, development cooperation often leaves the accountability question open. At the level of long-term expertise, this causes confusion and hinders the establishment of strong partnerships with the national partner. In addition, it complicates the coordination between development partner organisations. Clear views and explicit definitions on the accountability question would solve this issue. It allows stakeholders in development cooperation to work closer together instead of defining themselves as opposite forces.
In Section II we already alluded to the possibility that joint steering committees could still be relevant in a 'modern' project-programme approach if they succeed in enriching the policy dialogue. In case of a sector programme consisting of several individual interventions or sub-programmes, the creation of a single steering committee for the entire programme should be considered. Such a committee is not equal to the simple sum of all the individual steering committees of each intervention. Besides addressing bottlenecks and changing strategic options for the individual interventions, the joint steering committee should look also at the overall development of the sector. It should build synergies and should look into a given problem from different angles, etc.

The national partner representatives and the experts should jointly prepare steering committee meetings as a team, in conjunction with other stakeholders. If correctly structured, these meetings are important occasions for shaping the partnerships and programme coordination.
Conclusion

In summary, in this section we have claimed that:

- *Partnership relations* in development aid have received too little attention from development partners (donor and national partner), especially the partnership at the ‘lower’, operational levels. There is limited documented evidence on how donor agencies and national partners use their power in the cooperation partnership. Human values qualify the relationship more than anything else.

- ‘Partnerships’ are an important tool in development aid to achieve long-term results. Project-programme agreements and memoranda of understanding are seen as ‘contracts’ that define partnerships and hence stipulate explicitly the mutual and respective accountability.

- ‘Strong partnerships’ imply a co-ordinated, harmonised and field experience-based dialogue at different (political) levels and are based on an empathic relation between the partners. Partnerships assure the quality and the sustainability of development interventions.

- The ‘partnership dialogue’ starts with a technical and policy dialogue at the operational level. A bottom-up information flow, building on the reality of the field, makes the policy and political dialogue at national political level stronger. Without a dialogue at the operational level, the higher levels lose much of their value, accuracy and credibility.

- ‘Long-term expertise’ has an indispensable role to play not only in the piloting and innovation dynamic described in Section II, but also in shaping the partnership relation between donor and recipient countries. They are accountable to the donor side although they work closely together with the national partner to reach the common goals stipulated in the contract.

- The partnership dialogue should not be a reason for neglecting or replacing the emancipative and democratic endogenous policy dialogue in a country. Projects-programmes with long-term expertise should reinforce the country owned development process in a specific and explicit way.

The Sector-Wide Approach and the (Sector) Budget Support initiatives have evolved into useful complements to project/programme approaches on the condition that they are sufficiently connected to field experience and
innovation. Systematic and well-structured meetings between experts, who are close to the operational realities, can be an important resource and source of information for keeping this connection alive.

It is clear that the partnership relation in development cooperation is not something that automatically optimises itself. It needs a particular attention in terms of structure, explicit basic values, clear lines of accountability and effects it may have on other vitally important processes such as the endogenous policy dialogue. It is important that we capitalize as much as possible on past experience by drawing the necessary lessons from it. In this section we have tried to highlight some of these lessons. The most important underlying concern may be not to leave the structure of the partnership relation(s) to chance. Even in situations of reduced certainty and predictability we can at least try to deal with the ‘known unknowns’ – the known areas of uncertainty – in order to keep having some grip on the complex realities. This is an area where true expertise and sound judgment need to be applied to maintain a sound and fruitful consultation process. Fortunately we do not need to re-invent the wheel; we only need to re-align it continually to adapt it to the particularity of the context.


References


Section IV:
The importance of (political) power and vested interests in shaping development aid and its outcomes

The governance dimension in development aid

Joëlle Piraux & Paul Bossyns
**Introduction**

Governance can be defined as the ordering of the societal component of the environment – whether such environment is conceived in organisational, sectorial or broader terms – in which development is taking place. Governance determines whether and how development results can – or cannot – be achieved. It is probably the most important - and most complex - factor to be addressed by development stakeholders.

Previous sections described how modern aid architecture can address complexity and use a systemic approach to development in order to improve the effectiveness of the interventions. Systems are largely influenced, if not determined, by the environment in which they evolve. The world’s ever changing macro-economic situation, unpredictable climate changes or long-lasting internal and external armed conflicts are examples of important environmental factors at the macro-level that have a profound impact on development opportunities of a country and of a given sector within a country. Governance issues are believed to be important macro-societal aspects that determine development, hence development aid outcomes, continuously influencing any -small or big- societal elements. Governance also entails the structures, formal or informal institutions governing a development sector or theme. It determines the drivers and the relationships that underpin the functioning of any organisation. Governance is an important (multi-level) context factor for any development intervention.

We argue that donors cannot make significant progress in improving development outcomes and aid effectiveness without re-appraising ‘how development happens’. It is therefore obligatory to pay attention to the role of governance within the development aid architecture. Planners in development aid and big donor agencies that concentrate on massive financial aid as a response to the “poverty trap”, largely ignore the importance of governance as a crucial factor for development (Easterly 2006).

The first part in this section defines governance and the basic principles to be taken into account by the aid effectiveness agenda. It also highlights the role of states and state institutions in the governance of the development process. The second part looks at the implications of a governance focus for development aid. In the third, the implications for cooperation programme design and implementation are highlighted.
Governance Matters

Defining the Concept

Over the past two decades the international community has gained increasing interest in the role of governance in the development process. “Governance” is not to be confounded with “government”. Although there is no unanimous, universally accepted definition of governance, it is widely accepted that governance is essentially about rules, interests, resources and power. Governance broadly refers to the exercise of power through a country’s economic, social, and political institutions (Klugman 2002). Governance determines how power is used, how institutions function, how the relations between the state, civil society and the private sector are organized and how sectors are developing (EuropeAid 2008). It can therefore be defined as “the process by which authority is conferred on rulers, by which they make the rules, and by which those rules are enforced and modified” (Brixi et al. 2015; The World Bank, s.d.1). From a systemic point of view, we propose to define governance as the way societal systemic elements (institutions, organisations, communities and individuals) interact conform a specific set of cultural, social and political rules, norms and regulations. Governance refers to processes (how things are done and not the ‘what’ is done). Governance is therefore essentially relational and immaterial in nature. Most of these rules and habits are unwritten and therefore sometimes difficult to grasp. Governance is about the structures, relationships, interests and incentives that underpin the creation of formal institutions as well as the retention of informal ones.

Box 22 gives an overview of some global perspectives on governance that are being used by the international community.

**Box 22. Global perspectives on governance**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Definition</th>
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<tbody>
<tr>
<td>United Nations Development Programme (UNDP)</td>
<td>Governance is the exercise of economic, political, and administrative authority to manage a country’s affairs at all levels. It comprises mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their legal obligations, and mediate their differences. (<a href="http://magnet.undp.org/policy/default.htm">http://magnet.undp.org/policy/default.htm</a>).</td>
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<tr>
<td>Organisation for Economic Co-operation and Development (OECD)</td>
<td>Governance denotes the use of political authority and exercise of control in a society in relation to the management of its resources for social and economic development. This broad definition encompasses the role of public authorities in establishing the environment in which economic operators function and in determining the distribution of benefits as well as the relationship between the ruler and the ruled. (<a href="http://www.oecd.org/dac/">http://www.oecd.org/dac/</a>).</td>
</tr>
<tr>
<td>Commission on Global Governance (World Bank)</td>
<td>Governance is the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action may be taken. It includes formal instructions and regimes empowered to enforce compliance as well as informal arrangements that people and institutions either have agreed on or perceive to be in their interest. (<a href="http://info.worldbank.org/etools/docs/library/34565/docs/7th.pdf">http://info.worldbank.org/etools/docs/library/34565/docs/7th.pdf</a>).</td>
</tr>
<tr>
<td>World Bank</td>
<td>Good governance is epitomized by predictable, open and enlightened policy making (that is, transparent processes); a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law. (<a href="http://www.worldbank.org/publicsector/overview.html">http://www.worldbank.org/publicsector/overview.html</a>).</td>
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<tr>
<td>Commission of the European Union</td>
<td>Governance concerns the state’s ability to serve the citizens. It refers to the rules, processes and behaviour by which interests are articulated, resources are managed, and power is exercised in society. The way public functions are carried out, public resources are managed and public regulatory powers are exercised is the major issue to be addressed in that context (Governance and Development 2003).</td>
</tr>
</tbody>
</table>
Governance in its broadest sense is about authority, power and power relations between the different constituents of society (i.e. in a simplified representation the State, the private sector and the civil society, see Section II). It tends to focus on ‘normative principles’ that guide the social and political public debate: the relations between the stakeholders in society are therefore assessed using key principles guiding the various processes by which “rulers and ruled” are selected, defined, and linked together, i.e.: participation, inclusion, transparency and accountability (EC 2008) (see Box 23). These principles can be considered as fundamental values within any society and are given shape by formal and informal institutional frameworks in which States operate. The quality of a country’s governance is determined by the degree to which its institutions and processes are transparent and accountable to the people, allowing them to participate in decisions that affect their lives. It is also the degree to which the private sector and organisations of civil society are free and able to participate as well as the degree to which attention is paid to the effective inclusion of the interests of the most vulnerable and marginalised populations (UN, s.d.).

Box 23. Governance Principles (adapted from The World Bank (s.d.))

| Participation: | Participation is the process through which stakeholders influence and share control over priority setting, policy making, resource allocation and access to public goods and services. The assumption is that participation helps building ownership and enhances transparency and accountability, and in doing so enhances effectiveness of development projects and policies. Participation is also deemed to be conducive to formal empowerment of the society at large through citizen representation in government systems and other mechanisms that facilitate free, active and meaningful citizen participation in decision-making processes. |
| Inclusion: | It is assumed that the systematic incorporation of a wide range of stakeholders, including the poor and vulnerable groups, into the development of policies and programmes, will increase the effectiveness of the development process. |
| Accountability: | Accountability is about the government’s willingness and |

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ability to show that its decisions and actions are consistent with clearly defined and agreed objectives. Accountability is a pro-active process by which public officials inform about and justify their plans of action, their behaviour and results, and are sanctioned accordingly. The World Bank also promotes the “social accountability approach” which relies on civic engagement and whereby ordinary citizens and/or civil society organisations participate directly or indirectly in demanding accountability. Initiatives such as participatory budgeting, administrative reform acts, social audits, citizen report cards, community score cards, all involve citizens in the oversight of government and can therefore be considered to be social accountability initiatives (Ackerman 2005). In section II these aspects are labelled ‘giving voice to people’.

**Transparency**: Transparency at all levels of the development process – not only with respect to the political decision making but also including judicial, fiscal and public expenditure transparency as well as donor transparency- and its outcomes at the national and local government levels is expected to build trust, ownership, and support among all stakeholders. Government actions, decisions and decision-making processes should be open to an appropriate level of scrutiny by other government agencies, formal check and balance institutions within and outside government, civil society watchdogs, media, etc.

‘Good governance’ is based on the application of these principles and should lead to higher effectiveness, respect for rule of law and improved equity. Good governance ensures that political, social and economic priorities are based on broad consensus in society and that the voice of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources (The World Bank, s.d.2).

Good governance is often associated with democracy, with the rule of law and with the efficiency of public service delivery. These are definitely important benchmark indicators for assessing the quality of governance. However, for good governance to be effective one needs to look beyond the organisation of elections, or the degree of independence of the judiciary, or the quality of public services (The World Bank, s.d.2). Good governance exists when the authority of the government is based on the will of the citizens and is responsive to them. It implies open, democratic institutions allowing full participation in political affairs and respect of human rights that guarantees the right to speak, to assemble and to dissent (UN, s.d.). It is
determined by how societies deal with fundamental rights such as freedom of speech, freedom of assembly, freedom of religion and freedom of property. Intrinsically these freedoms have nothing to do with the western-or other-model(s) of democracy and the two cannot always be reconciled (Easterly 2006; Acemoglu 2012; Zakaria 2004). In other words, improving governance is a continuous challenge for all societies, no matter their degree of practising democracy.

Governance is thus highly contextual in itself. While it is possible to identify concepts and principles of governance, they make no sense without a contextual reference. ‘Good governance’ or ‘Better governance’ is not merely a set of a priori principles but, as any architecture, it is rather a set of practices arising from concrete challenges that a society must address (Unsworth 2010; Moore 2006).

This re-discovery of the ‘good governance’ and ‘democratic governance’ concepts – re-balancing a normative and prescriptive approach with a more analytical one – goes together with an increasing recognition of the importance of the political dimension of governance. The use of political economy analysis to understand local political dynamics is part of this moving away from a best practice approach to identify best fitted and politically feasible strategies for supporting reforms. Political development can be seen as the emergence of three separate institutions: a modern state, the rule of law, and democratic accountability. Each can exist separately from another, and different societies have put them in place in different sequences (Fukuyama 2015; Fukuyama 2011).

**Governance and Sector Development**

Over the past decades donor organisations have been investing primarily in technical sector reforms aimed at increasing sector performance and improving public service delivery. Although technical support is key for any sector development, history shows that the mere increase in technical and financial support is no guarantee for effective development (Easterly 2006). The responsiveness, the quality and the efficiency of public service delivery are also largely determined by the way in which a sector is governed.

The impact of aspects such as the organisation of a sector, its public resource management or the regulatory powers within the sector are gaining attention and become ever more prominent in sector development initiatives. A highly visible evolution can be observed in the development of...
new aid paradigms towards the inclusion of ‘governance support’ and to combine technical sector support with sector governance support. From a systems thinking perspective, governance is a determining environment factor for sector development outcomes, more specifically defined as efficient and equitable service delivery. Governance issues must therefore be addressed simultaneously with other (technical) improvements in interventions.

The growing interest to integrate governance as one of the components in sector development programmes is an indication of increased recognition among development stakeholders of the complexity of the system in which changes take place. The integration of a governance dimension in sector development programmes must be based on an analysis of the underlying (power) relations in a sector and how these are determined by formal and informal rules, norms and values. Though less visible, the influence of traditional norms and values on the chances of effective sector reform cannot be underestimated (Easterly 2006; EC 2008).

Governance is multi-dimensional and requires a comprehensive approach aimed at strengthening systems and developing relations between different stakeholders (institutions, organisations) at different levels. Lack of institutional capacity, ill-designed systems or vested interests lead to poor policy outcomes. Improving the system through transparent and efficient public finance management, and rationalized public employment policies, is only part of the answer. Attention must also be paid to improve the broader governance environment in which the sector operates, so as to make the sector more responsive and accountable to all stakeholders, through its political representative bodies. Additional initiatives that can be taken include supporting institutions for public accountability (such as Parliaments and Offices of the Ombudsman) and tracking improvements by measuring the rule of law, state legitimacy and trust in government institutions. Efforts to reduce the risk of corruption are prominent in both of these (The World Bank, s.d. 3). But improving the political accountability and enhancing the voice and participation of civil society is probably the biggest challenge (The World Bank, s.d. 1). Like all changes, improving governance is a process that requires reforms which take time (EC 2008). The integration of governance

with a specific focus on improved participation, inclusion, transparency and accountability in sector programmes does not only improve the results generated by the technical inputs aimed at improving the quality of public service delivery, but also contributes to increased equity and non-discrimination of vulnerable populations. In the health sector, already in the 70s and 80s of last century, development interventions were struggling with questions like equity, community participation and voice to the people. Box 24 illustrates how the health sector struggled over the past 50 years, trying to integrate certain governance aspects (and values) into the organisation of health services. The reductionist financing paradigm in development aid has too often overruled governance values such as transparency and giving voice to people.

Box 24. Health Care Financing Mechanisms as a Battle for Governance Principles

| In Africa, health system financing remains a huge challenge. Ever increasing costs for health care service delivery are not matched by improved quality and hamper the financial accessibility for the majority of the population. Over the past decades a large range of systems for financing the health sector has been developed. Depending on the prevailing aid paradigm of the moment the focus shifted between economic priorities or more human rights-based principles such as equity, participation and accountability values. From the 1960s till the 1980s the ‘free health care for the poor’ (or ‘for all’) approach predominated. Though attempting to be equitable and inclusive, the services lacked transparency and accountability for quality. Informal payments became the rule and people (patients) were not able to claim any form of quality as the service was given for free. Primary health care became poor health care (Werner 1997).

In 1987 the Bamako Initiative was launched by UNICEF (with somewhat less vocal support from WHO) at a time when donors felt reluctant to continue paying the recurrent costs in the primary health care system. The initiative was initially meant to give a voice to the people through making them pay small amounts for the care they received; this would create an opportunity for the population to participate in the decision-making on the health care package they were willing and able to pay and on who should be exempted from paying (equity). But purely economic reasoning quickly started to predominate, in order to solve the problems of financing primary health care in sub-Saharan Africa. The initiative initially made the health services slightly
more viable but in the end it failed as governments withdrew from their obligation to finance public health services, increasingly putting the financial burden on the population. Fees consistently increased until the large majority of the poor did no longer have reasonable access to health services. Another factor explaining the lack of success was the poor institutional capacity to hold health service providers accountable and government failure to enforce observation of the rules and laws governing the health sector.

Since the early 2000s, mainly as a reaction on the structural reforms imposed by World Bank in the decade before, but also for immediate political gain, many developing countries returned to the free health care approach. They often did so, though, without building on the lessons learned from previous experiences showing that free health care in an environment of impunity and poor governance will not result in the required quality of services. Among others, Burundi, Benin, Senegal and Niger introduced free health care through presidential decrees nearly from one day to another, most of the time for specific ‘vulnerable’ groups in society. In all these countries, the necessary accompanying re-organisation and rules of law were not sufficiently following. This often resulted in empty public pharmacies obliging patients to buy expensive drugs in private pharmacies, unofficial payments, fake invoices for the ministry of finance to compensate for late reimbursements, etc. The increased ‘consumption’ of consultations was at least partially undone by decreased quality of services.

More recently, the 2010 World Health Report (World Health Report 2010) promoted ‘universal health coverage’ as a ‘new approach’ to tackle at the same time quality, equity and economic viability of the health services. The report recommended a systemic approach by addressing the different technical, financial and governance aspects of the sector simultaneously to gradually build up the system. Within this approach, universal financial protection should promote health equity. The system should be funded by a progressive tax-paying system, managed by the government and monitored by a provider-purchaser body with authority to ensure the required ‘checks and balances’ within the system. The universal access approach is inspired by the principles of equity, inclusiveness and accountability but can only fulfil its goal if the government succeeds in taking appropriate measures. Although universal health coverage is a promising systemic approach, the question is whether governments and their public institutions will be able to change their habits in accordance with all these principles.
Box 24 provides an overview of different health care financing mechanisms in the past decades and illustrates the importance of governance aspects to make systems work. It shows how governance aspects can be actively included or neglected in the sector organisation and how the absence of clear governance values can actually destroy the system. Technical, economic and organisational reasoning is balanced with governance considerations. Development aid interventions should equally include both aspects in their interventions and support.

**Understanding the Role of States and State Institutions**

Development processes often generate radical, potentially conflictual and far-reaching changes in society. They impact on distribution of wealth and power and on economic growth. Social transformation and political transition can destabilize vested interests and society as a whole. Ideally, such processes need to be guided by effective States that have the legitimacy, the will and the capacity to bring about the necessary changes. Effective States operate through public institutions and can rely on a widespread legitimacy as they are authorized, limited, held in place and maintained by sound political and judicial processes (Leftwich 2006).

States and state institutions are at the core of the development process and should provide an enabling environment for these processes to take place. In order to comply with this responsibility States need the capacity to enhance, orchestrate and manage these processes of change. Although many questions regarding State responsibility and the contribution of governance are left unanswered, there is a growing consensus that well-functioning and effective state institutions are crucial for successful development (Carothers 2013; Glennie 2013). Development is not only about deciding how resources are used, produced and distributed but also about how decisions affecting change are taken and about the politics which sustain, implement and extend them (Leftwich 2008).

Protection of the vulnerable and investment in the delivery of basic social services and infrastructure are two fundamental responsibilities of States without which sustainable development is impossible (World Development Report 1997).

In previous sections we repeatedly highlighted that development is the outcome of technical as well as political processes and that development is essentially a transformative process of change. Section II described
development as a continuous iterative learning process a bit artificially decomposed in a trickle-down process of policies, rules and regulations and a bottom-up capitalization process. It is about a complex interaction between a multitude of stakeholders who might on top change their stakes at any moments (see section I agents and structures). States must be capable of developing appropriate policies and have the technical capacity to translate broad objectives into programmes and projects, to allocate budgets to enable their implementation and to ensure the planning and monitoring. States are responsible for developing the normative and regulatory framework required to ensure quality and reliable government services. They must have the organisational capacity to ensure that they have the most effective and efficient structures and systems within each sphere of government that enable them to realize the development goals as well as to provide the necessary cohesion for delivering the results needed. They have to make effective use of intergovernmental and integrated planning across spheres of government, between different government departments and with non-state actors (see Section II). It was emphasized that from a complexity theory point of view, reality was more complex than above analytical description might suggest and that ‘agents’ (Section I) were in a constant interaction and in which the process was more important than the (long-term) objectives as such.

As such, the ideal formal State does not exist, and certainly not in a context of fragility where these formal functions are largely deficient. Conform the complexity theory and the reasoning in agents and structure, States do not exist -and therefore do not act- in isolation. States and its governance qualities emerge through the interaction of formal and informal relations between stakeholders in society. Public policies (or public action) are created through complex processes of bargaining between state and society actors and through the interaction of formal and informal institutions (Unsworth 2010). The State and other societal actors are inextricably linked to each other in a unique complex reality.

What needs to be supported is not ‘state building’ in isolation but ‘public authority’ through collective action, through an enhanced ability to form strategic alliances, set common goals, and mobilize actors around the “construction of a public problem”27. Enhancing state capacities is still key. However capacities are regarded not only in terms of, organisational

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competence (e.g. human, financial and technical resources that it can mobilize) but also and above all, as capacities to forge and maintain synergies and relationships with different stakeholders of the society (Grandvoinnet 2015).

States should unite public and private stakeholders – including business, labour and civil society – in a common partnership geared towards the implementation of a shared programme. (Education and Training Unit, s.d.)

**Figure 27. Society building capacities in governance language**

Section II concentrated on the sector-specific technical capacities for sector development. Figure 27 draws the equivalent with the scheme of the development process as elaborated in Section II, but translates the needed capacities in a ‘governance language’. Technical (sector) capacities can never be really dissociated from governance capacities. Government authorities

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should indeed not only be technically effective but also be capable of creating an enabling environment for all stakeholders to fully participate in the continuous dialogue and feedback learning cycle aimed at making policies and programmes conception and implementation more responsive and sustainable. Effective, accountable, responsive public authority evolves through complex interaction between state and society, public and private actors, formal and informal institutions.

A technically capable but unaccountable and non-inclusive State is incapable to fully play its role effectively and to deliver quality public goods for instance if the technical capacity is not supplemented by good governance aspects. In this respect support for strengthening state institutions should be aimed at increasing the technical capacity of the State to carry out its duties as well as at increasing the responsiveness, inclusiveness, transparency and accountability of the state towards all relevant stakeholders (domestic and external). All these tasks require a strong emphasis on strengthening State's governance capacities.

Strengthening state institutions including state-society relations and improving their performance from a development perspective, is a complex challenge which is hard to define, let alone to measure. This complex political process requires broad domestic support for the inevitable changes and reforms that should take place. The ultimate goal should enable States to assure inclusive quality public services without external support in the long term (Carothers 2013; Glennie 2013). This vision can only be reached through ‘action in complexity’, starting from the existing institutions, formal and informal, with strong or weak relations, as described in Section II. Change can only be introduced through incremental changes and muddling through a complex reality.

State coercive power is an important role of governments. Coercive power should be balanced at all times against the negative powers governments would like to correct. Coercive power needs therefore controlling agents to correct exorbitance. One could say that state authority is an emergent quality resulting from a complex interaction between imposing rules and corrective measures on the one hand and regulatory mechanisms of the degree of power used on the other.
Governance and the International Aid Effectiveness Agenda

Over the past decade the international aid effectiveness agenda has gradually taken an overt interest in sharpening its focus on governance issues as evidence grew that mere technical sector support can never generate long-lasting development results. There is a growing recognition among development stakeholders that governance is a key component in the formulation of policies and reforms and in the allocations of budgets aimed at poverty reduction, democratization and global security. They try to understand how formal and informal structures and systems are influencing development aid outcomes and how public service delivery can be made more efficient, responsive and flexible and of improved public accountability.

There is a growing interest among development stakeholders to pursue the application of the basic governance principles through their interventions aimed at supporting development processes. This evolution is reflected in the new EU agenda for change which builds on the hypothesis that inclusive and sustainable growth depends on good governance combined with the promotion of human rights, democracy and the rule of law (EuropeAid 2011). It is also embedded in a variety of international declarations aimed at improving the effectiveness and efficiency of Official Development Aid (ODA). The aid effectiveness agenda explicitly calls for an increased use of country mechanisms requiring partner countries to establish efficient public finance management and sector governance systems. The underlying principles of ownership, alignment, harmonisation, results-based management and mutual accountability highlight the governance dimensions of development and institutional capacity building.

Box 25 illustrates how the growing emphasis on governance in the aid effectiveness agenda has evolved over the past decade. While the Paris Declaration concentrated on the donor community’s development agenda and its relations with partner countries through mutual accountability, the Accra Agenda for Action and Busan Outcome Document emphasise the importance of supporting endogenous development processes (see also Sections II and III), whereby improved domestic accountability and strong governance systems are gaining importance for all efforts to improve sector
performance. Support for the establishment of mechanisms that enable citizens to hold their governments accountable are deemed to reduce development risks, such as the misuse of funds and corruption, and are therefore expected to contribute to increased aid effectiveness.

**Box 25. Recent historical evolutions in the international aid effectiveness agenda**

| The Paris Declaration (2005) enshrines moves to reform-driven cooperation through sector approaches, shifting the focus from ‘input and policy actions that the government must do to an output and outcome of something it has to achieve by means of its own choice (OECD 2008) Under this new type of partnership, development partners and recipient countries are mutually accountable for results, meaning that donors need to improve the governance of aid and mitigate its possible side effects. |
| **The Accra Agenda for Action (AAA) (2008)** expands the notion of ownership to include new actors outside as well as inside government. Extending ownership from the government to the country makes domestic accountability as important as ‘mutual accountability’, as governments have to account to their own citizens as well as to development partners (OECD 2008). |
| **The Busan Outcome Document (2011)** confirms this emphasis on domestic accountability, promoting interaction between central and local governments, civil society and checks and balances institutions. The Busan Partnership for Effective Development Cooperation includes pledges on human rights, democratic ownership and civil society, and announces a new deal for engagement in fragile States (OECD 2011). |

**Governance: Both an Intervention Objective and a Cross-Cutting Issue**

Governance is essentially a relational quality between societal institutions. It is the way societal elements interrelate beyond the purely technical aspects of the relation. Problems with governance can be specifically addressed through sector programmes or as a cross-cutting issue affecting the outcome of whatever sector development intervention.

Strong governance outcomes are to be expected from sector development programmes as described in Section II, when intervening in sectors such as justice, public finance, security or civil service. Such sectors are specifically
addressing governance aspects in society. When for instance rationalising the justice sector, rule of law for people should improve, when public finance management is addressed, one can expect transparency and financial protection of the poor to improve. When political decentralisation processes in Local Government are supported, politics should come closer to the people and therefore should enhance their voice. Such interventions have a governance objective. Development interventions addressing specifically governance aspects such as democratisation processes, the promotion and protection of human rights, the strengthening of the rule of law, the enhancement of the role of civil society, the reinforcement of decentralisation processes and local authorities, public finance management or public service administration (EuropeAid 2008), should be considered as development sectors just like health or education sector and therefore addressed with a systemic approach in order to strengthen systems rather than punctual events. The sectors mentioned above have a particular influence on governance as a whole.

Another way of approaching governance as a developmental problem is to consider governance as a cross-cutting issue that must be integrated in all sector development programmes since these will inevitably touch upon governance problems in their attempts to bring about the necessary changes and reforms. Governance as cross-cutting issue also covers aspects such as anti-corruption, institutional and organisational capacity, public finance management, public tendering for investments, eliminating impunity, public service policies and rewarding systems, inclusiveness, and patients’ rights in the health sector.
Figure 28. Addressing governance transversally or through sector development aid

Both approaches to support governance through development aid are highly complementary. Figure 28 represents schematically how governance can be approached directly through specific sector development programmes (governance as a specific objective) or as a crosscutting issue or transversal theme. Each sector has specific technical challenges, but must simultaneously deal with governance aspects whereby the decision making process within the intervention framework must be guided by the promotion of key governance principles of participation, inclusion, transparency and accountability. This cross-cutting aspect of governance and the way to incorporate it in a project/programme architecture as described in Section II, will be further developed.

Box 26. Examples from the health sector on how power relations impact on health service outcomes

In many African rural areas, transport means are relatively scarce and local government authorities regularly confiscate ambulances for genuine service needs or personal use. In our concrete experience, local authorities used the ambulance to verify a rebel attack 200 km further using the district hospital’s car but also its fuel. The medical team had difficulties to refuse although it
was obviously incorrect. On other occasions, the ambulance was used for collecting firewood for the local governor. Evidently this goes against the interest of the health service organisation and the health of people. Despite frustration of medical staff and the population, local politicians seemed to have this power and did not see it as a problem. The district management team tried to negotiate with a retired president residing in the same community. He indeed used his social power by calling the local governor for fatherly advice. The situation improved and the ambulance vehicle was less misused for unauthorised services. The local medical doctors would never have had this power.

In the 1980s and 90s, the situation was quite different in Zimbabwe. The president had declared health and education as the national priority sectors, and everybody acting against this would be considered “a traitor of the nation”. In this context, with in those days little impunity, district medical officers sometimes requisitioned the cars of the local police station for evacuating a patient when the ambulance had broken down. Police would never refuse.

Both situations indicate the complex power interaction of different stakeholders in society and how they impact on the health service organisation. Governance relations are very different from one situation to another, outcomes for health as well.

Box 26 shows how governance aspects in society influence health service outcomes. Not taking them into account in a sector development programme would jeopardise all technical solutions.

**Integrating Governance as a Cross-cutting Issue**

Integrating governance as a cross-cutting issue into sector development programmes means that governance should be taken into account throughout the programme cycle right from the programme design. It also implies a strong focus on the promotion of the governance key principles with the aim to improve the governance relations between the different stakeholders as they determine the overall functioning of a given sector as well as the changes that can – or cannot - take place. In the philosophy of system’s thinking, the pathway towards development results (the process) is as important as the results (technical outcomes). It is indeed possible that interesting technical solutions and developmental progress are neutralised by a negative impact on the overall governance system.
Box 27. Example of how a health development intervention at the operational level specifically targeted governance aspects

| In DRC, due to the chronic economic and political crisis, salaries of civil servants in the health sector have not been paid for decades and services are only symbolically subsidised by government. The system adapted itself over the years, and civil servants found other ways of surviving. They started living from patients’ fees, and in order to increase revenue, started commercialising care services. The logic was to prescribe and to invent medical procedures up to the maximum patients were able (willing) to pay. As a consequence, certain major surgical acts were organised at rural health centre level, were one single person played the role of surgeon, anaesthetist and lab technician. This resulted in an irrational, ineffective and commercial health care system. This phenomenon reached extreme proportions in DRC, but many African health care systems have the same tendency of commercialising health care, though in a lesser degree. This ‘commercialisation’ was structurally introduced in many health care systems in developing countries when patient fees were officially allowed for salary topping-ups. In this environment of commercialised health care and impunity, a development project in DRC started its support to the local hospital and proposed to introduce measures to rationalise care and service organisation. Every proposal in that direction was immediately rejected because incompatible with the vested interests of the most important stakeholders. After 8 months of complete paralysis, the project started thinking about ‘de-commercialising’ the system and negotiated a new deal. It proposed paying salaries equivalent to what was the estimated (illicit) revenue of the personnel, based on a survey of how much patients were on average paying out of pocket. Patients would start paying a flat fee per disease episode equal to 50% of what they were paying on average according the survey, the other half being paid by the project. In this proposal, revenue for the hospital, hence for the personnel, would remain equal and would probably increase, as the average contribution by the patients would considerably diminish and financial accessibility would therefore increase. In such a system, over-prescription of drugs or lab tests or over-consumption of medical acts was against the financial interests of the personnel. Negotiations lasted for six months, before the proposal was accepted. In the new system, the number of patients increased and the financial viability of the hospital improved. But most importantly, the staff also accepted |
proposals to rationalise services, because these were no longer in contradiction with their personal interests. Only by addressing governance aspects, technical improvements became feasible.

Box 27 shows how a health development intervention targeted specific governance issues in order to ensure success, also from the technical side (quality of care). The extreme absence of government rules and regulations in the DRC context made the necessity for intervening on these aspects obvious. In other circumstances, governance problems might be less visible and the reason for failure would be generally labelled as ‘resistance to change’.

In the final analysis, governance is about human interaction, whether it is situated at the individual, organisational or institutional level. In order to understand governance issues, multi-stakeholder analysis is a useful tool. The analysis should not be restricted to a simple mapping exercise of the different stakeholders, but also look at the power relations between them, their interests and their incentives. Analysis should be made of where and how stakeholders in power share information, take decisions, allocate resources, offer space for participation, are held accountable for their actions and learn from the societal feedback through an endogenous policy dialogue (see Section II). and how stakeholders that have – or should have – the power but also the technical capacity to hold those in power accountable for their decisions and actions and participate in shaping public policies responsive to their needs (EC 2008). In an illiterate and poorly educated community, civil society will often be very limited to exercise its rights for lack of capacity.

Figure 29 shows the different aspects that should be taken into account when assessing how a sector is governed: the context, the stakeholders, and the governance and accountability relations that connect them. It shows that governance is inherently relational. The underlying hypothesis is that governance aspects will contribute effectively to sector development, when on the one hand actors in power share information, take decisions within a clearly defined regulatory framework, allocate resources transparently, offer space for participation and are accountable for their actions. However on the other hand, non-state actors (media, civil society organisations…), independent watchdog organisations and check and balance institutions

29 Governance and accountability are in this scheme somehow dissociated. We consider accountability as part of ‘governance’.
(parliament, national audit authorities) should hold the actors in power effectively accountable (EC 2008).

Accountability relations are important to counterbalance the legitimate coercing power by political authorities. But this counterbalancing force is not given for granted by ruling elites, especially in environments of poor governance and deficient capacity in which democratic ruling easily evolves towards clientelism (Fukuyama 2015). Such clientelism causes civil society organisations and national rulers to confound, causing an obvious conflict of interest. Especially in fragile countries the role of civil society to defend the interests of the population is jeopardised. Therefore obtaining accountability is a matter of (political) empowerment and a major challenge in all interventions tackling the issue of governance (The World Bank 1997).

Spheres in Figure 24 are distinguished for clarity of analysis only but they are not exclusive to each other. All actors play different roles and belong to more than one cluster, as already mentioned in Sections I and II (Parker et al. 2007; Byrne et al. 2014).

**Figure 29. Governance analysis framework (European Commission 2008)**
Analysis of context, actors/stakeholders and governance and accountability relations (systems approach) should give an answer to a set of specific questions:

- **Context**: how does the wider governance framework in a society set the stage for the specific governance in sectors? How is the overall public sector governance set-up? How does the local, regional and global context influence domestic sector performance in terms of governance?

- **Actors**: who are the stakeholders (all key players, also those who are excluded) in the sector? What are their respective power and authority, their interests and incentives for maintaining the status quo, or for change?

- **Governance and Accountability Relations**: What are the characteristics of the governance relations between actors in the sector? Are formal or informal relations dominant? How transparent is the decision making, the relations between stakeholders and the allocation of resources within the sector? Who is linked to whom, who has fought with whom, and by what means? (EC 2008).

The figure shows that all stakeholders are closely intertwined and have a role to play in a variety of governance and accountability relations that are determined by their respective mandate, functions, interests and power. Good governance should not only be measured in terms of the public sector’s capacity to perform its functions, but also to take the citizens’ needs and aspirations into account and to be answerable for what is – and is not – done (Eliminating world poverty 2006).

Improving domestic accountability has become a key concern for development aid. When stakeholders’ power and accountability relations are understood, development programmes can provide support and facilitate initiatives, identify and encourage ‘agents of change’. The objective is to understand the specific mix of governance mechanisms in a given sector and to adjust the programme response accordingly.

For a long time, donors used to solely support the “supply side” of governance, i.e. improving the capacity of the public sector to perform its functions, through investing in staff, procedures and systems. It was assumed that capacity support would automatically result in improved governance and thereby in better service delivery. However there is a growing recognition that support of the “supply side” is necessary but not sufficient for improved
sector performance. Donors should also invest in creating a strong “demand” for well-governed public services. Enhancing the “demand side” requires investments in supporting organised groups in society to enable them to exert pressure on the government to improve its performance and to be held accountable. Support to non-state actors as well as to checks and balances organisations is key in supporting the “demand side” of sector governance since in principle they are directly concerned with “demanding” compliance with rules, regulations and legislation (EC 2008). Citizens delegate power to government officials and elected representatives who have a responsibility to account for their decisions, actions and resource use (accountability). This is done through various lines of accountability: downward to the citizens, upward to higher levels of authority and horizontally to peers. Sector reforms are politically sensitive due to the fact that the lines of accountability are to be changed or because reforms may threaten vested interests.

**Box 28. Taking people into account improves quality of services**

Patient-centred and people-centred care have become well-known concepts in health care services and organisation. However these concepts are not necessarily recognised as important governance aspects of the sector. Patient-centred care is emphasising the quality of the relation between health provider and health care seeker. Plenty of examples exist on how the subordinate relation of the patient (health care user) vis-à-vis the care provider contributes to negative health outcomes.

In Niger, improving the responsiveness of family planning (FP) services remarkably improved uptake of FP. The official discourse always blamed culture and religion for low FP utilisation, but when responsiveness of the service, with a more client-friendly service was organised, utilisation increased with at least a factor four in a few months’ time (Bossyns et al. 2002). In people-centred care, the relation between the local community and the health service are examined. In earlier literature community participation was the preferred term, but development aid paid little attention to the power relation between local communities and health services and the people’s rights. Empowerment was replaced by financial participation and ‘voice to the people’ was given only lip services. Literature on people-centred care gives ample evidence that governance aspects in health care organisation do have an impact on health outcomes (Sheikh et al. 2003).
There is a growing consensus among researchers on the need to understand coalitions that cut across the state and citizens divide. There is no such thing as a monolithic group of citizens on one hand and government officials on the other. Many individuals can have multiple identities pertaining to different groups in function of the different roles they play in the public sphere. These categories themselves are not homogenous groups: their divergent interests, agendas, the different incentives they are responding to can be much greater than their “institutional categorization”. Civil society is not an autonomous area either, free from the logic of power or politics, they are also politically embedded bodies (Grandvoinnet 2015). These aspects were already discussed in a system’s theory perspective in Section I (Elwell 2013; Strauss 1978; Williamson 2013). “Governance challenges are not fundamentally about one set of people getting another set of people to behave better. They are about both sets of people finding ways of being able to act collectively in their own best interest (Booth 2011)“.

A Systemic Approach to Governance

Whether addressed as a specific sector or as a cross-cutting issue, governance should always be understood as a complex set of relations in an open adaptive system, and cannot be tackled in isolation. Governance processes involve multiple stakeholders covering a broad set of tasks and responsibilities that are intertwined by a diversity of formal and informal relations that determine the quality of public service delivery as well as the responsiveness of the services to existing needs. Good governance is about how citizens, political leaders and public institutions relate to each other to make change happen (Moore et al. 2006; Eliminating world poverty 2006; Dahl-Ostergaard et al. 2005). Interdependencies and possibly conflicting goals and interests within and beyond the sector need to be considered and addressed in a systemic way. Supporting governance through development aid moreover increases the complexity of the interventions as it requires the involvement of a broad range of players with different capacities and agendas who must be encouraged to work together within and beyond a given sector and also learn how to negotiate in order to defend the interests of the majority of the population as well as of the most vulnerable.

Sector governance is more effective when government and non-governmental stakeholders demand accountability and when there is a genuine interaction between the two types of stakeholders (Brixi et al. 2015; The World Bank 1997). This is why sector programmes need to involve and
support both the demand side and the supply side involved in public service delivery, resulting in spaces for collective action, in order to improve sector performance. Sector development programmes are challenged to actively pursue the identification of opportunities for improving the complementarity and creating synergies with other interventions and stakeholders. They must also enhance the harmonisation of approaches and strategies among different donor organisations, be it bilateral, multilateral or NGOs.

Support to governance should be based on the same principles of critical alignment and double anchorage and be conceived as a continuous cycle of trickle-down and capitalisation, as described in Section II of this book. Governance must be approached in a systemic way, involving multiple stakeholders in a continuous search for incremental change. Rather than comparing a baseline situation with an ideal governance situation and attempting to bridge the gap between the two, programmes better start from an analysis of the governance and accountability relations within the sector. Programmes must be capable of identifying and seizing opportunities for change and to tackle problems as they arise throughout the implementation process. The aim is to support open-ended domestic processes over the long term, using innovative approaches, management and implementation tools and analysing what works and what does not work in a particular context and in a given sector.

Evaluating governance is particularly complex: difficult to quantify and difficult to predict outcomes in time. Classical evaluation methods based on indicators, targets and simple cause – effect relations are not suitable in this context (Rogers 2005; Jones 2011; Guthrie et al. 2005; Forss et al. 2011) (see Section I).

A Growing Focus on Institutional Capacity Building

Sector development programmes used to have an almost exclusive focus on individual and organisational capacity building as key components of structural support to the sector system. However, since sector performance also depends to a large extent on the governance and accountability capacity of the stakeholders in the policy making and implementation process, the aid effectiveness agenda put increased emphasis on the importance of strengthening governance through institutional capacity building. Institutional capacity building cannot be addressed as a stand-alone activity since institutional capacity cannot be disconnected from individual and
organisational capacity\textsuperscript{30}.

Institutional capacity building should be aimed at improving the ability of a State to design and implement its own development policies in a sustainable way. It is an endogenous process that involves different types and levels of human and social systems (individuals, organisations, networks, cultural rules, values). Institutional performance is affected by factors in the overall environment (norms, cultures, values), while institutional capacities and development are shaped by the interests and powers of the actors involved. In accordance with the Aid Effectiveness Agenda and the reflections in Section II, development interventions build on local and national ownership of reforms and promote greater reliance on domestic capabilities, institutions and procedures in project and programme implementation. States need certain core capacities to manage their development resources effectively. Therefore, development support should increasingly focus on strengthening the legitimacy and the delivery capacity of domestic institutions.

Box 29. Definitions of the capacity dimensions (ECDPM 2005; Vinod 2006)

- **Individual capacity**: Individual skills, insights and values obtained through schooling, training, coaching, scholarships, experience, etc.
- **Organisational capacity**:  
  - Internal: the capacity of organisations and departments to perform, manage and sustain themselves (regulatory capacity, priority setting, support functions, human resources, information systems, financial management, quality assurance, monitoring and evaluation systems).
  - External: the capacity of organisations and ministries in their relation with other organisations. Specifically for ministries it concerns strengthening their stewardship role, inter-sectoral coordination, strengthening accountability relations between stakeholders in the sector.
- **Institutional capacity**:  
  - The societal capacity to govern incentive structures, the political and regulatory context, regulating the accountability,  

\textsuperscript{30} see for instance the “Effective institutions Platform” coming out from Busan
Capacity building is a long-term process requiring a systemic approach. Improving governance calls for comprehensive approaches aimed at strengthening sector capacity at the individual, the organisational and the institutional level. The nature of the links between these three levels varies strongly though, depending upon the characteristics of the sector (Vinod 2006). This process does not start from scratch but builds upon already existing structures rooted in day-to-day realities, norms and values regarding accountability, collaboration and decision-making. This explains why capacity building should not only stick to the more “formal” tools of human resource development plans and changes in the organisational processes and the institutional framework. Capacity development for improved governance should equally pay attention to the management of informal relations between the different stakeholders at the different levels (Jones 2011). The socio-political environment is a determining factor in institutional development as it influences leaders’ ability and willingness to promote or resist change; while the political economy determines the spill-over effects of good practices and opportunities to scale them up. Support for institutional development needs to capitalise on internal factors and enabling environments that can provide incentives for change. It should not only strengthen different stakeholders’ capacity in sector governance and performance, but also address the institutional environment in the public sector as a whole (the rules and regulations for public sector governance, and inter-sector coordination). Institutional capacity is also intrinsically related with individual capacity and organisational capacity. Box 29 summarises the definitions of individual, organisational and institutional capacity. Box 30 provides an example on how a development intervention looked beyond the technical and organisational capacity of health facilities.
Box 30. A health project concentrating on reinforcing the three dimensions of capacity, including institutional capacity

In Uganda, the Belgian cooperation formulated a health project focusing on “improving capacity in management, planning and leadership of the health care managers at all levels of the health care pyramid”. The planning aspects were largely technical issues and therefore focused essentially on individual capacities. Improving management capacity referred to technical-individual capacity but also to organisational capacity. Performing management of an organisation implied not only a good manager at the head of the organisation, but also that different individuals and departments in the organisation work together in a structured way.

At first glance, improved leadership might seem to be the capacity of the leader, i.e. the health manager. But in this particular intervention, leadership was approached as the individual and organisational capacity to be responsible, flexible, pro-active and responsive. Irrespective of simple technical requirements, there is need for correct attitudes when dealing with personnel and clients and to guide by example. The leadership dimension of the intervention indeed concentrated on institutional capacity of the health organisation, keeping in mind, as mentioned before, that the three dimensions of capacity cannot be separated in reality. They form one global reality. In this context, health organisation leaders were trained in patient-centered and people-centered care. In patient-centered care, the rights of the patients were addressed together with respectful and high quality communication and empathy.

With people-centred health care services, the social dimensions, the people’s participation and transparency were discussed. It was highlighted that health care services should be accountable to its citizens. In the same intervention, much effort went to the local government authorities and their capacity to organize health care. The Ministry of Health made efforts to reflect on how financial transfers could be handed over from the Ministry of Finance to local government authorities for specific actions.
Implications for cooperation programme design and implementation

Starting from the Broader Context

The emphasis on country ownership and domestic accountability as underlying principles of improved aid-effectiveness is particularly challenging because development and change within a sector do not only require technical sector capacity, but also a thorough understanding of the political and institutional factors that shape development outcomes (Dahl-Ostergaard et al. 2005). Development partners must engage with multiple stakeholders who all tend to have different and sometimes even conflicting values, interests and power that are determined by institutional factors such as their organisational mandate. Full consensus on required reforms is therefore the exception rather than the rule. Reforms need a critical mass of ‘champions’ or ‘pockets of ownership’ in order to proceed and succeed.

The objectives, results, anchorage, interlocutors and partners selected for a programme are not value-free. Moreover, development interventions inevitably affect domestic power relations. Programme design should be based on informed decisions and should take into account multiple stakeholders positions. Involving less powerful actors like civil society organisations and local civil servants (rural teachers, doctors, nurses, etc.) gives these groups a voice and helps to empower them. Even when donor organisations fully support the sector reforms as proposed by the government of the partner country, they can still play a key-role in facilitating a constructive but critical dialogue between the different stakeholders in an effort to support consensus building.

Sector programme design should always be based on two kinds of knowledge: in-depth, sector-specific technical knowledge, on the one hand, and a clear understanding of the power relations and the institutional capacities within the sector, on the other. For technical interventions to have real impact on a given sector, it is important to ensure that their implementation is politically feasible. Right from the conception phase a programme must build on a thorough understanding of the policy cycle that steers changes in the sector (policy-making, defining and implementing strategies and action plans, reporting and evaluation) including also the
formal and informal structures and incentives that drives decision making processes, and citizen-state engagement with regard to this policy 'cycle'.

The best way to gain understanding of the context is to combine document analysis with a sustained dialogue with different partners, whereby attention is also given to socio-economic factors, the coordination capacity, the historical context and a deconstruction of notions such as “political will” (what are the institutional incentives that drives action of political elites in a country?) and legitimacy (‘what are citizens expectations with regard to the state and to state-society relations built on?’) of the government to bring about changes. All these determine the functioning of a given sector.

A comprehensive sector assessment should make use of multi-disciplinary approaches and of participatory methodologies that enable all development stakeholders at all sector levels to grow towards a sufficient consensus and to gain ownership of the kind of interventions needed and the strategies to be developed. A sector assessment should consider three levels, which are described in Box 31: the country level, the sector level and the institutional (organisational) level. Moreover, the need for sector assessments does not end with the conception of a development programme, it provides initial entry-points for support in the sector, which will be reassessed constantly as well as the assumptions underlying the ‘theory of change’. The exercise should be maintained throughout the programme implementation because of the unpredictability of systems in which stakeholders intervene and operate. The unpredictability of an ever-changing context demands flexibility and adaptation to newly gained insights.

Box 31. Continuous contextual assessments throughout programme conception and execution (Fritz et al. 2009)

<table>
<thead>
<tr>
<th>Country assessments</th>
<th>summarise the challenges and government responses, capacities and priorities in different countries. It helps to determine the cooperation strategy, to identify the priority sectors and to define the sequence of support for particular countries.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector assessments</td>
<td>include context and sector analysis, institutional analysis and an assessment of the sector coordination framework. Various elements need to be considered:</td>
</tr>
<tr>
<td></td>
<td>- Context: policies, legal and regulatory frameworks, organisational capacities</td>
</tr>
<tr>
<td></td>
<td>- Stakeholders: their roles, interests, power, resources, linkages and incentives</td>
</tr>
</tbody>
</table>
Governance and accountability relations.

**Institutional and organisational capacity assessments** can be undertaken as specific, time-bound studies during project design, or (preferably) as part of the continuous process of context (sector) analysis during a development intervention. They focus on actors that have been identified as key stakeholders in programme support, and assess the main capacities organisations need to contribute to sector outcomes by fulfilling their mandate and delivering services efficiently. External aspects of the organisation are considered (user satisfaction, mission, inputs, outputs, stakeholders, and context) as well as internal aspects (structure, strategy, procedures and systems, formal and informal culture, management style, staff motivation, etc.).

**Multi-stakeholder approaches to programme design and dialogue**

Donors often tend to ignore the complexity of stakeholders’ interactions within a sector and to focus exclusively on the sector Ministry that is responsible for the reform they are supporting, rather than on dealing with the government as a whole, with civil society, sub-national authorities and the private sector. The sector ministry is expected to ensure policy coordination between domestic stakeholders, even when inter-ministerial and domestic coordination is notoriously poor to the point of undermining any attempt of reform. Such a top-down, hierarchical and one-dimensional approach disregards the multi-dimensional and complex power structures and interactions that determine the performance capacity of a given sector and may even produce adverse effects. It often appears that the lead Ministry does not have the legitimacy to federate other ministries around the reform, nor the decision-making authority to involve them in follow-up action or to facilitate the ‘whole of government’ reform. Box 32 illustrates this.
Box 32. Support of the decentralisation process as a typical example of the need for multiple anchorages of development programmes

As a result of growing decentralisation processes that occur in countries such as Benin, Burkina Faso, and Mali, local governments have acquired a mandate to organise primary health care at the decentralised level under the auspices of the Ministry of Health and the Ministry of Local Government. For this process to succeed, both ministries have to work closely together as the Ministry of Health has no direct control over the decentralisation processes that are under the mandate of the Ministry of Local Government. Ministries often resist reforms that are imposed on them. Sector ministries need strong ownership and vision to overcome this resistance, but seldom have the capacity and the competences to do so, due to a lack of incentives and compensation. Single anchorage strategies tend to overlook the fact that the Ministry of Health bears a high initial cost of the institutional and organisational processes involved in decentralisation. The Ministry of Health is expected to revise its sector budget allocations in order to promote a decentralisation process, which it does not necessarily consider to be a sector priority. In these circumstances it seems unrealistic to expect the decentralisation of the health sector to proceed smoothly.

Unilateral support to the Ministry of Local Government implementation bodies, however, will inevitably suffer from similar weaknesses. The Ministry of Local Government tends to embrace reforms that will empower the local authorities, but they often lack the financial means and technical capacity to implement the reforms in the health sector. A single-anchor support programme can only strengthen capacity of local government actors, but will have difficulties to strengthen the indispensable inter-ministerial relations. The situation is even more complex, knowing that the Ministry of Finance and Planning is an important stakeholder as well.

Although the central government remains a key-stakeholder for development aid, sector support programmes should encourage a multi-stakeholder approach at both the 'supply-side (lead ministry and other ministries) and the 'demand-side' for reform (civil society, check and balance institutions). Involving both sides will contribute to bridging the gaps between important players and to building strategic alliances and consensus. There are various ways to promote multi-stakeholder approaches, such as:

- Designing programmes that address both the supply and the demand side of the sector concerned as complementary and
synergetic interventions within one programme.

- Mapping stakeholders: sector assessments can help identify relevant stakeholders, who will vary according to the context and sector concerned.
- Managing the programme cycle in such a way that each phase can be used as an opportunity for multi-actor and multi-layer processes (ensuring that the necessary ‘process conditions’ are in place throughout the programme cycle).
- Promoting a multi-actor dialogue at the technical level and at the policy levels (technical working groups; sector forums, working groups, annual reviews).
- Linking up with national monitoring and evaluation mechanisms and participatory approaches.

**Multi-level approaches and the double anchorage principle**

As discussed throughout all sections, development programmes that are intervening in complex realities, first of all need to enable the endogenous policy dialogue between a variety of political and operational stakeholders, putting into practice the double anchorage principle between operational and political stakeholders. The dialogue’s content can be of a technical, policy or political nature. Technical, policy and political dialogue constitute a continuum and always need to coexist. Technical dialogue should guide policy dialogue, which may in turn inspire political dialogue. This dialogue is different from the exogenous donor-partner country dialogue. The latter concerns the dialogue between the recipient government and donor agencies involved in development aid partnerships. Development aid consists of collaboration contracts between countries in the form of partnerships. Also at this level the dialogue can be of a technical, policy or political nature.

Governance considerations reemphasize the critical importance of supporting and maintaining a continuous dialogue between all stakeholders as driving force behind structural and sustainable development. Figure 30 gives a schematic overview of the two types of dialogue in the context of development aid. The confusion between the exogenous dialogue between the partner country's government and the donor community and the endogenous dialogue between national stakeholders was discussed in detail in section II. These dynamics are repeated at this level because development interventions are particularly challenged to pay specific attention to
facilitating the ‘bottom-up dialogue’ in an environment of poor governance where the voice of citizens is often deficient. In countries with poor governance and weak organisational and institutional capacity, insufficient participation and voice of the population drives a society towards dictatorship (Fukuyama 2015).

Figure 30. Schematic representation of the most important dialogues for development

**Fighting corruption**

One of the key concerns for improving aid effectiveness through increased support for governance is the fight against corruption (Easterly 2006; Kaufmann et al. 2009; The World Bank 1997). Corruption can be defined as the abuse of public office for private gain and is widely recognised as a major obstacle for sustainable development since it weakens democratic institutions, leads to inequitable service provision and undermines economic development. The World Bank estimates global cost of corruption at US$ 2.6 trillion per year. This amounts to five per cent of total global GDP, and
by far exceeds Official Development Aid (Kaufmann 2009).

Development partners are challenged to address the fight against corruption at two levels, both internally within the partner organisation and externally within the environment in which development stakeholders are operating. At the internal level, action should be taken to counter the embezzlement of funds, bribery and favouritism in recruitment and procurement procedures. This can be done through firm internal management of financial and human resources, the development of coherent integrity policies and the establishment of responsive internal control mechanisms, underpinned by the promotion of anti-corruption sensitisation and awareness-raising initiatives.

At the external level, development partners often have to cope with problems such as impunity and poor salary incentives that affect the feasibility of whatever development initiative. Often there is a need to improve the overall financial management system in the partner country toward increased transparency and accountability and to act in favour of strengthening the relations within and between sectors, and within and between different governance levels.

Corruption entails a judgement. It is often approached as a widespread problem of bad individuals. But corruption can also be regarded as a symptom in a society with important governance weaknesses. Corruption is indeed shaped by cultural and social power relations, economic constraints and salary policies, and many other relations in society. Corruption is multi-dimensional.

In Box 27 an illustration of how corruption is a societal factor rather than an individual one was given. Box 33 illustrates the complexity of corruption: what an auditor would call corruption at first glance, is actually a balanced response, generated over years in which corruption only plays a minor role. Social relations, reciprocity in a specific environment with complex personal and cultural interactions are more powerful than administrative rules.
Box 33. ‘Corruption’ from the perspective of a complex societal environment

In Niger, a local district management team tried to operationalise a newly built district hospital and supported by the German Technical Cooperation. This facility considerably improved access to hospital care because before the population had to travel between 150 and 300 km to reach a hospital in the capital city. The medical doctors of the district management team were Hausa speakers, whilst the local population were Djerma. They had good relations with the local community, though, and their interaction could be considered as good and active. Efforts were made to provide the population with the necessary information on the use of the hospital, the referral system, the ambulance service, etc.

Important stakeholders in the dialogue were the local politicians (traditional village authorities), imams and small local businessmen. One of these small businessmen was particularly supportive for the hospital. After some years, the medical doctors expressed their difficulties and grievances to the German cooperation. The local business people were less enthusiastic because they got frustrated of not gaining any investment contract (small local businessmen were too expensive compared with big players in the capital city to win an open tender). The district management team who socially depended on this local elite and who had asked for active support from them in organising the hospital, felt embarrassed and complained about the sensitive relationship they now had with the local population. Therefore it was decided that, contrary to the regulations, some tenders would be directly attributed to the local business people.

This example shows how cultural, ethnical and social relations and even poverty shape the health service organisation, incomprehensible for outsiders. The decision should not be interpreted simply as a concession to corruption. It was made after considering the difficult and complex (power) balance between different stakeholders and societal values in a specific situation.
How to incorporate governance in development interventions

SHIFTING ATTENTION FROM INPUTS AND OUTPUTS TO OUTCOME AND POLICY DIALOGUE

Rather than focusing on inputs, sector approaches should concentrate on public policy development, policy reform and policy coordination through enabling an enhanced policy dialogue between the different stakeholders involved. Policy dialogue is not only a vital part of the support for the partner’s sector reforms, but also important for ensuring accountability in official development aid. This shift towards policy dialogue is closely related to governance aspects:

• In sector programmes mutual accountability is based on policy dialogue rather than the input-oriented monitoring of technical dialogues associated with ad hoc projects (see Section II). Sector approaches shift the attention from tangible output indicators (number of health facilities built) to outcome indicators (improved system performance) that are more difficult to show to taxpayers.

• Even the most technocratic reforms extend beyond purely technical matters, as fiscal resources have to be mobilized and allocated according to policy priorities, and trade-offs need to be made within and across sectors. Sector programmes inevitably have a political dimension, partly because some technical options may be politically sensitive and controversial, but also because they are part of the broader domestic development and coordination processes.

Taking governance aspects into account in policy dialogue requires a good understanding of the framework in which this dialogue takes place, i.e. the ‘enabling architecture’. This is determined by the structure, the mechanisms and the rules of the game such as the different discussion forums, the rules of engagement, the information flows within and between domestic stakeholders and external development partners, etc. An enabling architecture should ensure effective follow-up and proper sequencing of the discussions. In order to build such an architecture it is important to invest in a continuous comprehensive sector assessment and to align and harmonise with other development partners. A continuous sector assessment should enable the donor community to determine how a development intervention - or development cooperation in general - can best position itself and contribute to domestic sector policy-making processes. This can be done by
the individual partner or in conjunction with other development partners. At any rate, donors should always seek to align and to harmonise their policy dialogue in order to ensure more coherence in their approach. All dialogue should be underpinned by field knowledge and technical experience.

Box 34. Policy dialogue in the education sector in Vietnam

Collaboration and clear communication between ministries is a challenge everywhere due to poor and sometimes contradictory institutional structures. In Vietnam, lack of coordination in the education sector made it hard to use resources efficiently at the local level (different ministries often gave districts conflicting information about the availability of resources) and undermined the ability of the Ministry of Education and Training to steer the sector effectively. Belgium provided a package of earmarked budget support and expertise to ensure that policy formulation and planning in the capital was consistent with the implementation of the policy at the province and the district levels. It had developed a multi-level approach to establish links and to broker relations between numerous (often competing) stakeholders at various levels: the State Treasury, the respective Ministries of Education, Finance, Planning and Investment were involved at central level; the Bureau of Education and Training and the Direction of Education and Training at the local level. The technical advisor in charge recognized the complex systemic ramifications of the institutional framework that prevented the lead ministry, i.e. the Ministry of Education and Training, from exercising real leadership. He was able to use his status as an external actor to bring all interested parties together and to support the negotiation of a coherent set of guidelines for the sector’s finances. Through establishing a shared understanding between the various institutions involved in the sector the intervention succeeded in creating a greater sense of transparency (improved sector governance) and helped the Ministry of Education and Training fulfil its role as steward of the sector.

INSTITUTIONAL CAPACITY BUILDING

Institutional capacity building is probably the most difficult level of capacity building as it is about changing the rules of management, which is even more resistant to change than individual and organisational capacity building. Institutional capacity building is an ever evolving and complex process, of which the outcome - and even the output - are determined by numerous
factors and hence are hard to predict. Development interventions can only accompany this process and facilitate the dialogue that is needed to bring about the necessary changes.

Supporting capacity building processes calls for new roles and attitudes from technical cooperation (ECDPM 2006). They need to facilitate reflective practices, to act as knowledge brokers (Pielke 2007) for the system in which they operate, to identify the most promising entry points for their interventions, and continuously to adapt their tools and methodologies to the needs and requirements of the different settings. These new roles and reflective practices call for a different kind of ‘technical assistance’, although a thorough sector technical knowledge remains essential (as described in Sections II and III).

COMBINING DIFFERENT AID MODALITIES

In order to activate a multi-actor and multi-level approach with a particular attention to governance issues a variety of aid modalities can be combined such as budget support, basket funding, projects, programmes and scholarships. Each modality requires the identification of specific entry points that optimally enable the development partners to promote the principles of good governance.

Budget support may be the best way to fund the implementation of existing public policies or to support the public administration. Budget support can also be complemented with macro-economic and sector performance monitoring to assess progress in the policy implementation and to identify remaining weaknesses in the sector’s performance.

Basket funding is a financing mechanism whereby different donor agencies join financial means to finance the lead ministry’s national development plan. This aid modality is more appropriate than budget support for intervening in weak governance environments because it controls far better the fiduciary risks, whilst concentrating nevertheless on global financing of the system. Piloting and innovation are difficult to realise through this aid modality.

Project and programmes (as described in Section II) are complementary to budget support and/or basket funding, but they are not the best modality for financing national sector policy implementation. They are more appropriate for initiating innovation and piloting experiences. They are also better placed to support stakeholders whose autonomy from the central government needs to be preserved (e.g. civil society groups) or whose voice
would otherwise not be taken into account (e.g. the local population or civil servants at the service level). Projects’ and programmes’ proximity with the operational level makes it possible to do a regular “reality check”, to invest in local capacity building and to enable a bottom-up policy dialogue. They are also better placed to introduce reforms on the basis of reflective action in order to further refine national policies. This can be done through projects whose budgets are more flexible and can be adapted to seize unexpected opportunities.

Scholarship programmes are still offered by many donor agencies. From the 1960s to the 90s many developing countries were not providing courses within the country; the need for scholarships, mostly international for high-level trainings was obvious. Gradually developing countries were more capable of organising themselves such courses. Scholarship programmes reacted by concentrating on providing scholarships for national or (sub-) regional courses or for students who would otherwise be excluded from education.

This tendency contains a danger, though. It reflects the logic that training and education are purely regarded as ‘knowledge exchange and accumulation’ at the individual level. However, international scholarships promote cultural exchange and broaden the view of students who are exposed to institutional systems that are different from the ones they are used to work in. International scholarships can indirectly broaden the institutional knowledge and attitudes of course participants, as illustrated in Box 35.

Scholarship programmes complement the other types of intervention through promoting the individual – but also, to a certain extent, organisational and institutional – capacities needed to further develop a sector.

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31 Different is not necessarily better. It is the world’s diversity in culture and institutional organisation that enriches the student.
Box 35. Institutional capacity-level learning in international scholarship programmes

A medical district doctor from Niger, supported by an ODA project, was offered a scholarship to study public health at the Tropical Institute of Antwerp. When he was asked what he learned from this course, the first things mentioned were:

“I appreciated the respect for time. Our training sessions always began promptly and after a few days, all participants arrived on time. After a while, the group perceived it as disturbing whenever a fellow participant arrived late.

What struck me enormously when visiting a GP practice, was the doctor who lifted an old patient from his wheelchair to the bed in order to examine him. I would never have thought to do that myself.

What I appreciated in the course was the freedom of speech and thinking. Without any danger, national norms could be discussed and criticised. National norms were suddenly not absolute any longer, but just man-made constructions that could be improved. I now understand what action-research is all about, while I thought I had been implementing it in the project. Before, I was thinking that national norms already existed, so why question them?

I got into contact with people from many nationalities, and the very different ways of behaving and approaching problems struck me. Some people did not understand why I did not eat pork meat, but they respected me, and I respected them although some were drinking too much.”

ADAPTIVE PROJECT IMPLEMENTATION AND MONITORING TOOLS

Entirely in conformity with the conclusions of previous sections, accompanying complex development processes calls for flexible and reflective interventions. Planning needs to be adaptive and iterative. Monitoring of ‘results’ should concentrate on processes rather than only on concrete deliverables and so called tangible results ‘attributable to the intervention’, as is often done in the more classical project approach (Jones 2011; Van Ongevalle et al. 2010; Coffman et al. 2005; Pawson et al. 1997).
Conclusion

In spite of growing worldwide recognition of the importance of governance for aid effectiveness, development partners still tend to neglect governance in their interventions. Integrating governance is often considered as a constraint, adding to the complexity of an intervention, making the results and outcome even less predictable, rather than as a precondition for increasing its impact. Integrating the governance dimension has drastic consequences for the conception of development aid interventions, the kind of aid modalities to be used and the implementation process to be followed. The combined approach of sector technical support and concurrent attention for governance problems is an immediate consequence of a deliberate choice for a systemic approach to development based on the definition of a sector as a complex social system.

Analysing the impact of governance on development confirms the need for opening up the traditional scope of ‘projects and programmes’ to supporting processes of continuous learning and change that are fuelled by a structured multi-stakeholder dialogue between the political and operational levels of society. Such dialogue must start from the technical, operational level and could be facilitated by experts at the donor’s side in order to create a strong partnership between the recipient country and the donor community. Such dynamic could enable development stakeholders to build effective partnerships aimed at the realisation of sustainable development as a goal mutually agreed upon.
References


Conclusion

From ‘Planning for Development’ to ‘Muddling Through Complexity’

Paul Bossyns & Paul Verle
Bringing it all together

Previous sections illustrated, in a stepwise fashion, the consequences and practical applications for shaping development aid when starting from a system's vision taking into account complexity. None of these elements and principles are really new, because many of them have been already proposed in literature or are being applied, often implicitly or even unconsciously. This is not simply a new fashion in development aid nor is it meant to be yet another 'magic bullet'. After applying for over 50 years the development aid paradigm based on a linear and externally planned development model, there is sufficient solid evidence for the inadequacy of it. The management approach that is based on control, strict planning and budget execution is doomed to disappear. The purpose of this Section is to provide an oversight of these inevitable and rather radical changes put together in an overall and realistic proposal for a thorough reform of development aid in all its aspects.

The practical consequences of accepting the complex realities in which development aid programmes intervene will be organised in three sub-chapters:

- In 'Conceiving development interventions', proposals are offered on how to analyse the complex society and sector in which the development intervention will take place. The shift from solving problems to strengthening structures and relations will become clear as well as the changes in planning. Results-based planning needs to be replaced by working through hypotheses, based on modelling, multi-stakeholder analysis, encouraging learning organisations and piloting.

- In 'Implementing development interventions', new tools are proposed that allow interventions to learn by doing and to start from ‘working hypotheses’ rather than from preconceived solutions for problems. Differences in the monitoring system are highlighted.

- In 'Evaluation', the tools and approaches for evaluation will be summarized. Again a culture shift will be needed. Evaluation should shift from a controlling to a learning tool, from a poor project execution and a blaming-the-actors attitude to identifying system’s weaknesses and the place of resistance to change. Evaluation should be mainly an occasion for external discussants to contribute to the reflection process, offering an outside and ‘new’ vision on the
system’s dynamics and opportunities to intervene (to achieve change).

However, these subdivisions are rather artificial. From its conception until the programme's 'final evaluation', one is dealing with a continuous and iterative process. Reflection is meant to lead to improved praxis; any action requires reflection and adjustments. In the conception phase, initial analysis is the start of implementation. It conceives the initial models and working hypotheses that become the motor for action. These models need to be shared carefully between all stakeholders and require a critical monitoring system.

Modelling and working with models is probably the most difficult part of the complexity approach. It demands scientific rigour and a high level of conceptualisation. It implies intellectual flexibility, creativity and a reflective culture. The complexity philosophy and approach are obviously not compatible with the prevailing management and controlling culture, in particular when the uncertainty about outcome becomes most prominent. Innovation through Action Research and modelling should not be regarded as 'a nice thing to do', nor as an interesting and intellectual approach out of reach of the average citizen. Innovation is inevitable for development. The complexity and the difficulties that come with innovation lead, one could say 'unfortunately', to less obvious approaches like Action Research and Reflective Action. These are not choices but inherent to the complex environment in which the development intervention wants to introduce - or trigger - change for the better.
Conceiving development aid interventions

Programme composition

Private sector organisations or single public institutions use internationally recognised guidelines such as ‘Managing Successful Programmes’ (Managing successful programmes 2011), to run change programmes. They define programmes as ‘the process that develops innovation tools and integrates the results into the existing processes of the enterprise’. Innovation tools are typically developed in a project mode: special funds and specific human resources assigned for a limited period of time and with a well-defined scope, outside the routine functioning of the organisation. For tangible progress in the organisation, the tools need to be integrated and properly applied within the organisation. Resistance to change can be expected when innovation is pushed through the system to reach another equilibrium. This is clearly different from the development aid project approach, but equally challenging.

Development aid interventions are much more complex and broader in scope, essentially because social development for all citizens is more ambitious than improving the performance of a single organisation or enterprise. The latter ‘simply’ follows a logic of maximising profits in a legally correct modus. Moreover, the existing system with its rules and regulations (society, health, agriculture etc.) in which development aid interventions operate is largely deficient in its routine functioning, requiring additional resources for routine activities.

Figure 31 summarizes three possible entry points (orange boxes) for development aid interventions (programmes) in a social system or sector:

Financing the existing: The existing system functions beneath its potential because of a financing gap. Structural system constraints prevent the system to evolve significantly. Budget support and basket funds can be effective tools for these aspects of sector development. The limitation of ‘financing the existing’ is the fact that no distinction is made between rational and irrational elements in the system.

Innovation initiatives: Development aid agencies and the private sector alike use a (small scale) project mode for innovation initiatives. System innovations are structural changes that influence the relationships between the elements in the system, aiming at better performance. Innovation should
not be confounded with just quick wins at a local level through specific initiatives. Private sector organisations equally pilot innovation because it is considered high-risk investment.

Rolling out and integration: The successful innovation initiatives need to be rolled-out and integrated in the system for the sector to develop. This is an equally complex process as the innovation initiative and often takes more time. It entails dynamics and processes that are different from those of the initial piloting. Its complexity is maybe even more underestimated than that of the piloting process. Private sector organisations also recognise integration of innovation as an important step in their programmes.

Figure 31. Entry-points for development interventions to increase the (sub-)sector performance

Private enterprises usually look for progress at the margin, built on an ‘already functioning’ basis. In contrast, most development programmes are also expected to finance routine activities and manage the routine
functioning of the system (sector or sub-sector). As a matter of fact, the routine functioning is often seriously jeopardised by insufficient competences at individual, organisational or institutional level and by insufficient financial means. In practice such deficits can be quite important and absorb most of the available donor budget. Classical development projects, budget support initiatives and basket funds are essentially financing routine activities of the system. These aid modalities are indeed well placed to finance routine activities as they do not seek innovation. They simply fill financial gaps. They are not the ideal modality to develop and integrate innovation. In complexity terms financing routine activities is the most simple and predictable aspect of a development intervention. The danger of financing and therefore strengthening structural flaws and sub-optimal use of funds is real, even inevitable. Financing routine performance is therefore insufficient to support structural development.

Although providing financial leverage to under-financed systems does increase the systems’ performance, the limits are obvious: achievements can only be temporary because no structural changes in the system occur that will sustain them. Without the innovation initiatives that can solve underlying structural problems, the system will quickly regress to its initial equilibrium (or worse) as soon as this additional funding ceases.

Weak systems easily miss out on innovation opportunities and therefore fail to evolve. It is the (obligatory) role of development aid interventions to create innovation opportunities, to pilot promising initiatives and to roll out positive results and local experiences into the larger system – when their true rationale has been sufficiently well understood. Systems (sectors and sub-sectors) should be brought at higher quality levels of functioning by addressing the structural weaknesses in the system. Because of the complexity of the system, piloting Action Research and related approaches to build experience and to generate evidence in a given context are necessary ingredients of development interventions.

Sector analysis

Sector analysis – rather than problem analysis – should be at the base of any real development intervention. The system, composed of its elements and the interrelations between them, must be strengthened. Problems will be solved indirectly as the underlying structural weaknesses disappear. Contrary to a problem approach, in which multiple causes of a specific problem need
to be addressed, strengthening a (sub-)sector implies that the most strategic
elements and those with most potential to facilitate structural change, will be
supported. It is not necessarily the weakest element (which causes most of
the problems) that needs support.

Sector analysis is always done with an implicit or explicit model of the
sector in mind. It is important to render this underlying model of thoughts,
vision and values explicit and to share it with all stakeholders. This will allow
the stakeholders to criticise, complement and adopt the model in order to
create a common understanding of the proposed strategies and options for
intervention.

Sector analysis in other words allows to detect the aspects of the routine
system which need additional subsidies to keep the motor going, and
identifies the areas with the highest potential for innovation. The roll-out of
innovative achievements should be part of a long-term intervention strategy.
Only during the roll-out can quality jumps of the system materialise. Piloting
innovation is not a goal in itself (it may be for academics who are looking for
scientific knowledge) but only a first step towards structural systemic
improvements.

Multi-stakeholder analysis

A multi-stakeholder analysis is actually part of a sector analysis, in the sense
that stakeholders are important elements in the system. Typically, in a
stakeholder analysis, the internal contradictions and the sometimes opposing
agendas can be highlighted. Important stakeholders with little voice in the
system can be specifically identified and structures in which they act can be
proposed for strengthening. For example, in the health sector, patients and
more generally the population are often forgotten when conceiving
development programmes. Technical quality, policies and guidelines are
central in most discussions; working on patients’ rights and giving voice to
patients are far less frequently addressed. The same can be said about
voiceless ‘peripheral’ health care workers, who are too often regarded as
simple implementers in the system, instead of owners of useful operational
knowledge that outside-researchers and policy makers cannot generate.

A multi-stakeholder analysis at the level of conception of an intervention
can only be an imprecise and blurry photograph of reality. It is a picture of a
complex reality that by definition changes over time (and in fact can be very
volatile). Elections that often reshuffle the power structures at ministry level,
is a good example. Imprecise because the relations between stakeholders are
complex and cannot be simply reduced to official tasks and attributions to persons. Ethnic issues, gender, corruption, marriage, personal and political lines do cross at every moment the quality of the stakeholders’ relations. Access to such information is limited, often even confidential in nature. An initial stakeholder analysis should therefore not be treated as a static given but as contributing to the working hypotheses that are proposed for the intervention. It provides a foundation for decisions on issues like with whom the intervention will work, with whom activities will be carried out, and whose voice should be strengthened.

During the intervention, the stakeholders analysis should be repeated and seen as a continuous process.

**Defining a strategy through modelling**

Classically, the conception of development interventions passes through extensive planning and budgeting exercises. However, planning and logical frames are criticised because they claim to be able to predict accurately the evolution of a complex reality over a period of years, whereas experience and complexity science show that predicting even some months ahead is already problematic.

Results-based planning was considered a step forward, as it allows (in principle) flexibility at the activity level. Insight from complexity science show, however, also intermediary results are largely unpredictable and the process that leads to results is as important as the result on its own, if not more. Indeed, obtaining results can very well be detrimental to the system that should sustain development.

For example, in Niger, high vaccination rates have been obtained through vertical vaccination campaigns, organised by central or regional levels. Health centre and even district authorities were bypassed in order to reach the children, often even those that were already vaccinated by the health centres. It demanded a lot of logistics, kept health professionals away from their daily duties and, moreover, the activity could not be maintained when extraordinary financing ceased. But a more insidious side effect was the loss of credibility of the health centres which in the eyes of the population finally did not have a lot to offer. This vaccination approach went against the efforts of rendering the health districts operational. As a result, the system was weakened. In some districts in Niger, a different approach was defined and health centres studied their maps and consulted their often far-away
catchment population to determine where they could organise outreach points. The retained villages built some basic shelter and one member of the health centre staff passed through the different outreach point every month. The population offered food and fuel for the motorbike. The Health Centre nurse provided not only vaccinations for children and pregnant women, but also antenatal care, follow-up of tuberculosis patients, under-fives clinics and follow-up of malnourished children and family planning. This approach increased the routine vaccination tremendously in the Health Centre catchment areas but also in the districts as a whole. At least as important was the increase of the credibility of the basic health services and the renewed dialogue between the health facilities and their population. The health workers’ motivation increased because they felt more responsible. Optimising the overall performance has a more lasting impact on the entire system, including vaccination. A somewhat lower vaccination rate can be accepted in exchange for building a solid system independent from (too many) external resources.

For the innovation and roll-out aspects though, the logical frame or any other strict planning tool have little value. Instead, activity planning should be replaced by explicit modelling and formulating hypotheses for action. An action research protocol, describing long-term vision, hypotheses for intervention and initial decisions with a set of indicators to be followed over time, should be developed. For such initiatives, only roughly estimated and very flexible budgets can be proposed. Such budgets can only be managed and planned in detail by the direct actors in the system. Results cannot be predicted, outcomes can be positive or negative and realistic targets are most often impossible to determine. The evolution and (especially) the interpretation of indicators are far more important than the actual values and new indicators might be needed and identified during the process. Process management and documentation, monitoring of conditions and environmental factors and adjusting initial models are at least as important as actual achievements (‘hard results’).

But are donors willing to accept such ideas? Are they willing to let go their routine of strict control and planning and to accept the unavoidable uncertainty of the complex reality? Are they willing to let go of predetermined targets and verifiable promises? Are they willing to accept the critical alignment, to go into the difficult dialogue with multiple stakeholders who have different, often contradictory, agendas? And finally, are they willing to really head for long-term engagements in which piloting and
learning can really take place, beyond today’s lip service? Are they ready to realise that they fool themselves by accepting that their best planner is the one who keeps targets low so that they are easily reached, or the one who simply ‘games the system’?

Resistance of donor agencies to abolish control and strict planning stems from the perceived high risk for their investments. Donors do not yet seem to perceive that high levels of control actually become the guarantee of failure. They do not realise yet that the ‘planning-control-short term’ paradigm inevitably leads to failure and that they are entangled in a vicious circle by responding to this absence of impact by even more control. The 2005 Paris Declaration did not change anything in this respect. Instead of analysing the evolution of a set of indicators, ‘targets’ are more popular than ever.
Implementing development interventions

The intelligent implementation of development interventions, specifically of their innovative components, is much more like the 'art of muddling through' than the approach of project planning. It implies continuous consultation of stakeholders, attentiveness for the evolution of the indicators, for adverse effects and unforeseen events (critical incidents). Decision-making needs to be quick and flexible, essentially at the level of the direct stakeholders (operational level, where decision spaces need to be widened) instead of at the planning or administrative or political authority level. Decisions should be based on the development of explicit models of the system and driven by working hypotheses. The multitude of partners needs to be recognised and the dialogue between these stakeholders should be regarded as a crucial process in development.

Modelling, reflective action and learning

The process of modelling, the iterative process of decisions and reflection and learning-by-doing may seem easy on paper, but is far from obvious when applied in the field. It does not only demand specific technical skills, field experience and scientific rigour from the main actors, but also an enabling environment that needs continuous support. It implies dealing with and working in uncertainty. Many minds and attitudes, even those of entire organisations, have to change. Leaving the controlling modus is perceived as threatening by many (development aid) organisations. Nearly sixty years of mitigated results in development aid should make people think, though. Many 'paradigms' have followed one another, overthrowing each time old maxims. But never the 'planning-and-controlling' paradigm, deeply embedded in the analytical organisational thinking of the West, has been seriously tackled to be replaced by a systemic view on reality and action.

Private sector organisations also have been working for a long time with projects and programmes to develop innovation in order to remain in the market. Although their scope is limited (they aim at improving a single organisation, enterprise or maximising profit rather than developing a society), they recognise the complexity, they assign a high level of priority and sufficient manpower. Most importantly maybe, the private sector considers the relatively limited budgets as high risk investment. This risk is accepted, because potential gains are high, but also because negative experiences
Private enterprises build on failures to find new solutions. They accept the necessary autonomy and flexibility needed for innovation, they are interested in progress, intermediate and final findings, far less in the daily running of the initiative. If failure is not accepted, there will be no innovation. A well-documented failure allows for much learning and can help to avoid future mistakes. It is exactly because innovation is ‘high risk investment’ that piloting is necessary (risk limited in time and scope) and that this budget should be set apart from the routine budget (for example donor money). Piloting should not prevent routine functioning of the system. This implies that for the pure innovation part, extra manpower should be engaged, in principle freed from routine activities. That innovation and change is high risk money is illustrated by the fact that in private enterprises only one third of change initiatives are successful (Aiken et al. 2009). Nevertheless, private enterprises continue to invest in such initiatives.

Some of the most important models known in the health sector are the ‘health district’ construct and the more recent ‘universal health coverage’. Unfortunately, these are often not treated as conceptual models but serve (temporarily) as a national policy slogan based on some reductionist dogmatic rules. Many initially conceptual models are indeed transformed into a fashion of the moment with a mechanistic application, ignoring the underlying complexity and hypotheses. Models are vulnerable to such transformation because they are already by definition simplified representations of a complex reality. However, policy makers and development agencies are eager to further reduce such models to their bare elements which they can influence and ‘measure’ mechanically.

As a result, the health district concept has been reduced to the mere creation of health centres around district hospitals. District health teams were appointed and given crash courses to fulfil their daily duties. They became on paper, as the model prescribed it, responsible for the health of a population of about 100,000. To the authors’ knowledge, apart from Zimbabwe in the late eighties and beginning of the nineties of the previous century, no other African country really decentralised the financial, material and human resources at the District Management Team (DMT) level. No full decisional authority was given to the DMT members. DMTs were therefore virtually reduced to executing agents, instructed by higher levels, living and acting by the grace of superior levels. Instead of being executives of a public
enterprise (the health district) which had to produce health, they were reduced to yet another group of public servants, obeying the hierarchy and following the rules set by higher instances. There is a strongly restricted decision-making power at the operational level, no flexibility to jump at opportunities and no creative multi-stakeholder interaction with population or health personnel. In short, real world complexity is not taken into account, DMTs do not have any autonomy and have only few means of their own. This ‘model’ is clearly a recipe for demotivation for high-level staff and a waste of intellect in the system.

The tendency to reduce complex reality and models into elements and mechanics is typical for bureaucratic organisations. Management rules, preconceived procedures and top-down control attitudes of the development partners and public service hierarchy in developing countries explain how it is possible that health centres and district hospitals are treated in isolation. How many development agencies only invest in so called primary health care, ignoring the district as a health producing unit? Most decision makers in health cannot answer the question why the district was initially seen as a health producing entity and do not understand why the health district concept preferred complementary levels of care. Indeed in most of the English speaking and many Francophone African countries district hospitals are defined as health units that provide the same package of care as the health centres plus additional services; regional hospitals are district hospitals plus additional care. One of the immediate consequences is that urban primary care centres are not felt to be an essential part of the system. Existing urban health centres are functioning as a poor hospital rather than as a primary health care unit. They do not aim to develop the intimate personalised relation between patient and caretaker and do not provide holistic care - both defining characteristics for adequate first line health services. They rather develop a supermarket approach in which every single act is executed by another staff member.

Another direct consequence is the inefficiency of hospitals that perform medical acts that are better done elsewhere (e.g. antenatal care), and the

Indeed the district and not the health centre or the hospital in isolation was recognised as the health production unit because - completely conform with complexity thinking - it was stated that HCs or ‘hospitals-in-isolation’ were not producing much health for the people, the hospital lacking proximity, the HC lacking the technical means and often also the skills for more complicated medical acts. Together, linked by a functioning referral system, they become synergetic and therefore produce much more health than each component in isolation.
introduction of unfair and counterproductive competition between hospitals and primary care centres. Unfair because the relationship is totally asymmetrical: people tend to prefer hospitals with their medical staff and suggestive high-tech equipment if they get the chance. Such situations discourage and demotivate health centre staff.

Another example is the universal health coverage model that runs the risk of being diluted in the same way and could impede the much waited-for boost it could give to health system performance. In many countries, ‘universal health coverage’ is reduced to some kind of health insurance initiative. Many development interventions claim to work under the universal health coverage principles and therefore to contribute to universal health coverage. But often they simply touch upon aspects that are only part of one of the conceptual axes of the full model: the continuous search for an optimal equilibrium between access (how many can benefit), scope (breadth of services included in the coverage) and financing (proportion of cost covered). It is exactly this dynamic that can be expected to lead to progress in universal health coverage.

The role of international sector experts

International sector expertise brings in international experience and new ideas. They should have both the technical skills and the scientific mind to model (sub)sectors and to derive working hypotheses from it, which are nothing less than the hypothetical path to reach the desired results. Although in any partnership, controlling has its place in the process, the real advantage of making use of such expertise lies in the fact that they are defined as being outside the system, are less under pressure from environmental (societal) pressure, beliefs and ideas and therefore can question and assess situations afresh.

Here again, there is a need for changing mind-sets. Project and programme managers need to shift into a role of "critical change managers". International sector expertise should be selected (and possibly trained) for this ‘new’ role: a change manager in complex systems, knowledgeable of a given sector and with expertise in action research methodology. Clearly International sector expertise should be familiar with basic statistics and social science methodologies, trained for such approaches and able to work in a real multi-disciplinary team in which all these technical skills are united and from which support can be requested when needed.

Modelling is not an artistic or esoteric experience, but the result of hard and
continuous intellectual work. It needs insights in complexity, numerical-statistical skills and systemic analysis. As development aid is applied social science, most relevant models are not strictly mathematical and International sector expertise must be familiar with qualitative data handling (data collection through focus group discussions, questionnaires and direct observation), handling critical incidents, etc. Development agencies generally do not invest in these skills. This is not surprising knowing that complexity is not at the centre of everybody’s interest in the development aid sector.

Action research and reflective action are typically participative processes in which collective reflection and joint learning are central. The above skills should enable the experts better to accompany their partners in these reflections for change.
Evaluating development interventions

When we recognise the complexity of development interventions and the sectors in which they act, an inevitable degree of unpredictability renders targets for indicators of limited value. Indicators never completely cover or measure the complex reality. Instead, the evolution of a set of indicators and an elaborate interpretation are of much greater importance, as they allow to make sense of the processes and to estimate whether the development intervention indeed contributes to the envisaged change.

Conform the Realistic Evaluation approach, the evolution of indicators in a given direction should go hand in hand with describing the possible technical (and social) mechanisms at the basis of the desired change, supported by predictions of an explicit development model (the ‘programme theory’), and with an analysis of constraints or favourable environmental conditions that would permit further positive evolutions. This type of evaluation is conducted primarily with a learning objective in order to continue with or to adjust the approaches used. Evaluation should in principle lead to new decisions for further progress and should enable adjusting and refining the model where needed. The model can sometimes be rejected, but most often modified or refined. The indicators can be considered as ‘somewhat’ objective (they never fully are because they never measure exactly and fully the complex reality) but their interpretation and the underlying working mechanisms are far less (empirically) objective – though they can be more ‘deeply’ rational. The external position (and independence) of the principal evaluator or the external guidance of the process are meant to be sufficient guarantee for the critical attitude needed for learning and adjusting previous decisions.

The intervention’s stakeholders should be active participants in the evaluation process. Such an evaluation approach implies collaboration by all stakeholders and the building of a relation of trust in the team. Action research does not aim for classical ‘double-blind’ objectivity, but does try to maximise objectivity. Contrary to so-called hard sciences, it enables and motivates stakeholders and gathers information from a wide range of people, all having part of the ‘truth’. It seeks to make stakeholders responsible for their acts.

33 Contrary to the control modus of most evaluations, which claim objectivity and the right of administrative organisations to criticise - and even punish.
Epilogue

For both believers and non-believers

There is a large consensus that development aid performance remains below expectations. We are all asking ourselves why there are no better, faster and more sustained results. The debate on whether development aid can be effective and contribute to the development of poor countries is still open. The world’s most ambitious social hypothesis, that countries and organisations can help other countries to eradicate poverty and to bring prosperity, remains unconfirmed. Believers and non-believers (Easterly 2006) each have their arguments. The believers think there are still margins to improve development aid, the non-believers are more pessimistic, but often without realising what went wrong with so much effort. But do believers and non-believers have common grounds?

The very existence of complexity cannot be denied, nor can non-linear causal relations and unpredictability. Many development aid stakeholders/organisations are aware of this. But when it comes to the immediate but less obvious consequences, they simply refuse to accept this and to change their functioning accordingly. Giving up their strict planning and controlling approach, decentralising decision-making power and rendering local stakeholders more responsible would be quite revolutionary for most organisations. Many therefore resist such a change in approach. Nevertheless, development agencies cannot longer flee their responsibility and neglect the observation that so many efforts have not had the results one would have liked to see. Magic bullet after magic bullet, defeat after defeat, should at least provoke decision-makers into questioning the trodden paths. They have a heavy responsibility when it comes to future development aid results and effectiveness.

The conclusions after this long intellectual journey in complexity and systems thinking applied to development aid interventions, are straightforward, though for many they remain radical. Donor agencies and national partners alike should abandon the managerial, linear and one-bullet-solution approach and replace it with approaches that accept the complexity of reality, accept uncertainty as a constant in whatever development aid engages in. The development aid industry should equally
accept that the development process belongs to ‘local stakeholders’ and that therefore development aid workers and national policy makers can only learn from the field what they should do to support or facilitate the local process of development. Policy makers and aid agencies should ‘just’ create a suitable environment for development to happen, which entails empowerment and helping people in their choices by providing them the necessary tools and scientific insights. Capacity building in development aid has indeed little to do with classical, unidirectional ‘knowledge transfer’. Development workers are at best ‘honest brokers’ (Pielke 2007) facilitating informed choices. They should refrain from trying to be providers. Mechanical, top-down and long-term planning kills local dynamics and thus hampers development instead of stimulating it.

The mechanical logic of indicators without margins of error, targets without underlying hypothesis and evaluations based on five-year plans, as if reality were that predictable, are some of the appalling examples of what science has already classified a long time ago as inappropriate.

It is not really a matter of ‘knowledge’. The question is not so much ‘how’ either. The real issue is whether leaders in development aid accept the challenge, give up their misplaced certainties and ‘controlling-for-development’ reflex and replace it with ‘muddling through complexity’.

And what if you are a non-believer? In the end, the above journey has little to do with development aid specifically, not even with developing countries. It is all about how politicians and decision makers run their countries, how they can bring more social justice, how they make decisions and follow them up over time, how they bring and maintain development in society. Irrespective of whether the moneys come from abroad or from national taxes. Decision makers in rich and poor countries alike act in complexity and under sometimes extreme uncertainty of what the future will bring. A more systemic mind-set might mitigate the pains of inevitable mistakes.

We are all ignorant, but we might all find it mighty interesting.
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