Achieving governance reforms under pressure to demonstrate results: Dilemma or new beginning?

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Introduction

Organisations affiliated with the OECD Development Assistance Committee (DAC) are under increasing pressure to justify their budgets by showing results of a demonstrable and preferably measurable kind. Not infrequently, this is understood as an obligation to support programmes that produce predefined outputs on a predictable basis within planning cycles that are as short as three to five years. Annual and mid-term reviews give programmes good, bad or indifferent scores depending on whether they are "on track" in terms of a logical framework or equivalent planning tool that is supposed to ensure a positive contribution to development outcomes. In some agencies, there is also an assessment of whether they continue to deliver "value for money", understood as maximum impact for minimum expenditure.

These requirements are taken to apply not just to social and economic programmes but also to the 16% of official development assistance classified as support to governance reform in the DAC database. However, for those responsible for designing and delivering programmes to influence governance, the rigidity of the standard performance pressures poses a problem. Governance programmes are expected to contribute to changes in institutions, or in patterns of behaviour within and among organisations. Such changes are generally recognised to be the result of long-term processes, subject to considerable uncertainty and not easy to measure in the short and medium terms. Therefore, even when they show reasonable promise, governance interventions seem destined to perform poorly according to the prevailing criteria.

On current assumptions, therefore, governance advisers and planners in development agencies face a serious dilemma. As elaborated below, the typical ways of dealing with it appear unpromising. But does the above

description capture accurately the current state of play, and are all the assumptions valid? This paper suggests not. It argues that in at least two important respects the dilemma just described is artificial. The challenge facing governance programming needs to be conceived in a different way – reversing in some important respects the dominant thinking of the last 25 years and pointing to a new beginning. Appreciating the matter in this alternative way does not entirely eliminate the difficulties, but it does mean that the responses need to be different from those currently on the table.

The dilemma as posed

According to a great deal of current thinking in the development assistance community, governance work is both outstandingly important to countries' long-run development performance and peculiarly hard to justify in the terms preferred by the ministers and senior officials who set the tone in the major agencies. Responses to this perceived dilemma currently include requiring contractors and implementing partners to do more to document and demonstrate their successes than they did in the past. That is taken to mean building into their work a larger and more sophisticated component of logframe-based planning and monitoring, and/or theory-of-change thinking, and/or continuously updated political economy analysis. While this may seem desirable in principle, there are signs that many – particularly among non-governmental organisation (NGO) recipients of grants for governance advocacy – are severely challenged and in danger of being crushed by these additional burdens (ICAI, 2013).

An alternative way forward is to explain to ministers that governance work is different from programming dedicated to producing the more tangible kinds of development results (better educational outcomes, lower poverty headcounts, etc.) and therefore ought to be given more leeway. According to some, the politicians who are ultimately responsible for steering both bilateral and multilateral official agencies are more open to such arguments than senior bureaucrats are. As practitioners themselves, they appreciate the importance of politics and leadership in development. However, this underestimates political incentives. Unless and until aid budgets come under less intense parliamentary and media scrutiny than they have been in recent years, it is hard to see such a conversation getting past the first few seconds. After all, neither improved educational outcomes nor inclusive economic growth respond in entirely clear and predictable ways to aid spending. Special pleading on behalf of governance is unlikely to be received sympathetically.

Is there a way around this problem? I believe there is, but it involves questioning prevailing assumptions, first about what is distinctive about the governance field and then about the purpose and place of governance programming.

Governance: A sense of history

The first problem concerns the proposition that governance reforms are long-term processes, subject to uncertainty and not easy to measure. While broadly true, this understates what the research and evaluation evidence says about the relationship between governance and development.

The burden of a large and growing literature is that the changes in governance that enable human progress are highly context- and period-specific (Meisel and Aoudia, 2008; Andrews, 2010; Centre for the Future State, 2010; Khan, 2012; Sundaram and Chowdhury, 2012; Kelsall, 2013; North et al., 2013; Root, 2013; Levy, 2014). There is no such thing as "good governance" in the abstract. Contrary to what may be concluded from a careless reading of some of the influential big books of the last few years (notably, Acemoglu and Robinson, 2012), countries have achieved striking development success in the recent past under a great variety of governance arrangements. Paths towards progress have been and are certain to remain multiple. And, crucially, there is no other test of what should count as a good innovation in governance than the ability of that innovation to make possible development results – where development results include the range of fundamental freedoms: economic, social and political.

In other words, the particular features of governance as a field of development work are not limited to the slowness or the unpredictability of significant change. The assumption that governance reforms are going to be slow tends to be predicated on the belief that what poor developing countries need is a standard set of liberal-democratic and market-enhancing institutions closely modelled on 20th century Anglo-American experience. This belief has been given a boost by the conviction of some politicians, including the UK prime minister in 2012 (Cameron, 2012), that all history confirms the relevance of a "golden thread" of open political and economic institutions. However, this is not what the above-cited literature says. Even within Europe, human progress has been achieved by several routes other than the Anglo-American one, and the fastest ever transformations in the overall human condition have happened in Asia under regimes that deviated in quite radical ways from liberal-democratic capitalism. In the light of history, we are not justified in making the assumption that we know what the eventual destination of a country is going to be, or even what it ought to be. In this sense, the notion that progress in governance is likely to be "slow" is rather problematic.

Conversely, it may be that some extremely valuable changes in the way countries are governed may be achievable quite fast. In fact, comparative history is full of examples where a change in a specific governance arrangement has had huge implications for subsequent progress, albeit sometimes with undesirable side effects. The Meiji Restoration in Japan and

the battles in the Chinese Communist Party that brought Deng Xiaoping to power would be the most striking examples. For sure, when and how such critical shifts occur is subject to great uncertainty. But this uncertainty is different from the unpredictability of the timing of steps taken on a known pathway of progress. The uncertainty affects what will in retrospect count as progress, and not just the likelihood of desirable change.

Finally, the measurement challenges around progress in governance are real enough but they are more theoretical than methodological. As Matt Andrews (2008) argued, there is no shortage of usable governance indicators; the problem is that so few of them are backed by empirically grounded theory about effectiveness or quality. Proposals have been made for measuring specific dimensions of governance which arguably are less problematic, including "quality of government" conceived in terms of a concept of basic fairness (Rothstein, 2011) and state autonomy and capacity (Fukuyama, 2013). However, these proposals do not get around the fundamental problem. The international effort led by the World Bank to generate indicators of the strength of public management systems (ISPMSs) or actionable governance indicators (AGIs) has made impressive progress in the technical business of assessing the relevance and completeness of available indicators and data. But the case for its approach relies quite heavily on the impracticality of the alternative of assessing governance quality in terms of performance or outcomes (Holt and Manning, 2014). AGIs are supposed to be both *actionable* (specific enough to point governments towards policy actions they can take) and *action-worthy* (widely associated with desirable development outcomes). However, it is recognised that empirical evidence on the latter is "scarce", and the Bank has fallen back on an imperfect solution where proposed indicators are assessed by reference to its own Country Policy and Institutional Assessment (CPIA) data – that is, the opinions of its own staff (World Bank, 2012: pp. 19-20).

To summarise this section, the challenges associated with planning and tracking the effects of donor programmes on governance are more radical than perhaps we imagine. In respect of timescales, uncertainty and measurement, the difficulties are different not just in scale but in kind from what was implied by our opening statement on the dilemma facing governance programming

Governance work as politically smart development

The second problem with the dilemma as initially posed is the assumption that the purpose of governance programming is to improve governance. That might seem obvious. But, in several agencies and in the DAC's Governance Network for at least a decade, governance advisers have been wearing two hats. As well as supporting governance (or democracy and human rights) initiatives, they have been the principal bearers of the belief that efforts to improve economic and social development results are

least effective when fundamental political economic realities are ignored, and most effective when pursued in a politically informed way. In some agencies, the commitment to using governance expertise or "thinking and working politically" has been as strong as the commitment to promoting specific models of good practice. In others, organisational mandates are less permissive, a difference nicely captured by Carothers and de Gramont (2013) in their discussion of the "almost revolution" of development aid's encounter with politics. In both cases, however, this has entailed divided loyalties and a schizoid mentality. I suggest the time has come to confront the tensions inherent in this situation.

The case for politically smart working seems quite solid, albeit based mostly on negative evidence – experience of the waste and frustration, if not actual harm, that is caused when aid ignores politics. To that extent, the main – and perhaps exclusive – purpose of governance work should surely be to enable programmes that are not defined as governance programmes to achieve better results. One of the advantages approaching the matter in this way is that it is fully consistent with the historical evidence that the governance improvements that matter for development are not known in advance, but discovered in and through efforts to tackle specific development problems. Thus, the two parts of my argument coincide in suggesting that governance specialists should stop designing "governance programmes" and instead throw themselves wholeheartedly into helping other programmes to become politically smarter.

The main challenge, of course, is to identify practical ways of doing this – ways that make operational sense both for the agency and for country partners. An obvious first step in agencies that are already training their governance cadre in country-context or political economy analysis is to sell this sort of expertise to sector advisers and programme staff, including economists. This has happened to some degree with one of the more widely adopted training courses (ODI/TPP, recurrent). However, training is at best only a first step towards politically smart ways of designing and running programmes. There is a serious need for operational models in which understanding of political context becomes so blended in to the practice that it becomes indistinguishable from it.

It has taken some time, but we are now beginning to have convincing, well-documented and controlled case studies showing what politically smart programming looks like and how it achieves results (Asia Foundation, 2011; Faustino, 2012; Booth, 2014; Booth and Chambers, 2014; Booth and Unsworth, 2014). An important conclusion from the most recent studies is that being politically smart is partly about having the flexibility to be able to work in a problem-driven, iterative and adaptive way, as advocated by Andrews, Pritchett and Woolcock (Andrews et al., 2012; Andrews, 2013). It is also about dedicating time and effort to brokering relationships and building

the co-operation or capacity for collective action, the lack of which is so often at the back of inferior development performance (Booth, 2013; Booth and Cammack, 2013). In turn, all of this this is more likely to be feasible when the initiative is locally led, not aid-driven. Hence, Problem-Driven Iterative Adaptation (PDIA) will tend to call for initiatives that are also PSLL – politically smart and locally led (Booth and Unsworth, 2014). In the field of economic reform, the operational model of development entrepreneurship has shown particular promise (Faustino and Booth, 2014).

Several potential obstacles may hinder the generation of more programmes of the sort just described. One that ought to be superable is the possible unwillingness of sector specialists to recognise that their technical knowledge and experience does not provide all of the answers to the question of how to get better results. Although many are coming to this view on the basis of their own experience, resistance to the idea of making programming more politically smart is likely to be considerable if it appears to entail governance specialists invading their "turf". However, it would be a sorry state of affairs if agencies were incapable of addressing this type of obstacle.

Another, potentially more serious, barrier is the unwillingness of many donor agencies to "let go" sufficiently, so that the discovery of locally led pathways to better development results can become effective. To this extent, the challenges arising from mechanical and ill-informed understanding of the "results agenda" remain quite pertinent. However, to the extent that the integration of governance and sector work is real, there is no special dilemma arising from the particularities of governance change processes. The problem is "only" that even improvements in educational quality or employment generation tend to happen in fits and starts, if they happen at all. The type of monitoring based on the model of a sausage machine – where a standard product emerges at fixed intervals – doesn't apply well to any kinds of development results apart from the simplest turnkey hardware projects. The real challenge, therefore, is what development interventions in general can do to satisfy reasonable expectations of results-based accountability without putting themselves into a straitjacket that prevents results being obtained by what experience suggests is the most effective means.

The real challenge

To summarise the implications of the argument so far, it is time to think outside the box about governance and development, and to start taking seriously what governance research, much of it donor-funded, has been saying for at least 15 years. This provides hardly any intellectual or practical case for free-standing governance programmes, as distinct from programmes that aim at specific outcomes, including such outcomes as justice or security. On the other hand, all development programmes should have a governance element because, if they are not attuned to and responsive

to the actual governance environment, we may be quite sure that they will fail. To this extent, the dilemma posed at the beginning is not a real one. It is the artificial product of unsupported assumptions about what changes in governance are needed and how these needs are relevant to achieving development results.

The challenge that remains is not a small one but it is generic, not particular to the governance field. Development gains that matter do not appear in a linear way, but jerkily and unpredictably. Some of the best outcomes are the least predicted. Under such conditions, the general question is how programme supervisors, senior officials and ministers can be assured that satisfactory progress is being made year on year, and that funding is not simply being poured into a bottomless pit. This need is not, unfortunately, satisfied by making logical frameworks more and more elaborate and indicator-heavy, which has been the typical reaction in DFID, for example. The illusion that development programmes can be made more effective by exercising stronger control over them by bureaucratic means has been heavily critiqued over many years (Korten, 1980; Rondinelli, 1983; Porter et al., 1991; Natsios, 2010). Treating monitoring as a means of control, rather than a source of learning for programme managers, is a sure way of preventing programme managers from dealing effectively with the uncertainties which, recent literature has reminded us (Harford, 2011; Ramalingam, 2013), are characteristic of very many fields of human endeavour.

Is there an alternative? There is if we are prepared to be courageous. Some hard thinking on exactly this issue has been done within the particular approach to politically smart programming that has been called development entrepreneurship. This approach takes some of its inspiration from the literature on business start-ups, while remaining fully consistent with the PDIA concept, which has its origins in management theory. For business start-ups, the question of whether adequate headway is being made or not is every bit as sharp as it is for development initiatives using taxpayers' money. A central distinction in this literature (Ries, 2011; Sims, 2011; Croll and Yoskovitz, 2013) is between "vanity metrics", which are sufficient to make entrepreneurs feel good about themselves and "actionable metrics". Only the latter provide robust evidence to support decisions about whether to press ahead with a current approach or else "pivot" and try something slightly or radically different.

In the business context, this is a matter of selecting an indicator that is a valid predictor of whether the firm will achieve the volume of sales needed for an acceptable rate of profit within an appropriate period of time. By analogy, development workers should be taking regular decisions about what steps they need to have taken by a set date in the future for the initiative to be considered on track to its goal – the achievement of a specific development result – ruling out the need to pivot in the near future. The

concept of actionable indicator used here recalls the World Bank-led work on governance measurement mentioned in a previous section. As in that context, the concern is to identify metrics that are both relevant to action and a good predictor of the results being sought.

In the development entrepreneurship model, the goal of the intervention is identified in broad terms at the outset. The objective is then refined as the political obstacles and opportunities affecting the feasibility of a large and sustainable impact become apparent. The actionable indicators and targets, on the other hand, need to be period-specific. They are regularly updated and checked for whether they are really relevant, in the current period, to the decision to proceed or pivot. They need to be linked to frequently updated theories of change – that is, the reform team's best guesses about how the objective is most likely to be achieved. In the case of economic reforms by legislation, as in the Philippines examples, the most actionable metric at certain points in the build-up to reform was the number of congress members indicating their willingness to expend political capital in support of the reform bill. At other points, it was the number of potential opponents of the reform that indicated willingness not to come out in public against it if specific concessions were made (Booth, 2014; Sidel, 2014).

The way forward

The above is the technical answer. It may not be politically palatable because, undeniably, it has the flavour of programme managers "making it up as they go along". Since, in the real world, paths to development success have to be discovered because no one knows enough to specify them in advance, there is actually no alternative to allowing managers to make up this sort of thing as they go along. The only guarantee that they will select indicators that are genuine markers of progress towards results is their own commitment to making a difference to their societies and the lives of their compatriots, reinforced by the mentoring and peer challenge provided by their external supporters. That guarantee is at the heart of the development entrepreneurship approach, but it will be unfamiliar to many whose thinking has been shaped by the mainstream of the development business, where relations of trust between donors and their "partners" are often absent.

To be sure, it is not going to be easy to convince senior managers and ministers of the validity of time-specific actionable indicators of politically smart progress towards development results. However, it should be somewhat less hard than special pleading on behalf of governance. One reason it should be easier is that sector advisers already face a similar problem. For example, while school enrolment and possibly even completion rates can be delivered more or less predictably as budget allocations increase, establishing progress in improving educational quality is much harder and

involves more "political economy" – the incentives determining choices by teachers and parents. Similarly, what should count as adequate progress in support to an agricultural policy reform is notoriously difficult to assess, until a big breakthrough of some kind happens. In the meantime, there is no way of judging whether such support is a good use of taxpayers' money unless it is by metrics of intermediate process change that can be justified in terms of regularly reformulated and closely scrutinised hypotheses about how the desired change might plausibly come about.

We need more discussion and more and better examples from practice about how period-specific actionable indicators and theories of change can be used to deal with this challenge. Even assuming that governance work can be merged into results-oriented or sector programmes as suggested, there will still be some dilemmas. Officials in development agencies will still face the obligation to speak truth to power – to explain the place of uncertainty in development work. However, the dilemmas and difficulties are different from the ones we started out with. They create better opportunities for governance specialists to form alliances with other development workers and with local partners who know these things from bitter experience.

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