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The Ownership Agenda: Will it Enhance Aid Effectiveness?

Andrew Rosser and Alexia Simpson

Introduction

In recent years, the international development community has expressed strong support for greater aid recipient country ownership of aid programs, seeing this as crucial to the creation of a new mode of aid governance that will improve aid effectiveness and help aid recipient countries achieve the Millennium Development Goals (MDGs). In March 2005, this support translated into the signing of the 'Paris Declaration on Aid Effectiveness' by a host of official international development organisations, many leading development NGOs and governments from roughly 90 countries, including major donor countries such as the USA, the UK, Germany, Japan and Australia. The Paris Declaration lists 'ownership' as the first of five key principles of aid effectiveness, the others being alignment, harmonisation, managing for results and mutual accountability. In September 2008, the signatories to the Paris Declaration reiterated their support for greater recipient country ownership at the 3rd High Level Forum on Aid Effectiveness in Accra, Ghana and committed to further steps aimed at achieving this objective. These commitments are contained in the 'Accra Agenda for Action.'

This Policy Brief provides an overview of the ownership agenda as it is outlined in these two policy documents, assesses the criticisms that have been made of it by various commentators and outlines an alternative way to address issues of ownership and aid effectiveness. We argue that the ownership agenda is unlikely to produce significant improvements in aid effectiveness because it ignores the political foundations of ownership, particularly the coalitional dimension of ownership. As such, we argue that improved aid effectiveness requires an approach to aid allocation and use that takes into account the way in which aid effectiveness is shaped by configurations of coalitional power and interest.

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An Overview of the Ownership Agenda

The emergence of the ownership agenda represents an acknowledgement that whilst the last fifty years of development have produced many successes, there have been too many cases of 'unmitigated failure' (Dollar & Pritchett 1998:1). Development assistance during this period was characterised by heavy policy conditionality, resulting in donor-driven development agendas (Browne 2006:43; Birdsall 2005:3). By the late 1990s a general consensus had emerged that conditionality was ineffective in promoting economic and social development and in some cases could even be harmful (Browne 2006:43; Van de Walle 2005:37). In one influential study, for instance, Dollar and Pritchett (1998: 51) found that conditionality did not guarantee that reforms would be carried out, or be successful or sustainable once they were. Donors gradually came to recognise that aid was unlikely to be effective unless the projects and programs it supported had strong political support within aid recipient countries, referring to this idea with the term 'ownership.' Of course, the notion of ownership was also convenient politically for donors inasmuch as it served to shore up the domestic legitimacy of aid (by enhancing its development focus) and mitigate concerns in aid recipient countries about excessive conditionality. The latter became particularly important during the late 1990s and early 2000s as countries such as China, Venezuela and Saudi Arabia, that had previously provided little if anything by way of aid to developing countries, became increasingly active in this respect, often providing aid with few, or no, strings attached.

The Paris Declaration formally defines ownership as recipient countries exercising leadership over the development process. Accordingly, it calls on recipient countries to 'exercise leadership in developing and implementing their national development strategies' and take the lead in coordinating aid activities at all levels. At the same time, it requires recipient countries to operationalise national development strategies by translating them into 'prioritised results-oriented programmes' complete with medium term expenditure frameworks and annual budgets. In fact, the Paris Declaration states that progress in relation to ownership is to be measured in terms of whether or not recipient countries have such 'operational development strategies'. For their part, donor countries are required to 'respect partner country leadership and help strengthen their capacity to exercise it' (OECD-DAC 2005:3). More specifically, they are required to base their aid programmes on recipient countries' strategies, institutions and procedures rather than their own priorities and delivery mechanisms.

Between them, these requirements envisage a shift away from project-based forms of aid towards programme-based forms of aid such as general budget support, sector budget support and sector-wide approaches. Indeed, the sections of Paris Declaration that deal with alignment explicitly require donors to make increased use of recipient country public financial

management and procurement systems and to assess development performance against targets established in national strategies rather than donor strategies and objectives. The related indicators of progress specified in the Paris Declaration are the proportion of aid flows reported in national budgets and the proportion of donors and aid flows that use recipient country public financial management and procurement systems. This shift from projects to programmes in turn implies a shift in the role of donor agencies, particularly bilateral agencies, away from the direct management of aid to a 'metagovernance' role entailing management via the setting of benchmarks and goals and the monitoring of broad outcomes.

The Accra Agenda for Action—which was formulated following an OECD survey that assessed performance *vis-à-vis* the indicators of progress specified in the Paris Declaration—outlines a number of further measures to promote recipient country ownership. The OECD survey found that the international community was unlikely to meet many of these targets and particularly those related to ownership (OECD 2008). Hence, the measures outlined in the Accra Agenda for Action are aimed at promoting more rapid progress. These include: developing country governments working more closely with parliaments, local authorities and civil society organisations in preparing national development strategies; donors supporting efforts to increase the capacity of stakeholders within government and civil society to contribute to discussions on aid and development; donors using recipient country systems as the first option in relation to activities managed by the public sector; and donors developing strategies for strengthening rather than undermining recipient country systems when use of these systems is not feasible.

Criticisms

The ownership agenda has been widely criticised by development scholars, civil society organisations and other commentators. By and large, their criticisms have focused on two concerns. The first is the extent to which the Paris Declaration constitutes a break with the era of conditionality and donor-driven development agendas. For instance, Zimmermann (2008) has argued that measuring ownership in terms of the extent to which recipient countries have established 'operational development strategies' means that donors retain a determining influence over their development agendas. Such strategies, he argues, are simply 'code for the poverty reduction strategy papers (PRSPs) demanded of governments by the World Bank and International Monetary Fund', most of which are drafted with donor participation, assessed by donors for quality and hence heavily influenced by donors (2008: 1; see also Booth 2008: 2). As such, ownership may be just a 'euphemism for developing countries' adoption of externally-conceived policies' (ibid 1). Similarly, Eurodad (2008: 16), a European network of leading international development non-governmental organisations (NGOs), has argued that the 'PRSP process often seems to be about

consultation to generate agreement on externally driven agendas, rather than about political leadership from recipient country governments based on genuine engagement with citizens'. Such arguments are generally accompanied by calls for donors to 'let go'—that is, deliver aid with no strings attached.

The problem with these views is that donors cannot in fact 'let go.' As numerous studies have illustrated, donors' aid policies are not formulated within a political and social vacuum but reflect the broader political and social contexts of donor countries themselves. In particular, they reflect the interests of powerful political and social elements within those countries (Diven 2001; Lancaster 2007; Carbone 2007). In one recent analysis, for instance, Rosser (2008) has argued that the neo-liberal orientation of Australian aid policy in recent decades has reflected, among other factors, the domestic political and social dominance of 'big business' in that country and its desire to use aid policy for its own collective benefit (see also Anderson 2003). In another, Diven (2001) has pointed to the role of commodity producer interests in shaping US food aid policy. The politically and socially embedded nature of aid policy means that aid policy is always constrained by powerful domestic political and social forces: to the extent that these are in conflict with the interests of powerful groups in recipient countries, donor agencies cannot simply surrender control over aid programs to the latter. And this is the case notwithstanding the fact that the popular legitimacy of foreign aid hinges to a certain extent on its effectiveness in promoting developmental objectives: at the end of the day, the interests of powerful domestic political and social forces within donor countries exercise a stronger influence. As such, any approach to improving aid effectiveness through ownership has to recognise the political reality that aid cannot be entirely separated from powerful interests in donor countries.

The second criticism of the ownership agenda has focused on the degree to which it construes ownership in technocratic rather than political terms. Booth (2008: 2), for instance, has argued that the Paris Declaration reduces the notion of ownership 'to a particular kind of technical planning apparatus, based on lengthy texts, monitoring matrices and statistical information systems.' Similarly, Eurodad (2008: 13) has argued that the Paris Declaration's focus on targets 'risks depoliticising aid, trying to solve largely political problems with technical tools.' Both argue that 'ownership' needs to be seen as a *political commitment* on the part of powerful elements within a country to pursue particular objectives rather than a technical challenge. Such criticism is entirely valid. The core element in the Paris Declaration's solution to the problem of ownership, a change in aid modalities away from projects towards programme-based forms of aid, is an institutional or management-related fix. The assumption is that this problem can be addressed simply by managing aid differently, reducing it to an issue of administration and ignoring the way in which donor interests

and agendas can shape even the new aid modalities (Unwin 2004; de Renzio 2006) and, as such, the possibility that these modalities will be no more locally-owned than their predecessors.

However, on its own, recognition of the political nature of ownership is not enough to indicate a way forward in terms of improving aid effectiveness. What we need to know is how the political commitment that constitutes ownership emerges. Eurodad (2008) argues that the notion of ownership 'must be broadened to include the concept of "democratic ownership" whereby parliaments, civil society and citizens are key drivers of public policies' (2008: 16), suggesting that the degree of ownership is somehow linked to the extent of such participation. But the causal connections are not clearly drawn out. As such, this group's analysis only takes us so far in devising an alternative strategy for improving aid effectiveness.

Towards an Alternative Approach

Recent work on the political economy of rebuilding governance in 'failed' states (Rosser 2009) provides a possible answer to the question of how ownership emerges and hence indicates a possible way forward in terms of improving aid effectiveness. The starting point for this work is recognition that donors have been remarkably unsuccessful in improving the quality of governance in failed states. Zuercher (2006), for instance, found that while 17 recent UN 'peace-building' operations had been reasonably successful in bringing an end to war, they had been much less successful in terms of other dimensions of governance: re-establishing the state's full monopoly over the means of violence, promoting economic development, rebuilding democracy and enhancing institutional capacities. In explaining this outcome, Rosser (2009) argues that a key part of the problem lies in the donor approach to building state capacity. Donor efforts to rebuild governance in failed states have focused on rebuilding the basic institutional apparatus of the state (where this has collapsed) and imbuing this with the capacity to perform certain developmental functions through measures to enhance human resource levels in the state apparatus and promote administrative and institutional development. In construing state capacity as a reflection of human resource, administrative and institutional considerations, they have ignored the way in which contests between competing coalitions shape what the state can and cannot do. Using the case of Timor Leste, he demonstrates that donor efforts to build state capacity have been most successful in sectors where the most powerful political and social groups at the domestic level have shared the donor capacity-building agenda and least successful where some or all of these groups have been *opposed* to this agenda.

The implication of this work is that it is political and social relationships rather than aid management structures and aid modalities that matter in

shaping the degree of recipient country ownership. Specifically, it suggests that the emergence of recipient country ownership requires a high degree of alignment between the interests and agendas of donors and those of powerful domestic political and social groups within recipient countries. Where such alignment exists, the political commitment required to create ownership will emerge; where it does not, the situation will be characterised by resistance to the donor agenda. Accordingly, this work suggests that ownership will be harder to achieve in fractured political environments—that is, in environments where powerful domestic political and social groups have contradictory agendas and interests—and in environments where the agendas and interests of these groups are cohesive but diametrically opposed to those of donors. It also suggests that ownership is activity or sector specific: that is, it may exist in relation to certain activities or sectors within a country but not others. In the case of Timor Leste, for instance, Rosser (2009) found that donors had greater success in promoting their capacity-building agenda in the health sector (where the major domestic political and social groups shared the donor agenda) than in the education and security sectors (where these groups were opposed to elements of this agenda).

These findings have important implications for the way in which the international development community seeks to enhance aid effectiveness. First, they suggest that in making decisions about how to allocate aid, both between countries and within countries between competing sectors and activities, donors need to make assessments about the likelihood their agendas will encounter resistance from powerful domestic groups. More specifically, they suggest that donors should concentrate aid in countries/sectors/activities where resistance to their agenda is likely to be weakest. Second, these findings suggest that donors should explore strategies for reducing resistance to their agenda in those countries/sectors/activity areas where it is strong. These might include: (i) redesigning aid interventions to make them more palatable to powerful domestic groups—that is, in effect seeking to broker a compromise with these groups about the use of aid; and (ii) seeking to change the political landscape in aid recipient countries so as to shift power from groups that are opposed to their agenda to ones that support it. A third implication, which follows from the first and second, is that donors need to develop a better understanding of the political and social environments of the countries/sectors/activity areas in which they operate. Donors have already developed a number of relevant analytical methodologies and tools for this purpose, the most prominent being those associated with the UK Department for International Development's (DFID) work on 'Drivers of Change.' But they have struggled to find operational uses for these methodologies and tools (Scott 2007). This approach to aid effectiveness would provide one possible use. Finally, these findings suggest that it is extremely important for progressive civil society organisations to contest and monitor donor aid policies. One cannot assume that the donor agenda

will necessarily be pro-poor, notwithstanding the fact that popular support for aid programs in donor countries rests partly on claims about their effectiveness in promoting poverty reduction. If the donor agenda is to be an important determinant of how aid is allocated and used, it is important that it be shaped by interests that have a genuine concern for the welfare of poor people in aid recipient countries.

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