The Ownership Paradox

The Politics of Development Cooperation with Bolivia and Ghana

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A B S T R A C T

Since 1999, multi- and bilateral donor agencies have based their development cooperation with heavily indebted poor countries on the elaboration of poverty reduction strategy papers that should be 'country-owned'. This thesis explores this concept of ownership and analyses the power relationships between aid donors and recipient governments involved in efforts to promote ownership. It employs a political sociology perspective and draws on institutional theories and theories of organisational change to argue that ownership is a normative, not an analytical concept. Using the two 'model recipient' case studies of Bolivia and Ghana, it analyses two different tools of development cooperation: direct budget support mechanisms and the fostering of civil society participation in national policy-making. It places these two cooperation tools in their socio-political context to investigate in how far informal political processes represent factors that determine national politics, and ultimately the likelihood of success of political reform. The empirical research is centred around 140 qualitative semi-structured interviews with donor agency, governments and civil society representatives in both countries.

The dominance of ownership questions in current development debates are explained with reference to the historical evolution of development cooperation, particularly the structural adjustment programmes of the 1980s and the criticisms and revisions they evoked. The author argues that two different types of ownership should be distinguished: 'government' and 'national' ownership. The thesis demonstrates that direct budget support mechanisms are intended to foster government ownership, while the promotion of civil society participation is aimed at fostering national ownership. Donors' attempt to foster ownership of formalised reform agendas is an almost impossible task because informal political processes largely shape the realm of national politics at the state level and determine the type and degree of societal participation in national policy-making. The thesis concludes by suggesting that international donors, pursuing these policies, risk destabilising representative democratic systems of recipient countries in undesirable ways.

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C O N T E N T S

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LIST OF ABBREVIATIONS

ACP	Africa, Caribbean, Pacific
ADB	African Development Bank
AU	African Union
CAF	*Corporación Andina de Fomento* [Andean Development Corporation]
CDF	Comprehensive Development Framework
COB	*Central Obrera Boliviana* [Bolivian Labour Federation]
CPP	Convention People's Party
DAC	Development Assistance Committee
DFID	Department for International Development
EBRP	*Estrategia Boliviana de Reducción de la Pobreza* [Bolivian Poverty Reduction Strategy]
ESW	Economic and Sector Work
EU	European Union
FAO	Food and Agricultural Organization
GDP	Gross Domestic Product
GPRS	Ghana Poverty Reduction Strategy
HIPC	Heavily Indebted Poor Country
IDB	Inter-American Development Bank
IMF	International Monetary Fund
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
MDBS	Multi-Donor Budgetary Support
MNR	*Movimiento Nacionalista Revolucionario* [National Revolutionary Movement]
MRTKL	*Movimiento Revolucionario Tupaj Katari Liberación* [Tupaj Katari Revolutionary Movement of Liberation]
NDC	National Democratic Congress
NDPC	National Development Planning Commission
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation
NLC	National Liberation Council
NPP	New Patriotic Party

NRC	National Redemption Council
OAS	Organization of American States
OAU	Organisation of African Unity
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of Petroleum Exporting Countries
PNDC	Provisional National Defence Council
PRGF	Poverty Reduction Growth Facility
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
SMC	Supreme Military Council
SWAP	Sector-Wide Approach
UDAPE	*Unidad de Análisis de Políticas Sociales y Económicas* [Social and Economic Policy Analysis Unit]
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations International Children's Emergency Fund
USAID	United States Agency for International Development
VIPFE	*Viceministerio de Inversión Pública y Financiamiento Externo* [Vice-Ministry of Public Investment and External Finance]
WHO	World Health Organization

CHAPTER 1 – DEVELOPMENT COOPERATION, OWNERSHIP AND POLITICAL CHANGE

Towards the end of the 1990s, the poverty reduction strategy approach was adopted central to multi- and bilateral donors' country-level framework of international development cooperation with heavily indebted poor countries.[1] A key principle within this approach has taken centre stage in current development debates: ownership. Generally understood as the appropriation of development cooperation programmes by the recipient, ownership has become a common-place term, yet it remains vaguely defined. Definitions of ownership usually come from practitioners rather than academics, as it is a normative rather than an analytical concept. Aid donors argue that the effectiveness of aid depends on the degree to which a cooperation programme is owned by the recipient.[2] In a normative fashion, donors call for ownership in order to ensure sustainability of mutually agreed programmes:

> The recipient needs to define needs, prioritise activities, make policy decisions, direct the planning of activities and their implementation, allocate resources, facilitate effective utilisation of external and internal resources, and be responsible for the actual implementation.[3]

In other words, donors want recipients to fully appropriate the mutually agreed cooperation programme or project, at least in theory. But are donors actually willing to relinquish ownership? If they were, why do programmes aimed at strengthening recipient ownership – such as the poverty reduction strategy papers or multi-donor funding mechanisms – continue to employ conditionalities like broad-based civil society participation mechanisms or elaborate trigger matrixes to determine aid disbursement? Directly or indirectly, donors have an interest in shaping the national debate in a recipient country as to where reforms should be heading in order to justify their engagement to their own constituencies. Indeed, donors come with a particular agenda on how to achieve poverty reduction and sustainable

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[1] For analytical overviews of this development, see Laure-Hélène Piron and Alison Evans (2004): "Politics and the PRSP Approach: Synthesis Paper", ODI Working Paper 237, London: Overseas Development Institute; International Monetary Fund and World Bank (2003): "Poverty Reduction Strategy Papers (PRSP): Progress in Implementation", Development Committee, Washington, DC: International Monetary Fund and the World Bank.

[2] See for example, Masud Mozammel and Sina Odugbemi (2005): "With the Support of Multitudes: Using Strategic Communication to Fight Poverty Through PRSPs", Information and Communication for Development, DFID, and Development Communication Division, External Affairs, The World Bank, London: Department for International Development; Norwegian Agency for Development Cooperation (1999): "Recipient Responsibility and the Practise of NORAD's Role as a Donor", Oslo.

[3] Norwegian Agency for Development Cooperation (1999): "Recipient Responsibility and the Practise of NORAD's Role as a Donor", Oslo.

development. Yet, they would like to see recipients back this agenda as if it were their own. It is curious that a concept like ownership – which is possibly in conflict with the donors' own agenda – has gained such prominence in current development debates.

The emergence of this new buzzword has to be understood within the context the historical evolution of aid and cooperation.[4] The focus on ownership is a reaction to the criticism that donors received for conditionality-based lending, which became prominent during the structural adjustment era in the 1980s. Prior to structural adjustment approaches, development assistance had been overshadowed by a climate of disillusion and distrust. Donors were disappointed with successes made and disillusioned by often inefficient, rent-seeking political elites in recipient countries. At first, aid became projectised to keep development assistance under the control of expatriate experts. But donors quickly realised that recipient governments needed fast-disbursing help in order to meet their financial obligations, while large-scale institutional reform was deemed necessary to generate the conditions for sustainable growth.[5] The World Bank and the International Monetary Fund (IMF) thus started large-scale lending programmes where disbursement was tied to conditions on institutional reform, 'structural adjustment'. Bilateral agencies entered into joint funding arrangement and offered parallel financing of policy-related programmes. However, while recipient governments accepted conditionality-based lending on paper, they fell behind with implementation in many respects. By the mid-1990s, donors and academics alike became increasingly convinced that conditionality – in the tough line pursued by structural adjustment policies – was not working.

One major point of criticism was that external donors had not given much consideration to the necessary political calculations: how to win constituents' support for tough decisions on public resources allocation. Particularly within developing countries, rejection of externally imposed structural adjustment programmes grew rapidly. As a reaction to these criticisms, the donors' rationale changed. Aid conditionalities came to be viewed as counterproductive:

> The principles of self reliance, local ownership and participation which underlie the partnership approach are inconsistent with the idea of conditions imposed by donors to coerce poor countries to do things they don't want to do in order to obtain resources they need. That view of

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4 I will discuss this in detail in chapter three, along with the evolution of development cooperation.
5 For a comprehensive account of this development, see Paul Mosley, Jane Harrigan and John Toye (1991): *Aid and Power: The World Bank and Policy-Based Lending*. I vols., London: Routledge.

conditionality was always of dubious value. Treating development co-operation as a partnership makes clear that it is obsolete.[6]

In that respect, the ownership debate expresses renewed trust between aid donors and recipient governments, since policy decisions can only be relinquished to the recipient if donors generally believe that a recipient is capable of defining its own development priorities in line with globally agreed principles of development. Nonetheless, donors are far from 'letting go'.[7] Cooperation programmes continue to employ conditionalities that aim at ensuring the observation of particular principles deemed important by the donors because there is an intrinsic need for donor agencies to justify aid expenditure to their home constituencies.

1.1   The Ownership Paradox

Recent initiatives in international development cooperation like the poverty reduction strategies explicitly aim to foster ownership in order to justify cooperation and to make programmes sustainable in the long-run. In order to do so more effectively, donors have vowed to harmonise and align their cooperation programmes with recipients. Concerned that the wide variety of donor requirements was drawing down the limited capacity of recipient countries, donors increasingly aligned their programmes at the country level in order to reduce the transaction costs of the recipients. So the argument in favour of harmonisation is that it increases aid efficiency as well as making reforms more sustainable by fostering ownership.[8] The poverty reduction strategy approach, which was a requirement for heavily indebted poor countries to receive debt relief, further institutionalised harmonisation and alignment at the country level.[9] In terms of recipient appropriation, the poverty reduction strategy papers (PRSPs) require a broad-based nation-wide consensus to ensure ownership. At the same time, PRSPs have become the corner stone in concerted donor efforts to tackle global poverty reduction, in addition to providing the institutional basis for multi- and

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[6]   Organisation for Economic Cooperation and Development (1995): "Development Cooperation, Efforts and Policies of the Members of the Development Assistance Committee", 1994 Report, Paris. A similar statement was made by the World Bank President in his address in 1997: "Development requires much too much sustained political will to be externally imposed. It *cannot* be donor-driven." James Wolfensohn (1997): "The Challenge of Inclusion", Annual Meeting's Address by the President of the World Bank on 23 September, Hong Kong, China.

[7]   Duncan Holtom (2002): "Tanzania's PRSP: 'Everyone Wants a Success Story'", Feedback Report for Interviewees, Research Conducted in Tanzania 2001/2002, 28 October, Swansea: Centre for Development Studies, University of Wales. 42-50.

[8]   See *Paris Declaration on Aid Effectiveness: Ownership, Harmonisation, Alignment, Results, and Mutual Accountability*, High Level Forum, 28 February – 3 March 2005, Paris. For an introduction to the debate, see Organisation for Economic Cooperation and Development (2003): "Harmonising Donor Practices For Effective Aid Delivery: Good Practice Papers", Paris: OECD.

[9]   Prior to this, the first frameworks to coordinate donor activities at the country level were the World Bank's Comprehensive Development Framework (CDF) and the United Nations Development Assistance Framework.

bilateral debt relief. The PRSPs thus fulfil several purposes at once and are the centre-piece for political dialogue between multi- and bilateral donors and recipient governments at the country level.

In a way, including ownership as a PRSP requirement serves to legitimate external donors' intervention in the internal affairs of the recipient government.[10] If a cooperation programme is owned by the recipient, aid cannot be viewed as an imposition by an outside actor, but rather as cooperation between equal partners to achieve a common goal. However, these contradictory goals – recipient ownership and donor policy-influencing on poverty reduction and institutional reform – present a challenge that is hard to come by: How can ownership be fostered if it is not present from the beginning? Answering this question presupposes an idea of who exactly should be 'owning' the programme – political leaders, government bureaucrats, the people?[11] Often, authors distinguish between 'government' and 'national'[12] ownership. Government ownership refers to the government's commitment to a particular cooperation programme, while national ownership implies a broad-based consensus within society at large.[13] Although government as well as national ownership are frequently mentioned in the literature, the distinction between the two concepts is usually either blurred or they are simply being equated. If they are mentioned together, it is usually to advocate a broad-based societal consensus that goes beyond government ownership.[14] However, as problematic as the notion of ownership is in and for itself, the distinction is necessary in order to specify who is supposed to be responsible and committed to a particular programme, as this has wide-reaching implications for the way in which donors aim to ensure ownership.

Government ownership relates very closely to donor efforts in harmonisation and alignment: to the idea that multi- and bilateral aid donors aligned cooperation between themselves and with recipient governments in order to free scarce recipient government human resources from administering multiple donor programmes. It has been argued that

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[10] This argument has been made by Karen Brock, Andrea Cornwall and John Gaventa (2001): "Power, Knowledge and Political Spaces in the Framing of Poverty Policy", Working Paper 143, Brighton: Institute of Development Studies.

[11] Johnson and Wasty elaborate on a distinction between top leadership, key policy-makers, and efforts towards consensus-building among various constituencies. See John H. Johnson and Sulaiman S. Wasty (1993): "Borrower Ownership of Adjustment Programs and the Political Economy of Reform", World Bank Discussion Paper No. 199, Washington, DC: World Bank.

[12] 'National ownership' is sometimes also referred to as 'country ownership'. For the purpose of this research, I equate the two terms, since the assumption of the two terms is always that a national, country-wide consensus underpins ownership of a particular programme.

[13] United Nations Development Programme (2001): "Poverty Reduction Strategies: What Have We Learned?" Conference Report, 15-17 March in Bergen, Norway, New York: UNDP.

[14] For example, in Masud Mozammel and Sina Odugbemi (2005): "With the Support of Multitudes: Using Strategic Communication to Fight Poverty Through PRSPs", Information and Communication for Development, DFID, and Development Communication Division, External Affairs, The World Bank, London: Department for International Development.

lengthy and diverse decision-making procedures by different donors impede the government's ability to commit to agreed reforms programmes and to effectively execute the delivery of aid.[15] By harmonising aid flows and development cooperation more generally, donors aim to overcome these obstacles and to thus foster government ownership. Therefore, the most prominent means to foster government ownership are joint funding arrangements where the money can then allocated at the discretion of the recipient agency responsible. National ownership, on the other hand, relates very closely to questions of democratic representation, at least from the viewpoint of the donors. They make the argument that national ownership – a broad-based consensus on reform agendas within society at large – would ensure that the government's reform plans are responding to the needs and demands of its citizens.[16] For the donors, national ownership is a way to have their intervention in national policy-making be legitimated by the 'voice of the people'. Therefore, the most prominent means to foster national ownership are mechanisms to ensure civil society participation in national policy-making.

In other words, the means by which donors aim to ensure ownership indicate that the ownership debate touches on very profound aspects of domestic democratic accountability and representation. Yet, this relationship is often downplayed by actors in development cooperation, it appears as if ownership were a mere technical desirability.[17] Donors' attempts to foster government ownership has wide-reaching consequences for the way in which recipient governments are accountable to their constituency. Donors attempts to foster national ownership has wide-reaching consequences for the way in which constituents are represented in the policy-making process. The aim of my research is to look at exactly how channels of accountability and representation in recipient countries get changed as a function of donor-recipient interaction.

1.2   The Politics of Development Cooperation

Investigating the mismatch between wished-for and actual reality in development cooperation that results from the ownership paradox requires a closer look at the power relations between multi- and bilateral aid agencies and domestic actors in recipient countries.

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[15] For a discussion, see Mick Foster and Adrian Fozzard (2000): "Aid and Public Expenditure: A Guide", ODI Working Paper No. 141, London: Overseas Development Institute.

[16] See World Bank Group - Operations Policy and Strategy (2000): "Poverty Reduction Strategy Papers Internal Guidance Notes", January, Washington, DC: The World Bank Group.

[17] A similar argument is made by David Mosse (2005): *Cultivating Development: An Ethnography of Aid Policy and Practice.* London: Pluto Press.

These power relations are bound to be imbalanced, since the relationship is based on financial dependence – the recipient receives aid money from the donor country or organisation. I understand politics as the constrained use of social power, under circumstances where the will of any individual or group is constrained by that of others.[18] With regard to development cooperation, I take the viewpoint that donors constitute important socio-political actors within the recipient country context, because of the economic and political impact that their aid money has on national political and economic processes.[19] From a politico-sociological perspective, donors constitute a specific group within a country's state-society relations. This fact is often under-researched in academic studies of socio-political reform in developing countries. Too often, country politics and social movements are analysed without taking the donors' role and function into account.[20] I prefer to take a sociological approach to this analysis because political sociologists do not conceptualise individuals or organisations as necessarily rational and efficiency-seeking when formalising institutions.[21] Instead, they argue that institutions should be seen as culturally-specific practices and seek to explain why organisations adopt specific forms of institutional procedures and symbols.[22] With this theoretical perspective, political sociologists find it easiest to explain the unintended outcomes of purposeful action. Since this is key to investigating a mismatch between wished-for and actual reality, a sociological understanding of donor-recipient relationships seems most appropriate for this research.[23]

Much of the aid literature has focused on the fact that international development cooperation is necessarily hierarchical and that it reinforces systems of patronage.[24] It thus makes sense to conceptualise donors as relevant stakeholders in political matters of the recipient state. Naturally, an aid-dependent recipient government will take donors' values and beliefs into account as much as possible to secure its financial resources. The question then is

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[18] This definition is based on Max Weber, see Max Weber (1922): *Wirtschaft und Gesellschaft.* Grundriß der Sozialökonomik, Abteilung III, Tübingen: J. C. B. Mohr (Paul Siebeck). Compare Robert Goodin and Hans-Dieter Klingemann (1996): "Political Science: The Discipline", in: Robert Goodin and Hans-Dieter Klingemann (eds.), *A New Handbook of Political Science.* Oxford: Oxford University Press: 7.

[19] On the incentive structure that donors create for domestic actors, see Peter Burnell (2004): "The Domestic Political Impact of Foreign Aid: Recalibrating the Research Agenda", in: *European Journal of Development Research*, 16 (2): 396 - 416; Elinor Ostrom, Clark Gibson, et al. (2001): "Aid, Incentives, and Sustainability: An Institutional Analysis of Development Cooperation", Main Report, 'Workshop in Political Theory and Policy Analysis', Indiana University, SIDA Studies in Evaluation 02/01, Stockholm: Swedish International Development Cooperation Agency. An insightful account of the impact on aid on democratic processes is given by Thomas Carothers (1999): *Aiding Democracy Abroad: The Learning Curve.* New York: Carnegie Endowment for International Peace.

[20] An exception is Peter Uvin (1998): *Aiding Violence: The Development Enterprise in Rwanda.* West Hartford: Kumarian Press.

[21] In this, they are distinct from rational choice institutionalists, who assume that institutions evolve as the most efficient way of tackling a particular problem. For a discussion of the different strands of new institutionalism, see Peter A. Hall and Rosemary C. R. Taylor (1996): "Political Science and the Three New Institutionalisms", in: *Political Studies*, 44: 936-957.

[22] Pioneering work in this field was done by John W. Meyer and Brian Rowan (1977): "Institutional Organisations: Formal Structure as Myth and Ceremony", in: *American Journal of Sociology*, 83 (2): 340-363. This article was later taken up and incorporated into Paul DiMaggio and Walter W. Powell (1991): *The New Institutionalism in Organizational Analysis.* Chicago: University of Chicago Press.

[23] In chapter two, I outline my theoretical approach and discuss institutional theory in more detail.

[24] For example, see Stephen Browne (1999): *Beyond Aid: From Patronage to Partnership.* Aldershot: Ashgate.

how donors, however well intentioned, can promote political development without diverting the recipient government's attention away from its citizens, who have less effective means of sanction to hold the government accountable. "Aid can create dependency, dependency can invite outside involvement, and such 'interference' is undemocratic. [Such dependency is enforced by] the development of a patron-client relationship between donors and recipients, where the donor is expected to solve all problems."[25] An effect of such disproportionate resources is that recipients will downplay their prioritised problem areas in favour of donor priorities in order to secure funds. What effect does this kind of anticipatory behaviour have on donor attempts to foster ownership? With respect to budgetary accountability of joint funding arrangements, recipient governments would be inclined to be more accountable to aid donors – through bureaucratic accounting, monitoring and evaluation mechanisms – than they are to be accountable to their own constituency, in particular to the relatively small tax base of their citizenry. With respect to civil society's participation in defining national development priorities, recipient governments would be inclined to reflect the political preferences of aid donors in national policies rather than incorporating the opinions of consulted civil society organisations – as much as ignoring them is possible without aid donors realising.

1.2.1   Model Recipients: Bolivia and Ghana

I chose to investigate two different cases in order to give equal attention to both types of ownership promotion – one where the promotion of civil society participation in national policy-making is a key element of donor-recipient cooperation and one where joint funding mechanisms are particularly prominent. While Bolivia is a show-case example for donor support to civil society participation, Ghana is one of the prominent countries where donors experiment with multi-donor budgetary support mechanisms. Civil society participation mechanisms are also present in cooperation programmes with Ghana, particularly since they have been a condition for PRSP formulation and debt relief. Ghana is thus a useful case to juxtapose to the Bolivian experience. Similarly, cooperation with Bolivia has experimented with different forms of basket funding mechanisms, which make it an apposite case to juxtapose to the Ghanaian multi-donor budgetary support.

Both Bolivia and Ghana were 'model recipients' during the structural adjustment era in the 1980s, while cooperation with both countries in the early 2000s moved more towards

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[25] Ralph M. Goldman (1988): "The Donor-Recipient Relationship in Political Aid Programs", in: Ralph M. Goldman and William A. Douglas (eds.), *Promoting Democracy: Opportunities and Issues*. New York: Praeger: 51-73: 51.

focusing on political reform. Before, both Bolivia and Ghana had been governed by authoritarian, military regimes until democratic liberalisation occurred in 1985 and 1992, respectively. Accordingly, both countries have experienced similar forms of development cooperation on governance issues for the past two decades.[26] During that time, both countries were considered 'model examples' of governance reform in the 1990s. Consequently, donors put a high priority on further support. The levels of aid to Bolivia and Ghana are roughly the same, US$ 681 million to Bolivia and US$ 653 to Ghana in 2002. This results in roughly similar net percentages of aid per gross domestic product (GDP)[27] – around 10 percent in both cases, which is considered the cut-off point for aid-dependent countries.[28] Both countries were pilots for the World Bank's early harmonisation tool, the Comprehensive Development Framework (CDF), and both countries were early PRSP countries. Both have already received debt relief through the Heavily Indebted Poor Country (HIPC) initiative. These similar patterns have led to comparable donor coordination efforts in Bolivia and Ghana that are worthwhile investigating.

While similar types of development cooperation efforts exist in both countries, the political, social, economic and regional contexts are very different. Ghana's political development is still marked by its colonial past during which strategic interests of some of today's major donors had played a role.[29] In addition, the formalised organisational structures of the state are still heavily influenced by their colonial precedents. In contrast, Bolivia has had a longer history of post-colonial independence, since decolonisation occurred much earlier in most of the countries. Even though Bolivia's colonial past fundamentally altered and marked its political organisations, political elites had had more opportunities for governing a sovereign state and for designing state organisations based on underpinning power relations and interests of different societal fractions. Analysing whether similar donor approaches have different repercussions in Bolivia and Ghana gives this research some leverage to evaluate the impact that cooperation has had on the socio-political context.

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[26] Bolivia is considered to have been democratic since 1984, while Ghana's democratisation started in 1989, with the first multiparty elections in 1992.

[27] For Bolivia, the net share of ODA as a percentage of GDP was 8.7 percent, for Ghana it was 10.6 percent in 2002. See Organisation for Economic Cooperation and Development (2004): *Geographical Distribution of Financial Flows to Aid Recipients 1998-2002*. Paris: OECD.

[28] For a discussion on aid dependence in relation with governance questions, see Deborah Bräutigam (2000): "Aid Dependence and Governance", EGDI Study, No. 1, Stockholm: Swedish Ministry for Foreign Affairs, Expert Group on Development Issues.

[29] This factor can be important, as it sometimes determines the present strategic interests of today's donor countries.

1.2.2 Donor-Recipient Interaction's Effect on Political Change

Focusing on donor-recipient interaction within two specific case study countries allows for an analysis of the socio-political context in which the interaction takes place. Until today, donor-recipient relationships are usually either evaluated from a relatively technical perspective with respect to the policies negotiated, or – when analysed from an academic perspective – they are often investigated at the global rather than the country level.[30] Few exceptions have analysed donor-recipient relationships in the context of a particular socio-political background.[31] Often, country-specific policy analyses of aid programmes insufficiently conceptualise the socio-political context in which national policy-making takes place. Such studies stop short of perceiving donors' work in the light of the role they play within the recipient country's state-society relationship, in order to come to conclusions about the power relations that drive political change in the recipient country. I attempt to close this gap with my research through an analysis of the socio-political context that includes informal political processes that govern political interaction.

1.2.2.1 Externally Promoted Reform

In this thesis, I demonstrate that the donors' interest in shaping national debates has repercussions on the institutional environment in which recipient state actors interact. Even when donor representatives attempt to foster recipient ownership, political actors in a developing country are likely to shape their behaviour according to donor expectations. They respond to these expectations in order to ensure continued support and to retain the legitimacy of certain state organisations vis-à-vis the donor community. Research question one inquires into the logic of externally promoted reform:

> ***Research Question 1:*** In Bolivia and Ghana, do domestic political reforms reflect the values and beliefs of the external donor agencies involved? If so, in what ways and why do they do so?

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[30] See for example Collegium for Development Studies (2002): "Democracy, Power and Partnership: Implications for Development Cooperation", proceeding from a conference in cooperation with Sida, May 6, Uppsala; Jean-Claude Berthélemy (2004): "Bilateral Donors' Interest vs. Recipients' Development Motives in Aid Allocation: Do All Donors Behave the Same?" paper presented at the HWWA conference on the 'Political Economy of Aid', 9-11 December, Hamburg: Hamburgisches Welt-Wirtschafts-Archiv.

[31] Exceptions include Natalie Ann Folster (2001): *Systemic Constraints on Aid Policy and Aid Outcomes: The History of Canadian Official Development Assistance to Tanzania.* PhD Thesis, Development Studies Institute, London: London School of Economics and Political Science; James Putzel (1992): *A Captive Land: The Politics of Agrarian Reform in the Philippines.* New York: Monthly Review Press; Judith Tendler (1984): *Captive Donors and Captivating Clients: A Nicaraguan Saga.* Washington, DC: Inter-Amercian Foundation.

In practical terms, the research question asks whose values are reflected in a particular reform programme in a context where the recipient is dependent on external financial aid flows. Indeed, the emphasis of the research is on reforms reflecting the values and beliefs of the external donor agencies if/when these values and beliefs are *not shared* by the executing recipient state organisation. Mutually shared values and beliefs would not lead to a mismatch between wished-for and actual reality. Only when a programme is primarily designed to accommodate donors' approaches towards an issue, perceived and actual political agendas diverge.

To attempt a hypothetical answer to this question, I build on organisational theory – particularly Meyer and Rowan's concept of formal structure as myths and beliefs of the institutional environment.[32] According to this concept, certain actors and stakeholders play a major role in determining the formalised agenda of an organisation.[33] In developing countries, donors have to be conceptualised as such stakeholders, because they form part of the environment in which a state organisation operates. By using such an approach, the present research moves away from the notion that formal public institutions function rationally and effectively. Instead, it hypothesises that state organisations have to incorporate the values and beliefs of donors to gain legitimacy and to ensure their survival. In the case of Bolivia and Ghana, the institutional environment is heavily shaped by external donors as well as by the values and beliefs that their policies entail. This leads to the following hypothesis:

> **Hypothesis 1:** The governments of Bolivia and Ghana incorporate values and beliefs of present external donor agencies into their reform programmes *because* they need to increase their own and the reform's legitimacy and to ensure the continuity of external financial flows.

In practical terms, this means that a mismatch between formalised agendas and informal political processes might occur because the recipient state organisation is dependent on donor support and funding. Where this dependency is substantial – because alternative funding might not easily be available – such a reform programme does not respond to the values and beliefs of the domestic environment. To give one example: a government might seek popular participation not – or not only – to ensure greater access to policy formulation by the poor, but rather to secure donor funding. The degree of such a mismatch between formalised and a actual political agendas is relevant because of its significance for the sustainability of the formalised institutions that are created by such reforms.

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[32] John W. Meyer and Brian Rowan (1977): "Institutional Organisations: Formal Structure as Myth and Ceremony", in: *American Journal of Sociology*, 83 (2): 340-363.

[33] M. Kiggundu (1989): *Managing Organisations in Developing Countries*. West Hartford: Kumarian.

1.2.2.2 Formalised Agendas and Informal Political Processes

Many authors argue that reforms are unsustainable in the long-run, if informal political processes are overlooked in the process of policy formulation.[34] This recognition – that informal political processes affect the sustainability and effectiveness of formalised agendas – is central to evaluating whether external donors can be successful in promoting domestic political reforms. Research question two is formulated with the importance of informal political processes in mind:

Research Question 2: In Bolivia and Ghana, in what ways is there a mismatch between the template for politics that arise from formalised agendas and the way that politics actually work?

Daily work activities and everyday interaction depend on the informal political processes in which state representatives have to act. For example, where relationships between the state, society and the private sector take the form of patronage networks, this may be in tension with, say, accountability procedures that are enshrined in the formalised agenda of the organisation or its political leaders. If the basic moral and political principles constituting the informal political processes do not differ from those of the formalised institutional structure of an organisation, then the efficiency of the formalised institutions is unlikely to be compromised: my interest is therefore in *diverging* formalised agendas and informal political processes.

To approach a hypothetical answer to this question, I build on political sociology approaches. In particular, I take forward the notion that all political organisations and institutions evolve from the social political processes in which they are embedded.[35] By the same logic, formalised organisations respond to demands and expectations evolving from informal political processes. This is true even in countries like Bolivia and Ghana, where formalised rules and norms are not only produced as a reaction to incentives of socially structured interests but also as a consequence of 'myths' conveyed by the donor community. In such a case – where informal political processes do not exclusively determine the formalised institutional structure of an organisation – informal political processes will nevertheless influence the activities within it. This leads me to the following hypothesis:

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[34] For such an argument, see A. Premchand (2000): "Institutional Development and Organisational Paradoxes", in: A. Premchand (ed.), *Control of Public Money: The fiscal Machinery in Developing Countries*. New Delhi: Oxford University Press: 261-289.

[35] Ronald L. Jepperson (1991): "Institutions, Institutional Effects, and Institutionalism", in: Walter W. Powell and Paul DiMaggio (eds.), *The New Institutionalism in Organisational Analysis*. Chicago: University of Chicago Press: 143-163.

Hypothesis 2: In Bolivia and Ghana, there is a mismatch between the template for politics that arise from formalised agendas and the way that politics actually work *because* often there is more pertinent pressure on government organisations to respond to informal political processes and real politics, while formalised agendas have to be upheld for declaratory purposes.

This hypothesis implies that, in particular cases, the activities of a specific government organisation are not determined by specified overarching aims for which the reform was designed because the overarching aims conflict with social institutions. This renders the state organisation less effective with respect to its formalised function. However, I do not assume that such a situation has to be the case in all state organisations in Bolivia or Ghana. Yet, where a divergence between formalised agendas and informal political processes exist, ownership of a cooperation programme that does not address informal institutions is likely to be weak.

My point here is not only to problematise the donors' conception of ownership but to demonstrate what consequences the donors' promotion of ownership can have for democratic accountability and participation in recipient governments. Whenever domestic constituents are less effective than international aid donors to have their preferences included in formalised reform processes, the government is more likely to be accountable to the donors rather than to its own constituents and policy-making is more likely to represent the donors' preferences rather than that of societal groups. In other words, in such cases donor-recipient interaction alters the channels of democratic accountability and representation in the recipient country. With this research, I want to analyse exactly how such variations occur.

1.2.3   Studying Development Assistance and Donors

A problem with studying development cooperation is that many terms originate from practitioners, not from academics. As a result, concepts and terms are often normative and value-loaded, even when they appear to refer to technicalities. For example, the subject area of this thesis is sometimes called foreign aid, foreign assistance, development cooperation and sometimes even partnership. All of these terms contain a normative or purposive element. While the foreign aid or foreign assistance labels stress the financial aspect, development cooperation and partnership focus on the policy dialogue involved. All four terms allude to the power relationships between donors and recipients in different ways –

with 'aid' as the strongest expression of hierarchical dependency, whereas 'partnership' explicitly excludes hierarchies. The Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) has given foreign assistance the label 'official development assistance' (ODA). The term is useful to measure assistance in quantifiable terms and is widely employed for international comparisons. The DAC defines ODA as:

> …those flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following tests:
> a) it is administered with the promotion of the economic development and the welfare of developing countries as its main objective; and
> b) it is concessional in character and conveys a grant element of at least 25 per cent.[36]

This is a good working definition because it refers to the promotion of economic development and the welfare of developing countries as an objective, not an output. Also, by insisting on a concessional character with a grant element it excludes non-concessional loans. I employ ODA whenever it helps to illustrate an argument with statistical data. Furthermore, I use the term 'aid' to refer to the monetary aspects of foreign assistance, excluding technical cooperation. I use 'assistance' whenever both financial and technical assistance are concerned. 'Development cooperation' more generally addresses all forms of interaction between donors and recipients that aim to promote political and economic development.[37] As such, the term also includes policy dialogue, even where assistance is absent. In my view, 'partnership' is too normative a concept to serve for analytical purposes. I will only employ the term 'partnership' when referring to the donors' use of it.

The representatives of multi- and bilateral aid agencies are often referred to as the 'donor community'.[38] From the inside and from the outside, they are perceived as having a shared set of norms and practices. However, this does not imply that these norms or practices are static, nor are they subscribed to harmoniously or homogeneously. Like in any

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[36] Organisation for Economic Cooperation and Development - Development Assistance Committtee (2005): *Geographical Distribution of Financial Flows to Aid Recipients: 1999-2003.* Paris: OECD: 317.

[37] At present, there is a large body of literature that addresses different aspects of development cooperation. This body of literature is commonly called the 'aid literature', even where more general aspects of cooperation are concerned. For the sake of simplicity; I continue the use of the term aid literature, keeping in mind that it is conceptually vague.

[38] For an analytical discussion of the term, see Rosalind Eyben (2003): "Donors as Political Actors", IDS Working Paper 183, April, Brighton: Institute of Development Studies. 5-8. She further distinguishes between the donor community and development community. The 'donor community' contains development professionals employed by government departments and multinational organisations, while the 'development community' further extends to members and associates of all development NGOs, global advocacy organisations, and academics studying development.

social community, norms and values are continuously contested and evolving.[39] Throughout this thesis, I will use the term 'donor community' to distinguish them as a social group that follows different rules and incentive patterns than other in-country actors. However, donors have hybrid features that distinguish them from any other socio-political group: They form part of the socio-political context of the recipient country but they are also oriented towards social networks abroad. Donors belong to the international development community and to their civil service organisations 'back home'. In that respect, they are integrated and interacting within three different contexts that determine their actions: the national context, the international development context and their own civil service context.[40] These three different contexts determine the incentive structure within which donor representatives act. It makes them a unique social group, distinct from domestic actors because they have an 'exit option'. Because of this, I use the terms 'donor' and 'recipient' to indicate that there is a necessarily hierarchical relationship, where the recipient receives financial assistance from the donors. Equating the two as 'development partners' blurs the this relevant difference in an unhelpful way when analysing power relationships between donors and recipients.[41]

1.3   Empirical Data Collection

For the study of donor-recipient relationships, specialised interviewing is a necessity, particularly in a developing country context. There are few comprehensive accounts or records of negotiation activity prior to the settling of agreements. Although agreements and memoranda of understanding might be documented, the negotiation process is a diplomatic matter, where the informal setting and private discussions play an important role. Negotiations on particular programmes and projects are based on a great variety of formal and informal procedures. Interviewing therefore becomes necessary to fill gaps and evaluate biases in the available, non-systematic information. For my specific research project, interviews furthermore helped to constitute the narrative of the evolution of relationships among individual donors as well as between the donors and the recipient governments. For both of these purposes, it became necessary to target a diverse field of experts: Besides donor representatives and government officials and consultants to both sides, interviews included

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[39] Community here can be understood in Tönnies' terms of *Gemeinschaft*, although it does not have to be territorially bound. Ferdinand Tönnies (1887): *Gemeinschaft und Gesellschaft: Grundbegriffe der reinen Soziologie*. Leipzig: Hans Buske. On the function of values for social action, see Talcott Parsons (1939): *The Structure of Social Action: A Study in Social Theory with Special Reference to a Group of Recent European Writers*. 2nd edn., New York: Free Press.

[40] Rosalind Eyben (2003): "Donors as Political Actors", IDS Working Paper 183, April, Brighton: Institute of Development Studies. 7-11.

[41] This is an academic argument. It might be necessary and appropriate for aid practitioners to refer to government representatives as development partners rather than recipients.

knowledgeable experts from the recipient countries and civil society representatives, who had been involved in the relationship between the donors and the government.

Most social scientists who do empirical research interact in one way or the other with the objects of their research. Much literature has been written on how the perceptions of the research by the object studied can influence the results of the observation.[42] A donor agency might present itself in a particular way based on its knowledge of the subject of the investigation. On a similar but different note, the perception of the research by the donor agency can influence its appreciation of resulting recommendations. Before, during and after the interview process, the researcher has to be conscious of the donor agency representatives' perception of the research. This matters for her own scientific endeavours but also for the one's of other researchers to follow. A representative who feels he has been dealt with aggressively or unprofessionally by a researcher is less likely to grant an interview to another researcher afterwards. After all, interviewees give away information and opinions voluntarily. If the event is being perceived as unpleasant, there is little incentive to repeat the experience. This is even more true in the case of elite interviews, where interviewees are likely to have a busy schedule and little time to spare. The following two sections will briefly outline the data collection process and the problems and pitfalls involved.

1.3.1   Elite Interviewing

The field work for this thesis consisted of 140 semi-structured interviews. I employed a so-called snowball system to identify the interviewees.[43] This meant that I identified a primary set of interviewees based on their position in a particular agency or ministry. In particular, I was looking for people who worked on governance issues or the poverty reduction strategy papers. At the end of each interview, the interviewee was asked to recommend someone else to talk to. The same question was then posed to all subsequent interviewees who in turn recommended others, thus the name snowball system. In order to employ such a system, the interviewees have to be generally favourable to the objectives of the research. If the researcher or the research were perceived as aggressive, pointless or potentially dangerous, a donor agency representative would not jeopardise his or her own standing within the donor community by giving away other people's contact information. Already at this early stage of the research, the interviewer has to be sensitive to the donor agency's perception of his or her research in order to expand his or her network and to advance with the analysis.

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[42] See E. J. Webb, D. T. Campbell, et al. (1981): *Nonreactive Measures in the Social Sciences.* Boston: Houghton Mifflin.
[43] These methods are explained more thoroughly in Norman K Denzin and Y.S. Lincoln (eds.) (1994): *Handbook of Qualitative Research.* Thousand Oaks, CA: Sage.

Since the selection of interviews is based on a person's participation in a given political issue, interviewees are very often 'not interchangeable.' The rejection of an interview request by a specific agency or its key representatives can have an effect on the outcome of the study.[44] Consequently, one of the most time consuming tasks of such a research methodology is getting the interview.[45] Not only is it necessary to follow up an initial request with several phone calls, the format of the interview request also plays an important role. For this specific project, I found that in almost all contexts, writing an e-mail worked well, simply because they are the easiest to respond to quickly. However, if an e-mail seems vague or is addressed to the wrong person, it will be left unanswered. Later on, I made sure my introductory e-mail made reference to very specific parts of the person's work – or even better, some of their achievements – in order to underline my need to talk with her or him. Very often, it was more convincing to write a detailed e-mail testifying to my knowledge of the subject and the interest I have in this particular conversation. In fact, I have learned to adapt the title of my research to suit the position of the person I was interested in interviewing. During the early stages, when I said I was interested in governance issues but wanted to talk to someone responsible for the poverty reduction strategy paper, the person referred me to the governance advisor instead of granting me an interview. Subsequently, instead of arguing that poverty reduction strategy papers contain important governance aspects, I adapted my research title to suit the position of the interviewee. The challenge of getting an interview was thus to be as specific as possible about my interest in the interviewee's work while remaining reasonably vague in describing the focus of my research.

1.3.2   Ethical Considerations

The general rules about courtesy apply to following up the interview. Even though this might be self-evident, many researchers do not deem thank you notes or similar formalities important. Yet, they are valuable components in fostering one's own network and in setting the stage for other researchers to follow. As said, if the research is perceived as well-organised and efficient, the interviewee is more likely to grant further interviews to other researchers. Furthermore, an interviewer should not underestimate how well connected interviewees are amongst each other. It has happened to me on two or three occasions that an interviewee was on the phone or in a meeting with a former interviewee when I arrived at

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[44]   Samy Cohen (ed.) (1999): *L'art d'interviewer les dirigeants*. Paris: Presses Universitaires de France: 7.
[45]   Kenneth Goldstein (2002): "Getting in the Door: Sampling and Completing Elite Interviews", in: *Political Science and Politics*, 35 (4): 669-673.

her or his office. A favourable or unfavourable word in such a context will define the ambiance for the remainder of the interview.

A fundamental question is how information collected during interviews can be used to inform the researcher's work. Opinions differ as to whether interviews should be used anonymously or not. The advantage of revealing the origin of a statement is that it allows an evaluation of specific agencies or even of particular decision-makers. However, I do not believe that the point of academic research is to evaluate specific people's performance. It should go further than that. In some contexts, it might make sense to juxtapose opinions from different agencies to reveal differences between these organisations. Nevertheless in my own research, I have decided to keep the individual as well as the organisation anonymous. I will only specify whether a particular statement came from a government or a donor representative. This will allow me to make generalisations about the attitudes and points of view within a particular kind of agency without compromising my interviewees. Particularly with elite interviews, the interviewed community is so small that interviewees can track each other's statement if too much information is given away. For example, if I quote somebody from the Department for International Development (DFID) criticising the World Bank when my interviewee list only contains three British representatives, the World Bank representatives are very likely to be able to work out who made the statement.

In sum, empirical data collection through elite interviews is a time-consuming process. It has nonetheless proven an excellent method to obtain otherwise undisclosed information on political interaction between donor and recipient representatives. Based on these interviews, I am able to describe power relationships and negotiation processes. It has proven an invaluable tool to get first hand accounts from both sides. In this thesis, I use these interviews to present donor and recipient views on the same issues and to juxtapose their evaluation of specific processes.[46]

1.4   Structure of the Argument

Following the introduction in this **Chapter one**, the thesis is divided into three main parts and one concluding part. The first part develops the analytical focus – donor-recipient relationships – from a theoretical and empirical perspective. It does so along the lines of the research questions. The theoretical perspective is used to explore diverging formalised agendas and informal political processes, while the empirical analysis of donor-recipient

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[46] For an explanation of how the interviews were analysed, see the Methodological Notes in the Appendix.

interaction explores conceptual issues of recipient ownership. The two following parts explore the two tools of development cooperation that this research aims to investigate: multi-donor budgetary support mechanisms, and the promotion of civil society participation in national policy-making. In each part, one chapter is devoted to analysing diverging formalised agendas and informal political processes. Each following chapter builds on the conclusions of the previous to investigate issues of externally promoted reform with respect to the cooperation tool in question.

Table 1:   Thesis Structure

Introduction	Chapter 1 (▽)	

Analytical Focus

Donor-Recipient Relationships

Theoretical	*Empirical*
Chapter 2	Chapter 3

Research Question: **Informal Political Processes**	**Research Question:** **Externally Promoted Reform**

Cooperation Tool

	Informal Political Processes	**Externally Promoted Reform**
Multi-Donor Funding Mechanisms	Chapter 4	Chapter 5
Support to Civil Society Participation	Chapter 6	Chapter 7

Conclusion	Chapter 8 (△)	

To be specific, **part one** analyses donors as political actors and outlines their workings and organisational structure. It is divided into two different sections: chapter two and chapter three. **Chapter two** develops the theoretical background of the research project and bases the analysis of donor-recipient interaction in a political sociology understanding of the relationship between the state and society. It elaborates how the donor community can be conceptualised in a developing country context, where politics are more than a mere the result of state-society interaction because they depend on the role that donors take within the political system. **Chapter three** analyses the international donor community against the

background of its evolution and past lessons learned. It depicts its actors and tools on the country level and explains the evolution of the ownership principle in current development cooperation approaches. Part two and part three build on this to investigate two central mechanisms through which the donor community attempts to foster ownership.

Part two analyses multi-donor budgetary support mechanisms and other joint funding arrangements aimed at harmonising donor efforts at the country level in order to discuss concepts of government ownership. **Chapter four** depicts the state and national politics in Ghana and Bolivia. It investigates formalised agendas as well as informal processes in order to evaluate the degree of transparency and accountability of the budget in both cases. By doing so, it evaluates what drives or hinders institutional reforms in both countries and how inefficiency problems can be explained. **Chapter five** investigates how the donor community uses direct budget support mechanisms to foster greater ownership of reform programmes. It analyses the multi-donor budgetary support mechanism that was launched in Ghana and compares it with different types of basket funding and donor harmonisation efforts in Bolivia in order to address in how far the formalised cooperation agenda diverges from ongoing political processes.

Part three analyses donor-driven promotion of civil society participation in national policy-making in two separate chapters in order to discuss concepts of national ownership. **Chapter six** conceptualises the role of civil society in a democratic regime. It juxtaposes the donors perception of democratisation processes with the government's and civil society's understanding of state-society interaction. It further describes the channels of civil society participation in both countries and evaluates how far civil society participation has made politics more accountable and democratic. **Chapter seven** investigates how the donor community has fostered civil society participation at the country level in Bolivia and Ghana. It outlines civil society promotion within the PRSPs and demonstrates how this has affected politics in Bolivia, and compares it to the situation in Ghana. It then evaluates to what extend the donor community has had an impact on state-society relationships and in what ways this has altered the type of political regime.

Chapter eight concludes the thesis. It summarises the argument and evaluates the lessons learnt. It juxtaposes budget support triggers with government priorities, civil society participation with democratic representation, and government with national ownership. Using these conclusions, it revisits the theoretical implications of the thesis with respect to donors and the state-society relationship in an aid-dependent country, and with respect to

concepts of democracy. It ends with a necessary redefinition of development cooperation and democratic development in light of the research findings.

PART I

DONORS AS POLITICAL ACTORS

CHAPTER 2 – POWER AND POLITICS IN DONOR-RECIPIENT RELATIONS

This thesis is about power and politics. More specifically, it is about power and politics in international development cooperation. In the case of development cooperation, power relations are bound to be imbalanced, since the relationship is based upon a resource dependence – the recipient receives aid money in the form of loans or grants from the donor country or organisation. While this dependence is increasingly recognised by academics and in donor policy papers, it still does not sufficiently factor into development cooperation at the country level.[47] With the exception of engagement in failed states where donors recognise the political nature of their action, in most cases they continue to ignore their own role in the socio-political power games that take place within national contexts.[48] Based on this assumption, donor agencies supposedly have better solutions to the problems at hand than the recipient government, whose different parts are perceived to be engaged in political struggles and clientelistic relations that hinder them from initiating change.[49] I suggest that such a view is flawed. Donor functionaries come with an intrinsic agenda, with values and principles. They play a particular role in the recipient's state-society relations and form part of the country's socio-political context in which political power brokerage takes place. By doing so, they shape the constraints over the use of social power within the recipient country. Albeit apparently obvious, this realisation has wide-reaching consequences for the study of political change in developing countries and for development cooperation itself.

I argue that political activity in developing countries is no longer shaped by the mere relationship between society and the state of the country in question – as conventional

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[47] There is a growing awareness of donors' political impact and the need to incorporate this into the conceptualisation of new initiatives. For propositions of 'lessons' for donors, see Mick Moore and James Putzel (1999): "Thinking Strategically about Politics and Poverty", IDS Working Paper 101, Brighton: Institute of Development Studies. Some donor agencies have started to come to terms with their impact on recipient's politics, see Elinor Ostrom, Clark Gibson, et al. (2002): *Aid, Incentives and Sustainability. An Analysis of Development Co-operation*. Stockholm: Swedish International Development Co-operation Agency; Sue Unsworth (2003): "Better Government for Poverty Reduction: More Effective Partnerships for Change", Consultation Document, July, London: Department for International Development; Debbie Warrener (2004): "The Drivers of Change Approach", Synthesis Paper 3, London: Overseas Development Institute.

[48] For a discussion of donor involvement in failed states, see Tobias Debiel, Stephan Klingebiel, et al. (2005): "Between Ignorance and Intervention: Strategies and Dilemmas of External Actors in Fragile States", Policy Paper No. 23, Bonn: Stiftung Entwicklung und Frieden. For donors grown recognition of their political nature, see Department for International Development (2005): "Why We Need to Work More Effectively in Fragile States", DFID Policy Paper, London: DFID; Organisation for Economic Co-operation and Development (2005): "Principles for Good International Engagement in Fragile States", Learning and Advisory Process on Difficult Partnerships, Development Assistance Committee (DAC), Paris: OECD.

[49] Some donor agencies have considered explicit policy influencing as a means of inducing political reform. See for example James Blackburn and Antonio Rodríguez-Carmona (2003): "Appraisal of DFID's Influencing Activities in Bolivia", May, La Paz: DFID Bolivia. Yet, these policy influencing tools rarely consider the unintended consequences of their intended action – which are vital for comprehending socio-political interaction.

political sociology argues – but by a triangular relationship between society, the state and the country's donor community. Today, many contemporary political sociologists have moved away from state-society analysis. They speak about the globalisation of politics and have moved beyond the boundaries of the traditional nation-state to explain national and international politics.[50] Nonetheless, my analysis is based upon the assumption that national politics exist and are partly a result of the relationship between the state and its society.[51] Without conceptualising a country's donor community as a third component in this relationship, politics cannot properly be explained.

This chapter is divided into five sections. The first section will develop a political sociology perspective of donor-recipient relationships that integrates external actors and institutions into an analysis of the social circumstances of domestic politics. In the second section, I conceptualise institutions and politics. I use the third and the fourth section to set out how I understand the state, society and national politics. In the third section, I conceptualise the state and national politics by introducing approaches towards collective memories and socio-political histories in order to analyse how donor-recipient relationships are situated within political legacies of national politics. In the fourth section, I juxtapose concepts of direct participation and representative democracy and establish categories to analyse civil society organisations according to the channels through which they engage with they engage with the state and the political system. In the concluding section, I emphasise the need to contextualise the socio-political setting of development cooperation programmes to understand how political reform results from a combination of domestic and external pressures and incentives.

2.1   A Political Sociology Perspective

Political sociology directs attention towards "the social circumstances of politics, that is, to how politics both is shaped by and shapes other events in societies."[52] To investigate whether and in what ways there is a mismatch between the template for politics that arise form

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[50] See David Held (1995): *Democracy and the Global Order: From the Modern State to Cosmopolitan Governance.* Cambridge: Polity Press; A. McGrew (1997): *The Transformation of Democracy? Globalization and Territorial Democracy.* Cambridge: Polity Press.

[51] I recognise that the state in many developing countries has often been described as weak, in the sense that it is not fully able to engage with society. Yet, even when some parts of society are disengaged, others still influence government's decision-making and engage with the state unless the state has 'failed'. For a discussion of state-society relations in developing countries, see Joel S. Migdal (1988): *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World.* Princeton: Princeton University Press. For a discussion of state failure, William Zartman (1994): *Collapsed States: The Disintegration and Restoration of Legitimate Authority.* Boulder, CO: Lynne Rienner Publishers.

[52] "Instead of treating the political arena and its actors as independent from other happenings in a society, [political sociology] treats that arena as intimately related to all social institutions." Anthony M. Orum (1978): *Introduction to Political Sociology: The Social Anatomy of the Body Politic.* Prentice-Hall: 1.

formalised agendas and the way that politics actually work, it is necessary to analyse the social and political circumstances in which the donor-recipient relationships take place. This needs to be done in a historical perspective, where social and political institutions can be understood as a consequence of historical events.[53] At the macro-political level, conventional political sociology has been almost exclusively concerned with state-society relationships. This is problematic since, in the contemporary world, politics and the state cannot be conceptualised as only the result of societal relationships and instructions – especially not in a developing country context where donors play a decisive role. There is a failure in the current literature to conceptualise foreign donors in a developing country context as relevant actors within the traditional state-society dynamic. Attempts have been made to approach the internationalisation of politics but they fall short of explaining political dynamics as a consequence of *both* social institutions and international stakeholders.[54] Yet, the current literature on political sociology has much to offer to fill this gap.

Several aspects make a political sociology approach apposite to investigate problems of external promotion of political reform. One is its focus on the study of social institutions and the comparative analysis of institutional change.[55] "*Institution* represents a social order or pattern that has attained a certain state or property."[56] Social institutions have consequences for social and political action. Essentially, "whichever story political scientists want to tell, it will be a story about institutions."[57] Building on Parsons, political sociologists perceive choice as bounded by institutional constraints, although there is some disagreement about the degree of constraint and how the nature of society determines social institutions. Rational action, in "conformity with these norms, does not follow automatically from the mere acceptance of the ends as desirable."[58] This is of particular interest for my research, because institutional design approaches often argue that actors conform to norms and institutions that they consider to be desirable. In contrast, political sociologists view social institutions as giving rise to socially structured interests, and hence to an organised system of incentives.

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[53] Albeit a bit awkward, the term 'historical sociology of politics' more accurately reflects the historical evolution of social norms that shape political institutions. Yves Déloye (2003): *Sociologie historique du politique*. Paris: La Découverte. For the purpose of this research, I employ a political sociology perspective that takes historical antecedents into account.

[54] Work on the impact of donors on the political sphere of developing countries exist but they do not reconcile traditional state-society approaches and lack a thorough understanding of the social genesis of politics. See for example J. Grugel (ed.) (1999): *Democracy Without Borders: Transnationalisation and Conditionality in New Democracies*. London: Routledge; Peter Burnell (1997): *Foreign Aid in a Changing World*. Issues in Third World Politics, Buckingham: Open University Press.

[55] This has been its primary purpose since its founding, see Emile Durkheim (1895): *Les règles de la méthode sociologique*. Paris: Ancienne Librairie Germer Baillière. He defines sociology as the "science of institutions, of their genesis and of their functioning."

[56] Ronald L. Jepperson (1991): "Institutions, Institutional Effects, and Institutionalism", in: Walter W. Powell and Paul DiMaggio (eds.), *The New Institutionalism in Organisational Analysis*. Chicago: University of Chicago Press: 143-163: 145. emphasis in the original. "Order or pattern" denote standardised interaction sequences.

[57] Bo Rothstein (1996): "Political Institutions: An Overview", in: Robert Goodin and Hans-Dieter Klingemann (eds.), *A New Handbook of Political Science*. Oxford: Oxford University Press: 134.

[58] Talcott Parsons (1990 (1934)): "Prolegomena to a Theory of Social Institutions", in: *American Sociological Review* (55): 318-333: 325.

Yet, there is still widespread disagreement on the nature of mechanisms through which norms and rules are produced and maintained. Several scholars are currently trying to come to terms with the problem of explaining the relationship between informal and formal institutions as well as the feedback process between social and political norms.[59] In the case of governance reform in a developing country context, I argue that formalised rules and procedures are not only produced as a reaction to incentives of socially structured interests but also as a consequence of 'myths' conveyed by the donor community. Yet, socially structured interests will largely determine the way that politics actually work.[60]

2.1.1   The Postmodern Turn

Historically, the state and the world state system were essential means of securing power and domination, and political sociologists have done well in identifying this function of state formation.[61] The most distinctive feature of the state as a political organisation has been the differentiation of the subjects of rule into "territorially defined, fixed, and mutually exclusive spaces of legitimate domination."[62] However, as a consequence of globalisation and internationalisation, states today have become "simply one class of powers and political agencies in a complex system from world to local levels."[63] Yet, in the global political organisation, states remain as a key source of legitimacy and accountability in relation to powers *below and above* the national level. Even though it is not self-evident that in the circumstances of late modernity collective power has to take the form of a state, it can reasonably be assumed that states will continue to be major sites of social reproduction, struggle and collective agency well into the twenty-first century.[64] "Borders still matter" – and thus the state matters – because most global or international actors have so far "felt the need for some kind of stabilising framework of rules and public support structures beyond the

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[59] James S. Coleman (1990): "Commentary: Social Institutions and Social Theory", in: *American Sociological Review*, 55: 333-339; Douglass North (1990): *Institutions, Institutional Change and Economic Performance*. The Political Economy of Institutions and Decisions, Cambridge: Cambridge University Press.

[60] This is in line with the argument that multiple institutions shape the political landscape in a globalised world, see Ian Clark (1999): *Globalization and International Relations Theory*. Oxford: Oxford University Press; James N. Rosenau (1990): *Turbulence in World Politics: A Theory of Change and Continuity*. Princeton: Princeton University Press. Others like Srivastava argue that the effective translation into reality of perfectly designed macro rules may be hindered by diverging micro layer rules. See Manoj Srivastava (2004): "Moving Beyond 'Institutions Matter': Some Reflections on How the 'Rules of the Game' Evolve and Change", Crisis States Programme Discussion Paper No. 4, London: Development Studies Institute. Using his terminology, I argue that macro rules are influenced by external donors while micro layer rules continue to be largely determined by socially structured interests.

[61] Anthony Giddens (1985): *The Nation-State and Violence*. Cambridge: Polity Press; Michael Mann (1986): *The Sources of Social Power: The Rise of Classes and Nation States, 1760-1914*. 2 vols., Cambridge: Cambridge University Press; Gianfranco Poggi (1978): *The Development of the Modern State*. London: Hutchinson.

[62] J. Ruggie (1993): "Territoriality and Beyond: Problematising Modernity in International Relations", in: *International Organization*, 47: 139-147.

[63] P. Hirst and G. Thompson (1996): *Globalization in Question*. Cambridge: Polity Press: 190-206.

[64] Angus Stewart (2001): *Theories of Power and Domination: The Politics of Power in Late Modernity*. London: Sage: 123-129.

networks generated through market transactions."[65] Yet, what then determines politics on the – still existing – state level in an increasingly globalised world?

Recently, emerging literature on globalisation has begun to challenge the traditional state-society focus in political sociology.[66] This shift has produced the 'postmodern turn'.[67] Such theories have focused on the 'society' side of the old, inflexible state-society concept and argued that postmodern societies have to be analysed in 'cultural' rather than in 'state' terms.[68] Societies are now not only to be conceptualised as defined by the state in which they are located, but rather according to common cultural denominators which transcend national borders, like certain levels of education or specific preferences for music or shared world views. However, much remains to be explained about how the 'state' side of the old concept is affected by the 'dissolving' of traditional borders. To approach this problematic, Nash conceptualises the 'internationalised state' – the form of state she sees currently developing as an aspect of global governance. Such a state shares sovereignty as a result of its participation in international agreements.[69] As political arenas today are constituted by complex regional, national, international and transnational networks, the political structuring of the world in terms of the territorial differentiation seems increasingly problematic.[70] In such circumstances, there is a "growing asymmetry between the global and the transnational scale of contemporary social life and the territorial organisation [in other words, the state-isation] of liberal democratic governance."[71] These findings begin to get at the discrepancy between the template for politics and the way that politics actually work in developing countries' state organisations that I problematise with this thesis.

2.1.2   The Internationalised Developing State

Kate Nash's idea of the internationalised state presents an important first step towards conceptualising politics as incentives at the state level. Yet, it still does not adequately address the social circumstances of politics in a developing country context, where sovereignty is

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[65] R.J. Holton (1998): *Globalization and the Nation-State*. Basingstoke: Macmillan: 108.

[66] Works on globalisation are too numerous to be listed here. Some of the authors that have rethought the changed relationship between societies and politics are A. McGrew (1997): *The Transformation of Democracy? Globalization and Territorial Democracy*. Cambridge: Polity Press; David Held (1995): *Democracy and the Global Order: From the Modern State to Cosmopolitan Governance*. Cambridge: Polity Press; James N. Rosenau (1990): *Turbulence in World Politics: A Theory of Change and Continuity*. Princeton: Princeton University Press; Anthony Giddens (1990): *The Consequences of Modernity*. Cambridge: Polity Press.

[67] Steven Best and Douglas Kellner (1997): *The Postmodern Turn*. New York: Guilford Press; Steven Seidman (1994): *The Postmodern Turn: New Perspectives on Social Theory*. Cambridge: Cambridge University Press.

[68] See for example, K. Kumar (1995): *From Post-Industrial to Postmodern Society: New Theories of the Contemporary World*. Harmondsworth: Penguin.

[69] Kate Nash (2000): *Contemporary Political Sociology: Globalization, Politics, and Power*. Oxford: Blackwell: 260-264.

[70] W.E. Connolly (1991): *Identity/Difference: Democratic Negotiations of Political Paradox*. London: Cornell University Press.

[71] A. McGrew (1997): *The Transformation of Democracy? Globalization and Territorial Democracy*. Cambridge: Polity Press.

shared not only because of the government's participation in international agreements, but also because of international pressures of a more unequal nature. A developed country has better means to object to international agreements which limit its sovereignty or at least to shape the international agreement according to its own preferences.[72] A developing country has much fewer means to shape the outcome of international, bilateral or multilateral agreements in accordance with internal pressures, as it is more dependent on international support – financially but also in terms of strategic alliances. Political sociology is also right in stressing that the state, or at least the state level of politics, still matters. In an inter*nationalised* context, where all international relations are based on the existence of a state, the state-society relationship cannot be regarded as obsolete. Nevertheless, social and political theory has yet to produce an approach, where the social circumstances of politics are conceptualised *around* the state, but not *exclusively based* on the society that the state governs. Particularly in a developing country, politics are also shaped by external actors and external social institutions, while the social circumstances in the country itself remain equally important. I hope to bridge that gap in the current literature by integrating external actors and institutions into an analysis of the social circumstances of politics.

2.2   Understanding Politics and Institutions

Politics can be conceptualised as the "constrained use of social power".[73] The concept of politics refers to collective decision-making under circumstances where the will of any individual or group of individuals is constrained by that of others. Numerous scholars have defined politics in terms of power in similar ways.[74] Max Weber describes power as "the chance of a man or a number of men to realise their own will in a communal action even against the resistance of others participating in action."[75] Politics then are the power plays through which different social groups try to realise their own will. Thus, political actors usually have to operate under constraints imposed by others. Over time, these constraints develop into institutions. So, essentially, while this thesis is concerned with power and politics, it is also concerned with the institutions that shape political interaction.

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[72] Good examples are the European Union's agricultural policy approaches towards WTO negotiations or the United States' refusal to accept the International Criminal Court or the Kyoto agreement.

[73] Robert Goodin and Hans-Dieter Klingemann (1996): "Political Science: The Discipline", in: Robert Goodin and Hans-Dieter Klingemann (eds.), *A New Handbook of Political Science*. Oxford: Oxford University Press: 7.

[74] The most notable classics are Max Weber (1922): *Wirtschaft und Gesellschaft*. Grundriß der Sozialökonomik, Abteilung III, Tübingen: J. C. B. Mohr (Paul Siebeck); Harold Dwight Lasswell and Abraham Kaplan (1950): *Power and Society: A Framework for Political Inquiry*. New Haven, CT: Yale University Press; Robert A. Dahl (1963): *Modern Political Analysis*. Englewood Cliffs, NJ: Prentice-Hall.

[75] Max Weber (1948): "Class, Status and Party", in: H. H. Gerth and C. Wright Mills (eds.), *From Max Weber: Essays in Sociology*. London: Routledge: 180.

2.2.1 Conceptualising Institutions

In line with a political sociology perspective of state-society relations, I take a sociological approach towards the concept of institutions. 'New institutionalism' is a popular trend in current political science literature, despite the considerable confusion about what it actually is.[76] My main reason for employing the sociological strand of new institutionalism is that – unlike rational choice institutionalists – sociological institutionalists do not conceptualise individuals or organisations as necessarily rational and efficiency-seeking when adopting institutions. Sociological institutionalists argue that institutions should be seen as culturally-specific practices. They seek to explain why organisations take on specific forms of institutional procedures and symbols,[77] building on sociological concepts of individuals and organisations as seeking to define and express their identity in socially appropriate ways.[78] Rational choice theorists on the other had perceive individuals and organisations as seeking to maximise their well-being. The question is not which perception is true and which one is false. Both describe a particular aspect of what shapes human preferences and behaviour. Sociological institutionalists argue that individuals and organisations often adopt new institutional practices because they enhance the social legitimacy of the organisation or its participants, not because they advance their efficiency. In some cases, such practices may actually be dysfunctional with regard to achieving the organisations' formal goals – explicit in the formal institutions that constrain the organisations' actions. This can be described as 'logic of social appropriateness' in contrast to 'logic of instrumentality'.[79] Rational choice institutionalists, who assume that institutions evolve as the most efficient way of tackling a particular problem, have difficulties in explaining the unintended outcomes of purposeful action. In my case, these unintended outcomes are the main research focus. For that reason, a sociological understanding of institutions is most appropriate, especially since the influence of poststructuralist and postmodern theories has broadened the concept of power from formalised political institutions to informal political processes.[80]

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[76] Hall and Taylor have usefully distinguished between historical, rational choice and sociological institutionalism to point out some of the most relevant differences between these strands. Peter A. Hall and Rosemary C. R. Taylor (1996): "Political Science and the Three New Institutionalisms", in: *Political Studies*, 44: 936-957.

[77] Pioneering work in this field was done by John W. Meyer and Brian Rowan (1977): "Institutional Organisations: Formal Structure as Myth and Ceremony", in: *American Journal of Sociology*, 83 (2): 340-363. This article was later taken up and incorporated into Paul DiMaggio and Walter W. Powell (1991): *The New Institutionalism in Organizational Analysis*. Chicago: University of Chicago Press.

[78] Peter A. Hall and Rosemary C. R. Taylor (1996): "Political Science and the Three New Institutionalisms", in: *Political Studies*, 44: 936-957: 949.

[79] John Campbell (1989): "Institutional Analysis and the Role of Ideas in Political Economy", in: James G. Olsen March and Johan P. (eds.), *Rediscovering Institutions: The Organizational Basis of Politics*. London: Free Press: 377-409.

[80] Torben Bech Dyrberg (1997): *The Circular Structure of Power: Politics, Identity, Community*. London: Verso; Michel Foucault (1980): "Truth and Power", in: Colin Gordon (ed.), *Power/Knowledge*. New York: Pantheon: 107-133; Michel Foucault (1991): "Governmentality", in: G. Burchell, et al. (eds.), *The Foucault Effect: Studies in Governmentality*. London: Harvester Weatsheaf: 87-104; Jacob Torfing (1999): *New Theories of Discourse: Laclau, Mouffe and Žižek*. Oxford: Blackwell.

Two issues are fundamental in institutional analysis: how to construe the relationship between institutions and actors' behaviour, and how to explain the process through which institutions originate or change. In fact, the juxtaposition of institutions and action is one of the most fundamental dilemmas in social science.[81] Traditionally, political science has been preoccupied with questions related to the desirability of specific political institutions – and how they could be 'designed' to achieve a particular outcome.[82] In reaction to this more normative approach, political scientists after the second world war diverted attention towards variables such as the function that particular organisations fulfil for the system, systemic constraints, or the differences in distribution of power between social groups or classes.[83] These scholars argued that concentrating on either formal, legal aspects of institutions or on their 'internal logic' seemed to block the development of any 'explanatory' theory. It was only during the 1980s, that institutions – and institutional design – regained importance in political theory. Increasingly, theorists criticised the functionalist tradition of explaining institutional variation only with general social needs, thus neglecting that "in any given situation adequate institutional arrangements may fail to crystallize."[84] They suggested that functionalist explanations could not explain how individual actions of decision-makers can have a decisive impact on the evolution of particular institutions. Their argument was that institutions had to be examined very carefully to explain where they came from, independently from the 'needs' of the system.[85] As a consequence, the state and its institutions were brought back into the analysis,[86] international theory highlighted the relevance of 'regimes',[87] and democratisation

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[81] Do actors create the conditions in which they interact, or are actions shaped by the constraints of their social environment? Structuralism, functionalism, system theories and group theories have always emphasised the relevance of institutions for shaping individual action. Proponents of symbolic interactionism, behaviouralists, actor-centred approaches such as rational choice theorists, and even most institutional approaches stress the way in which actors shape the playing field in which they interact. It is unlikely that this controversy will ever be fully resolved. For a discussion, see Quentin Skinner (1986): *The Return of Grand Theory in the Human Sciences*. Cambridge: Cambridge University Press.

[82] Plato, Aristotle, Machiavelli, Locke, Rousseau, Hobbes and other classical political theorists had a great impact on this kind of political science in the late 19th and early 20th centuries. For an overview of the evolution, see Gabriel A. Almond (1996): "Political Science: The History of the Discipline", in: Robert Goodin and Hans-Dieter Klingemann (eds.), *A New Handbook of Political Science*. Oxford: Oxford University Press: 50-96.

[83] See for example H. Wheeler (1975): "Constitutionalism", in: Fred I. Greenstein and Nelson W. Polsby (eds.), *Handbook of Political Science*. Vol. v. Reading, MA: Addison-Wesley: 1-92; A. King (1975): "Executives", in: Fred I. Greenstein and Nelson W. Polsby (eds.), *Handbook of Political Science*. Vol. v. Reading, MA: Addison-Wesley: 173-256. Some argue that the reason for this paradigm shift was that in the historical events of the early twentieth century, formal political institutions seemed to have played almost no role. Bo Rothstein (1996): "Political Institutions: An Overview", in: Robert Goodin and Hans-Dieter Klingemann (eds.), *A New Handbook of Political Science*. Oxford: Oxford University Press: 139-144.

[84] Smuel N. Eisenstadt (1968): "Social Institutions", in: David L. Sills (ed.), International Encyclopedia of the Social Sciences. Vol. xiv. New York: Free Press and Macmillan: 409-429: 414.

[85] In this context, 'critical junctures' are considered as decisive for the development of new institutions. See Ruth B. Collier and David Collier (1991): *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America*. Princeton, NJ: Princeton University Press.

[86] This statement pays tribute to an influential book that highlighted the relevance of the state in political processes, Peter B. Evans, Dietrich Rueschmeyer and Theda Skocpol (1985): *Bringing The State Back In*. Cambridge: Cambridge University Press. The authors argue that, although the state is influenced by society that surrounds it, it also shapes political and social processes as an autonomous actor.

[87] Stephen D. Krasner (1983): *International Regimes*. Ithaca, NY: Cornell University Press. He conceptualises international regimes as "principles, norms, rules, and decision-making procedures around which actor expectations converge in a given issue-area." (p. 1)

theory focused on the consolidation of the 'rules of the game'.[88] These new approaches were much better able to explain the impact of human action and of critical junctures on the evolution of particular institutions. However, I am concerned that a too narrow conceptualisation of institutions neglects the socio-political power relations that underpin and explain persisting institutions.

2.2.2 Multiple Institutions and Organisational Change

If the political arena is intimately related to all social institutions, as political sociology argues,[89] heterogeneous societies would be expected to shape and be shaped by multiple social and political institutions. Many developing countries have a history in which different societal groups constructed their identity around (semi)autonomous political entities, defined by independent political institutions. Such 'traditional' or 'indigenous' institutions often continue to co-exist with the formalised political institutions of the modern state. Moreover, whenever a state's history displays political ruptures like colonisation, revolution, secession or decolonisation, the subsequent political arena might be defined by partially conflicting institutions from different political periods. In other words, the political arenas in countries like Bolivia and Ghana are likely to be shaped by multiple, sometimes conflicting institutions that co-exist and impact political action even when they are contradictory.[90]

In a context where multiple institutions coexist, it is vital to understand how processes of institutional transformation occur. How do informal political processes become formally recognised and how do formalised institutions alter social norms and moral templates? Institutions are not static but inherently evolving. They form the framework in which all aspects of social interaction takes place, from political decision-making to personal relationships. Because institutions have been configured by past processes and circumstances, they are never in full accord with the requirements of the present.[91] It follows that a central

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[88] In relation to democratic consolidation, the term was first used by Adam Przeworski (1991): *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America.* Studies in Rationality and Social Change, Cambridge: Cambridge University Press. He takes it from the economically oriented analyses of Douglass North (1990): *Institutions, Institutional Change and Economic Performance.* The Political Economy of Institutions and Decisions, Cambridge: Cambridge University Press; Margaret Levi (1988): *Of Rule and Revenue.* Berkeley: University of California Press.

[89] Anthony M. Orum (1978): *Introduction to Political Sociology: The Social Anatomy of the Body Politic.* Prentice-Hall: 1.

[90] For a discussion on institutional multiplicity, see Jo Beall, Sibongiseni Mkhize and Shahid Vawda (2004): "Traditional Authority, Institutional Multiplicity and Political Transition in KwaZulu-Natal, South Africa", Crisis States Programme Working Paper No. 48, London: Development Studies Institute; Manorama Sharma (2004): "Critically Assessing Traditions: The Case of Meghalaya", Crisis States Programme Working Paper No. 52, London: Development Studies Institute.

[91] This is the basic argument of historical institutionalism. In contrast to rational choice institutionalism, historical institutionalism argues that – even though human behaviour is rational and purposive – institutions are path dependent and create unintended consequences. For this argument, see Thorstein Veblen (1899): *The Theory of the Leisure Class: An*

question is what confers social appropriateness on formalised institutional arrangements. Ultimately, this is an issue about the sources of institutional authority. Interpretations of how institutional authority is established varies. Such authority, just like institutions, is not stable over time. Nevertheless, it exists, established through the regulatory scope of the modern state or practices of certain professional communities,[92] through interactive processes of discussion within a given network,[93] or even transnationally under the aegis of international regimes.[94] The authority over a particular institution varies depending on who is involved and affected. Some authors argue that explaining institutional performance requires an analysis of the inherited balance of power or 'political settlement'. Khan claims that the institutional structure of a particular society depends on its political settlement.[95] From a postmodernist perspective, this settlement does not necessarily have to take place at the level of state-society interaction. Parts of it could well be a settlement between national actors and external donors.

By means of this thesis, I investigate whether and how political reforms reflect the values and beliefs of external donor agencies involved. To conceptualise this problem, it is useful to turn towards the literature on organisational change. This body of literature provides extensive explanations for how and why organisations change, and what determines their formal organisational structure. Even though it often implicitly addresses private sector organisations rather than public sector organisations and also tends to analyse organisations in developed countries rather than in developing countries, it nevertheless provides some useful insights into the nature of any organisational change.[96] An organisation can be defined as having a boundary, as well as having an institutional environment with which it interacts. Essentially, it is an "abstraction", although organisations do also have physical aspects.[97] Every organisation has *raison d'être*, its existence is linked to a particular goal or mission. Yet, especially in developing country contexts, organisational boundaries are difficult to pinpoint

Economic Study of Institutions. reprint of 1st edn., London: Allen and Unwin. Most recently, the argument has been developed further in Ruth B. Collier and David Collier (1991): *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America*. Princeton, NJ: Princeton University Press.

[92] Paul DiMaggio and Walter W. Powell (1991): "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality", *The New Institutionalism in Organizational Analysis*. Chicago: University of Chicago Press: 63-82.

[93] John L. Campbell (1994): "Recent Trends in Institutional Analysis: Bringing Culture Back In", Working Paper, Cambridge, MA: Harvard University, Department of Sociology.

[94] John W. Meyer, John Boli and George M. Thomas (1994): "Ontology and Rationalization in the Western Cultural Account", in: W. Richard Scott, et al. (eds.), *Institutional Environments and Organizations: Structural Complexity and Individualism*. London: Sage: 12-37.

[95] Mushtaq Khan (1995): "State Failure in Weak States: A Critique of New Institutionalist Explanations", in: John Harriss, et al. (eds.), *The New Institutional Economics and Third World Development*. London: Routledge: 71-86.

[96] Beetham suggests that organisational theory explores "the most general features common to all organisations in modern society, and by theorizing about the conditions for organisational efficiency, regardless of whether the organisation concerned is public or private, sacred or secular, devoted to profits or preaching, to saving life or ending it." D. Beetham (1991): "Models of Bureaucracy", in: G. Thompson, et al. (eds.), *Markets, Hierarchies and Networks*. London: Sage: 129.

[97] Barbara Senior (1997): *Organisational Change*. London: Pitman: 4.

because they are "superseded by individual, family, village, tribal or community considerations."[98] Every organisation is linked to actors and stakeholders who play a major role in determining the organisation's welfare and destiny. In an aid-dependent country, these stakeholders do not exclusively come from the immediate social environment of that organisation. They are more likely to be part of the donor community with which the organisation interacts. The international environment of organisations in Bolivia and Ghana includes stakeholders such as the World Bank, the United Nations (UN), bilateral aid donors, the International Monetary Fund (IMF), the World Trade Organisation and other actors such as international corporations and banks. I argue that these stakeholders heavily influence the political, economic, technological environment of state organisations in both countries.[99] Instead of conceptualising these actors simply as passive elements within the organisational environment, I focus on ways in which these actors, as part of the organisational environment of state organisations, shape organisational change.

A common view in the literature on organisational theory and in the newer approaches to institutional 'modelling' or 'design', is that formal public organisations are rationalised.[100] Implicitly, such organizations are often assumed to be the most effective way to coordinate and control complex relational networks. I move away from this notion in this thesis, building on the work of Meyer and Rowan on institutionalised organisations:

> Organisational structures are created and made more elaborate with the rise of institutionalised myths, and, in highly institutionalised contexts, organisational action must support this myth. But an organisation must also attend to its practical activity. *The two requirements are at odds.*[101]

Political reform in a developing country context represents a form of organisational change where state organisations have to incorporate beliefs and myths of their resource environment into their formalised agenda in order to gain and maintain legitimacy and ensure survival. This is in stark contrast with rational choice applications of new institutional theory to questions of development, be it political or economic. I question whether a rational choice approach is very helpful in answering questions of political change in a developing country context where a multitude of institutions continue to co-exist.

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[98] M. Kiggundu (1989): *Managing Organisations in Developing Countries*. West Hartford: Kumarian: 16.

[99] The external stakeholders' influence on the socio-cultural environment can be debated and will not be the focus of this research.

[100] For a review of organisational theory, see W. Richard Scott (1975): "Organizational Structure", in: *Annual Review of Sociology* (1): 1-25. For institutional design approaches see for example Ray A. Moore and Donald L. Robinson (2002): *Partners for Democracy: Crafting the New Japanese State under MacArthur*. Oxford: Oxford University Press.

[101] John W. Meyer and Brian Rowan (1977): "Institutional Organisations: Formal Structure as Myth and Ceremony", in: *American Journal of Sociology*, 83 (2): 340-363: 361. emphasis added.

2.2.3 Formalised Institutions and Informal Political Processes

As outlined in the introduction, I am attempting to explain in what ways a mismatch exists between the template for politics that arises from formalised agendas and the way that politics actually work. Formalised institutions and informal political processes are key concepts here. To start, I define *formalised institutions* as "formal arrangements for aggregating individuals and regulating their behaviour through the use of explicit rules and decision processes enforced by an actor or set of actors formally recognized as possessing such power."[102] I understand formalised institutions as explicitly laid out to be binding by decision-making powers. I employ *informal political processes* as all remaining rules and procedures that are not made explicit but are known and recognised by the individual actors. They include procedures and social norms, symbol systems and moral templates that provide the 'frames of meaning' that guide human action.[103]

Often, political scientists distinguish between formal and informal institutions instead.[104] Yet, despite employing these terms, scholars disagree as to whether 'routines', 'customs', 'social norms' or 'culture' should be conceptualised as 'informal' institutions.[105] What is more, the juxtaposition of 'formal' versus 'informal' suggests permanency of either type and blurs the fluidity and interconnectedness between the two. I prefer to speak of 'formalised' instead of 'formal' institutions to emphasise the process nature of institutionalisation and to highlight the fact that a particular institution has been made explicit. Similarly, I prefer to speak of 'informal political processes' instead of informal institutions. When speaking of informal institutions, a scholar is bound to define the scope of the institution and prove a certain degree of persistence over time. This might be useful when analysing a particular informal institution. However, in a context of considerable institutional multiplicity it is difficult to identify particular informal institutions as decisive in shaping individual action.

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[102] Margaret Levi (1990): "A Logic of Institutional Change", in: Karen S. Cook and Margaret Levi (eds.), *The Limits of Rationality*. Chicago: University of Chicago Press: 402-419: 405.

[103] W. Richard Scott (1994): "Institutions and Organizations: Towards a Theoretical Synthesis", in: W. Richard Scott, et al. (eds.), *Institutional Environments and Organizations: Structural Complexity and Individualism*. London: Sage: 55-80.

[104] Douglass North (1990): *Institutions, Institutional Change and Economic Performance*. The Political Economy of Institutions and Decisions, Cambridge: Cambridge University Press.For a discussion, see Peter A. Hall (1986): *Governing the Economy: The Politics of State Intervention in Britain and France*. Oxford: Oxford University Press; Bo Rothstein (1996): "Political Institutions: An Overview", in: Robert Goodin and Hans-Dieter Klingemann (eds.), *A New Handbook of Political Science*. Oxford: Oxford University Press.

[105] For a discussion, see James G. March and Johan P. Olsen (1989): *Rediscovering Institutions: The Organizational Basis of Politics*. London: Free Press; Fritz Scharpf (1989): "Decision Rules, Decision Styles and Policy Choices", in: *Journal of Theoretical Politics*, 1 (2): 149-176.

Several scholars have attempted to identify such rules actually agreed upon and followed by the agents involved.[106] Such a distinction is helpful in a micro, actor-oriented analysis, for example when analysing the functioning of bureaucracy, but less effective in explaining how a government reacts to demands from societal groups, especially in non-standard and unforeseen situations. Since the thrust of my argument is not to prove the existence of a particular informal institution but to show how various informal institutions, norms and processes affect the formalisation of political agendas, I avoid the term 'informal institution' for the sake of analytical flexibility. In a context of institutional multiplicity where formalised and informal institutions and processes are intertwined and interwoven, a juxtaposition between formal and informal presents to a rigid corset to analyse real politics and the formalisation of political agendas.

In addition, I am trying to avoid a distinction between 'institutions' and 'culture'. Some institutionalists make this distinction to emphasise a qualitative difference between the two: institutions provide strategic solutions to actors' behaviour in order to make it more efficient, while culture is considered purely customary and not rationally calculated. I argue that the distinction between rational and irrational qualities is not useful for categorising formal and informal institutions. The relationship between actors and institutions is essentially the same, no matter whether they are formal or informal. The only distinction between the two is that one set of institutions is explicit, while the other one is tacit. Some authors refer to institutions as 'bureaucratic' and 'socially embedded', instead of formalised and informal.[107] This has the advantage that either bureaucratic or socially embedded institutions can be described as more or less formal. On the other hand, such terms suggest that bureaucratic institutions are not socially embedded. That again is a value judgement on the quality of institutions that I want to avoid.

Unintended consequences are ever-present in the social world,[108] particularly in a developing country context, where external and internal actors' interests potentially compete. For that reason it is problematic to assume that institutions are intended to maximise efficiency, like rational choice institutionalism argues. Institutions impact on individuals' behaviour in a 'cognitive dimension'. This is to say that institutions influence behaviour by

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[106] These rules have been labelled "standard operating procedures", "work rules", or "rules-in-use" as opposed to "rules-in-form", Peter A. Hall (1986): *Governing the Economy: The Politics of State Intervention in Britain and France.* Oxford: Oxford University Press; Elinor Ostrom (1990): *Governing the Commons.* New York: Cambridge University Press; M. H. Sproule-Jones (1993): *Governments at Work: Canadian Parliamentary Federalism and its Public Policy Effects.* Toronto: University of Toronto Press.

[107] See Frances Cleaver (2000): "Moral Ecological Rationality, Institutions, and the Management of Common Property Resources", in: *Development and Change*, 31 (2): 361-383.

[108] Robert Merton (1936): "The Unanticipated Consequences of Purposive Social Action", in: *American Sociological Review*, 1 (6): 894-904.

providing cognitive categories and models to interpret the world. Such interpretations shape actions of individuals, which would not be able to act without a cognitive understanding of the context in which they are set. In other words – no matter whether they maximise actors' material rent-seeking or not – institutions provide the very terms through which meaning is assigned in social life. This is a social constructivist approach towards institutions, which stresses that institutions do not only affect the strategic calculations of individuals but also their most basic preferences and very identity.[109] I am employing such an approach because donor-recipient relationships inevitably take place in a pluricultural playing field where different meanings and identities coexist. By looking at the relationship between formalised institutions and informal political processes, I am hoping to get at how these diverging meanings coexist and how actors try to reconcile them.

2.3   The State and National Politics

Before investigating how external actors impact domestic political reforms in a recipient country, a conceptualisation of the state and national politics more generally is necessary. Donors' relationships with a recipient government need to be seen within their national context in order to fathom the multitude of institutions impacting on the relationship. To do so, I investigate collective memories of the socio-political history of a country in order to analyse how donor-recipient relationships are situated within political legacies of national politics. In developed as well as developing countries, states and societies are in a recursive relationship of mutual engagement, constitution and transformation.[110] The state exists in a conflictual context within which a mix of social organisations struggle for survival and access to power. Theorists have argued that the state is imbricated in this struggle and competes to maintain social control and create the conditions for domination.[111] This struggle is more apparent in those developing countries where the state is relatively weak.[112] In weak states, state domination continues to be challenged by social groups and governments need to secure the legitimacy of their rule through alliances with strong societal movements. Such alliances define the political realities of the public realm and explain particular forms of political clientelism that exist in developing states. They have an impact on the prospects of

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[109] Peter L. Berger and Thomas Luckmann (1967): *The Social Construction of Reality: A Treatise in the Sociology of Knowledge.* Penguin.

[110] This argument has been made by Joel Samuel Migdal (2001): *State in Society: Studying How States and Societies Transform and Constitute One Another.* Cambridge: Cambridge University Press.

[111] Joel S. Migdal, Atul Kohli and Vivienne Shue (1994): *State Power and Social Forces: Domination and Transformation in the Third World.* Cambridge: Cambridge University Press.

[112] Joel S. Migdal (1988): *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World.* Princeton: Princeton University Press.

institutional reform, whenever institutional reform is not underpinned by strong societal coalitions that can make changes sustainable. In other words, externally promoted reform initiatives are unlikely to be successful whenever donors pressure the recipient government for institutional reforms that lack strong societal support.

2.3.1   The Public Realm

Politics take place in the public realm. Political theorists have long distinguished between the public and the private realm to delimit the scope of politics. "One of the essential qualities of what is political, and one that has powerfully shaped the view of political theorists about their subject-matter, is its relationship to what is 'public'."[113] Although neither the public nor the private realm are fixed in time or space, understanding what constitutes the public realm in a particular context helps to understand what constitutes politics. Yet, conventional political theory has usually focused on the public sphere as arising from bourgeois society originating in the European Middle Ages.[114] Theorists have conceptualised the public realm as the sphere of discourse in which citizens shape and voice public opinion, directed at the state and its institutions. In this line of thought, the public realm is where participatory politics originate.[115] However, little attention has been directed towards decolonisation as having a decisive effect on the state, society and the public realm in post-colonial states. This Peter Ekeh's point. He argues that enduring legacies of colonialism have resulted in prevailing distortions of many African states.

In most African countries, colonialism marked a "re-invention of social formations" that have endured until this day.[116] Despite the resilience of certain pre-colonial social formations and traditions, which continue to influence political relations, the character of contemporary African politics has been shaped by colonialism and socio-political reactions to it.[117] In these terms, colonialism was an arena for hegemonic contestations in which the colonising elite and the colonized elite traded ideologies or justificatory theories of

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[113] Sheldon S. Wolin (1960): *Politics and Vision: Continuity and Innovation in Western Political Thought*. Boston, MA: Little Brown: 2-3.

[114] This is Habermas' argument, see Jürgen Habermas (1962): *Strukturwandel der Öffentlichkeit: Untersuchungen zu einer Kategorie der bürgerlichen Gesellschaft*. Neuwied: Luchterhand.

[115] Craig Calhoun (1992): *Habermas and the Public Sphere*. Cambridge, MA: MIT Press.

[116] Osaghae makes the case for Ekeh's relevance until today, see Eghosa E. Osaghae (2003): "Colonialism and Civil Society in Africa: The Perspective of Ekeh's Two Publics", Paper presented at the Symposium on Canonical Works and Continuing Innovation in African Arts and Humanities, Council for the Development of Social Science Research in Africa, 17-19 September, Accra: University of Legon.

[117] In his later writings, Ekeh continued to emphasise the paradigmatic role of colonialism. He argues that colonialism has turned the course of African history by definitely and paradigmatically separating the pre- from the post-colonial. In these terms, colonialism is to Africa what the industrial revolution and the French revolution were to Europe. See Peter P. Ekeh (1978): "Colonialism and the Development of Citizenship in Africa: A Study of Ideologies of Legitimation", in: Onigu Otite (ed.), *Themes in African Social Political Thought*. Enugu: Fourth Dimension Publishers: 302-334; Peter P. Ekeh (1983): "Colonialism and Social Structure", An Inaugural Lecture, Ibadan: Ibadan University Press.

legitimisation in their struggle for supremacy. In their struggle for independence, African political elites sought to challenge the colonisers' legitimation ideologies in two ways. For one, they needed to justify the replacement of foreign personnel during the liberation period. Second, they had to legitimate the hold of the emerging ruling classes on state power in the post-colonial period. In addition, discrediting and sabotaging the colonial regime by strikes, tax evasion and insubordination to colonial authority became strategies in the fight for independence. They were perceived as acts of heroic and worthy emulation. The immediate effect was to make the citizen believe that rights were far more important than duties.

What is more, hegemonic contestations resulted in the creation of two public spheres: a 'primordial public' and a 'civic public'.[118] On the one hand is the primordial public, which is "closely identified with primordial groupings, sentiments and activities which nevertheless impinge on public interest" to the extent that these groupings influence individuals' public behaviour. The major constituents of this public are ethnic, communal and hometown development associations who owed their origins to the alienating nature of the colonial state and its failure to provide basic welfare and developmental needs. The primordial public functioned as an "exit site" for those who felt alienated from the state as well as a parallel or "shadow state" that provided public goods and services through self-help efforts and resources corruptly and criminally expropriated from the state.[119] In contrast, the civic public, "historically associated with the colonial administration",[120] has become identified with popular politics in post-colonial Africa. The two publics are characterised by very different relationships with moral principles. In the primordial public, the moral principles of the private realm continue to act as imperatives in the public sphere. "The civil public in Africa is amoral and lacks the generalized moral imperatives operative in the private realm and in the primordial public."[121] This is to say that there is a discontinuity of moral principles between the social order and the state in African states.

Liberation legitimation strategies also included discrediting tradition as a basis of legitimacy in order to disperse rival claims of traditional authorities, whenever they could not be co-opted into the new system. In addition, post-colonial elites drew on elements of ethnic

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[118] Peter P. Ekeh (1975): "Colonialism and the Two Publics in Africa: A Theoretical Statement", in: *Comparative Studies in Society and History*, 17 (1): 91-112. He borrows from Tönnies' classic distinction between association-type *Gesellschaft* and community-type *Gemeinschaft*. Ferdinand Tönnies (1887): *Gemeinschaft und Gesellschaft: Grundbegriffe der reinen Soziologie*. Leipzig: Hans Buske.

[119] See Eghosa E. Osaghae (1999): "Democratization in Sub-Saharan Africa: Faltering Prospects, New Hopes", in: *Journal of Contemporary African Studies*, 17 (1): 5-28.

[120] Peter P. Ekeh (1975): "Colonialism and the Two Publics in Africa: A Theoretical Statement", in: *Comparative Studies in Society and History*, 17 (1): 91-112: 92.

[121] Peter P. Ekeh (1975): "Colonialism and the Two Publics in Africa: A Theoretical Statement", in: *Comparative Studies in Society and History*, 17 (1): 91-112: 92.

domain-partition ideology to exploit these as a basis for claiming power. It has been pointed out that this was not only a top-down approach but also a bottom-up reaction.[122] These activities of 'voluntary ethnic association' have been termed 'tribalism'.[123] In other words, as a result of decolonisation, the state in post-colonial countries is situated in a context of institutional multiplicity, where traditional, post-colonial and 'tribal' institutions shape national politics in various and sometimes conflictual ways.

2.3.2   Clientelism and Patronage Politics

While Ekeh's concept of the two publics in post-colonial states has gone largely unnoticed, the post-colonial state in Africa more generally has been the subject of many studies and has been described in many different ways.[124] In particular, scholars have focused on the hybrid political systems in which the customs and patterns of patrimonialism co-exist with and suffuse, rational-legal institutions.[125] The modern state has thus been described as 'neo-patrimonial' to draw attention to how the resources of the modern state are captured by personal or private networks in the hands of dominant patrons.[126] The prefix 'neo' indicates that there is a hybrid character of the patrimonial states in Africa today: the most important parts of the patronage system are illegal and clash with the formal structure of the state. The mechanisms of patrimonialism are in conflict with, and frequently challenged by, formal commitments to 'legal-rational' or bureaucratic state operation.

The term patrimonial derives from Max Weber's concept of patrimonial authority. In a patrimonial state, all resources are at the discretion of the ruler. Although he is bound by custom, the ruler can show a high degree of arbitrariness in his use of resources, decision-

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[122] See Okwudiba Nnoli (ed.) (1998): *Ethnic Conflicts in Africa.* Dakar: Codesria Books.

[123] For a different interpretation of tribalism, see Mahmood Mamdani (1996): *Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism.* Princeton: Princeton University Press. He argues that the exclusionary character of colonial civil society was a racial one. With decolonisation, the excluded natives retained or exited into their old, but in most cases, transformed tribal formations. The attempt to reconstruct that society as part of the anti-colonial struggle involved deracialisation. However, the emphasis on deracialisation left the tribal structures, particularly in the countryside, virtually intact. "The more civil society was deracialised, the more it took on a tribalised form." (p. 17)

[124] 'Patrimonial', 'swollen', 'prebendal', 'neopatrimonal', or 'predatory', to name a few. Thomas Callaghy (1987): "The State as Lame Leviathan: The Patrimonial-Administrative State in Africa", in: Zaki Ergas (ed.), *The African State in Transition.* London: Macmillan: 87-116; Larry Diamond (1987): "Class Formation in the Swollen African State", in: *Journal of Modern African Studies*, 25 (4): 567-597; Richard A. Joseph (1987): *Democracy and Prebendal Politics in Nigeria: The Rise and Fall of the Second Republic.* Cambridge: Cambridge University Press; Michael Bratton and Nicolas Van de Walle (1994): "Neopatrimonial Regimes and Political Transition in Africa", in: *World Politics*, 46 (4): 453-489; Robert Fatton (1992): *Predatory Rule: State and Civil Society in Africa.* Boulder, Col: Lynne Rienner.

[125] A good introduction to this distinction can be found in Smuel N. Eisenstadt (1973): *Traditional Patrimonialism and Modern Neopatrimonialism.* London: Sage Publications. On patrimonialism in Ghana, see Robert M. Price (1975): *Society and Bureaucracy in Contemporary Ghana.* Berkeley: University of California Press.

[126] For a discussion of the concept of the neo-patrimonial state, see Robert H. Jackson and Carl G. Rosberg (1982): *Personal Rule in Black Africa.* Berkeley: University of California Press; Richard Sandbrook (1985): *The Politics of Africa's Economic Stagnation.* Cambridge: Cambridge University Press.

making and dealings with his subjects.[127] Weber distinguished patrimonial authority from rational-legal authority, in which the public realm is carefully distinguished from the private realm. Clientelistic relationships diffuse the idealised juxtaposition between what is public and what is private. Whenever the state is weak and governments dependent on coalitions with different fractions of society to uphold their rule, patterns of clientelistic politics persist, in which alliances and support are traded for resources.[128] These resources include the power to allocate rents, provide services, determine policies and their beneficiaries, and to allocate bureaucratic positions.[129] Because of this, the flow of information is not determined by efficiency concerns, it is rather used as an instrument of control and influence.

Allocations of particularistic advantages have long been the subject of academic investigations, across different disciplines. Economists have focused on rent-seeking and related it to the scope and range of government activity in the market economy.[130] Political scientists have debated different aspects of corruption, defined as a "behaviour which deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains".[131] Political sociologists have engaged with the analysis of clientelism which is a study of relationships of power between patrons and clients.[132] Patron-client relationships may not be corrupt, unless a patron occupies a public position or extracts favours from those in public positions to service the personal ties of reciprocity with his clients.[133] In Latin America, clientelistic relationships are often referred to as *prebendalismo*. The term *prebendalismo* comes from the Latin word *præbenda*, which originally denoted an endowment given to a member of the clergy. Max Weber speaks of prebendal more generally to denote the endowment of non-heredity sinecures to uphold personal relations.[134] *Prebendalismo* denotes politics where an office in the bureaucracy of the state is granted in return for favours or political loyalty.

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[127] Weber's classic studies on the subject compare pre-industrial states in Europe and Asia, not in Africa. However, the notion of a patrimonial state as a concept is not restricted to any particular region. Max Weber (1922): *Wirtschaft und Gesellschaft*. Grundriß der Sozialökonomik, Abteilung III, Tübingen: J. C. B. Mohr (Paul Siebeck).

[128] For an overview of the different discussions, see Paul Hutchcroft (1997): "The Politics of Privilege: Assessing the Impact of Rents, Corruption, and Clientelism on Third World Development", in: *Political Studies*, XLV: 639-658.

[129] Roger Tangri (1999): *The Politics of Patronage in Africa: Parastatals, Privatization, and Private Enterprise*. Oxford: James Currey.

[130] James Buchanan (1980): "Rent Seeking and Profit Seeking", in: James Buchanan, et al. (eds.), *Toward a Theory of the Rent-Seeking Society*. College Station: Texas A & M Press; Anne Krueger (1974): "The Political Economy of the Rent-Seeking Society", in: *The American Economic Review*, 64 (2): 291-303.

[131] Joseph Nye (1989): "Corruption and Political Development: A Cost-Benefit Analysis", in: Arnold J. Heidenheimer, et al. (eds.), *Political Corruption: A Handbook*. New Brunswick, NJ: Transaction Books: 966. See also the discussions in James C. Scott (1972): *Comparative Political Corruption*. Englewood Cliffs, NJ: Prentice Hall; Robin Theobald (1990): *Corruption, Development and Underdevelopment*. Basingstoke: Macmillan.

[132] James C. Scott (1977): "Patron-Client Politics and Political Change in South-East Asia", in: Steffen W. Schmidt (ed.), *Friends, Followers and Factions: A Reader in Political Clientelism*. Berkeley: University of California Press.

[133] John Waterbury (1973): "Endemic and Planned Corruption in a Monarchical Regime," in: *World Politics*, 25 (4): 533-555.

[134] Max Weber (1922): *Wirtschaft und Gesellschaft*. Grundriß der Sozialökonomik, Abteilung III, Tübingen: J. C. B. Mohr (Paul Siebeck): 727. The concept of ‚prebends' was popularized in 1987 by Richard Joseph. "A prebend is an office of state which an individual procures either through examinations or as a reward for loyal service to a lord or ruler." Richard A.

However, recognising that particularistic favours play an important role in neo-patrimonial states, I argue against a cultural explanation of clientelism and patronage politics.[135] Much rather, clientelism and patronage politics are part of the tool-kit of strategies that individual actors have learned to employ in order to pursue their goals and to ensure their political survival. Socio-political histories and collective memories help to explain current political networks. They can be used as an indicator to where informal political processes might be in conflict with or challenged by formalised institutions of the state.

2.3.3 State Domination

The state has been the subject of continuous academic interest. Among the first social scientists to take up the subject of the state were the early political economists: Marx and his disciples.[136] Marxian writing has stressed the importance of class structures within a society and focused on the economic interests that structure societal tensions and conflict. Marxian structuralism has established the notion of social groups, classes, which largely shape individuals' political and economic calculations. Backed by these assumptions, structuralists view the state as an object manipulated by competing classes and class fractions.[137] In these analyses, the state is generally treated as dependent on, or as a product of, the interests of the dominant class or on power struggles between classes.

Another branch of historical and comparative social science is based on the writings of early German sociologists.[138] Historical sociologists describe the state as a set of organisations which possess the legal and administrative authority to make binding decisions over its subjects and over all action taking place in the territorially defined area of

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Joseph (1987): *Democracy and Prebendal Politics in Nigeria: The Rise and Fall of the Second Republic*. Cambridge: Cambridge University Press: 55.56.

[135] Some authors have argued that cultures in transitional societies often do not incorporate the skills required for the operation of complicated state bureaucracies, see Arthur L. Stinchcombe (1965): "Social Structure and Organizations", in: James G. March (ed.), *Handbook of Organizations*. Chicago: Rand McNally: 142-193; Arthur L. Stinchcombe (1974): *Creating Efficient Industrial Administrations*. New York: Academic Press.

[136] Karl Marx and Friedrich Engels (1848): *Manifest der Kommunistischen Partei*. London: Burghard; Karl Marx (1872): *Das Kapital: Kritik der politischen Ökonomie*. Hamburg: O. Meissner.

[137] Using such an approach, they have accounted for the historical transformation from feudalism to capitalism, discussed possible sources of variation in government among and within modes of production, and clarified the relationship between the policies of modern democratic governments and capitalist interests. Immanuel M. Wallerstein (1974): *The Modern World-System*. New York: Academic Press; Barrington Moore (1966): *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World*. Boston: Beacon Press; Perry Anderson (1974): *Lineages of the Absolutist State*. London: NLB; Dietrich Rueschemeyer, Evelyne Huber Stephens and John D. Stephens (1992): *Capitalist Development and Democracy*. Cambridge: Polity Press.

[138] Most dominantly Max Weber (1922): *Wirtschaft und Gesellschaft*. Grundriß der Sozialökonomik, Abteilung III, Tübingen: J. C. B. Mohr (Paul Siebeck); Otto Hintze (1909): *Historische und politische Aufsätze*. Berlin: Verlag Dt. Bücherei; Georg Simmel (1892): *Die Probleme der Geschichtsphilosophie: Eine erkenntnistheoretische Studie*. Leipzig: Duncker & Humbolt. Today, most modern scholars who offer academic definitions of the state draw heavily on the notions of Max Weber.

jurisdiction.[139] The emphasis here is on the recourse to coercion which Weber termed the 'monopoly of the legitimate use of physical force' of the state. Historical sociology has proved useful in tracing the development of the 'modern' state,[140] or of focusing on the degree of 'stateness' – how strong or weak the state is with respect to its infrastructural power.[141]

The state's ability to define and uphold the 'rules of the game' of the political arena is key to understanding national politics. As much as different fractions of society challenge and oppose each other in their quest power and resources, they might challenge the state's primacy to define the very delimitations of the arena. Some scholars have conceptualised the degree of 'strength' of a state according to the state's capabilities to regulate social relationships, penetrate society, extract and use resources.[142] For the purpose of this research, I understand state power in its minimalist definition as the capacity of a state to legitimate its domination of society.[143] My aim is merely to investigate whether the state's domination of Ghanaian and Bolivian society is strong enough to ensure political stability, at least in the short run.

2.4   State-Society Relationships

Research on state rule and domination inevitably requires a look at the perpetual struggles between rulers and the ruled, at the never-ending cycles of concentration and fragmentation, usurpation and legitimation.[144] The state and national politics are closely linked to the way in which the state is embedded in society and to how society interacts with the state at the national level. How does political participation take place? The discussion of political participation is closely tied to the concept of civil society – both from an academic and from

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[139] This is Weber's definition of the state, see Max Weber (1922): *Wirtschaft und Gesellschaft*. Grundriß der Sozialökonomik, Abteilung III, Tübingen: J. C. B. Mohr (Paul Siebeck).

[140] Charles Tilly (1975): *The Formation of National States in Western Europe*. Princeton: Princeton University Press; Reinhard Bendix (1978): *Kings or People: Power and the Mandate to Rule*. Berkeley: University of California Press; Michael Mann (1986): *The Sources of Social Power: The Rise of Classes and Nation States, 1760-1914*. 2 vols., Cambridge: Cambridge University Press.

[141] J. P. Nettl (1968): "The State as a Conceptual Variable", in: *World Politics*, 20 (4): 559-592; Bertrand Badie and Pierre Birnbaum (1979): *Sociologie de l'Etat*. Paris: Editions Grasset et Fasquelle. Throughout this literature, there is general concern with the international network of states in which particular states are embedded Theda Skocpol (1994): *Social Revolutions in the Modern World*. Cambridge: Cambridge University Press; Jytte Klausen and Louise Tilly (1997): *European Integration in Social and Historical Perspective: 1850 to the Present*. Oxford: Rowman & Littlefield; Stein Rokkan, Peter Flora, et al. (1999): *State Formation, Nation-building, and Mass Politics in Europe: The Theory of Stein Rokkan - Based on his Collected Works*. Oxford: Oxford University Press.

[142] Joel S. Migdal (1988): *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World*. Princeton: Princeton University Press.

[143] See Atul Kohli and Vivienne Shue (1994): "State Power and Social Forces: On Political Contention and Accommodation in the Third World", in: Joel S. Migdal, et al. (eds.), *State Power and Social Forces: Domination and Transformation in the Third World*. Cambridge: Cambridge University Press: 293-326.

[144] Max Weber (1922): *Wirtschaft und Gesellschaft*. Grundriß der Sozialökonomik, Abteilung III, Tübingen: J. C. B. Mohr (Paul Siebeck); Reinhard Bendix (1960): *Max Weber: An Intellectual Portrait*. Berkeley: University of California Press: 285-468.

a practitioner's point of view. The question is who participates in national policy-making, and the answer has implications for democratic politics as well as for development cooperation more broadly. The link between notions of civil society and democratic theory is problematic because it results in a normative definition of civil society. Very often, civil society is conceptualised as contributing towards democratisation and democratic consolidation.[145] In many ways, such a definition does not help to understand societal dynamics and the interaction between the state and society. Nonetheless, civil society has become a key term in the political discourse and interaction between aid donors and recipient governments, affecting the very way in which state-society relationships are constructed. In many developing countries, the number of non-governmental organisations has grown exponentially because external funding opportunities increased.[146] Even transnationally, developed and developing countries' organisations are increasingly cooperating. Yet, the definition of what constitutes civil society remains ambiguous and understandings of who forms part of one country's civil society abound.[147]

It can be argued that the concept of civil society dates back to classical political thinkers like Adam Smith, Georg Wilhelm Friedrich Hegel and Alexis de Tocqueville. They developed the notion that civil society is an intermediate sphere between the private and the political realm. It consists of voluntary associations that are sustained by an informal culture of self-organization and cooperation.[148] Nonetheless, the concept of civil society has only recently sprung to the forefront of political dialogue and academic writing – notably since the early 1980s when civil society organisations came to be recognised as the drivers of democratic transitions, particularly in Eastern Europe.[149] Today, 'civil society' occupies an important territory in democratic theory.[150] What is more, donors in development cooperation tend to perceive societal engagement with the state in these terms: civil society participates in national policy-making and consolidates democracy in the process. While such a simplistic understanding does not help to understand the multifaceted nature of state-

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[145] Robert D. Putnam (1993): *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton: Princeton University Press; Dietrich Rueschemeyer, Evelyne Huber Stephens and John D. Stephens (1992): *Capitalist Development and Democracy*. Cambridge: Polity Press. The argument is further developed in Dietrich Rueschemeyer, Marilyn Rueschemeyer and Björn Wittrock (eds.) (1998): *Participation and Democracy, East and West: Comparisons and Interpretations*, Armonk, NY: M. E. Sharpe.

[146] United Nations Development Programme (1993): *Human Development Report 1993: People's Participation*. New York: UNDP.

[147] It is not my aim here to elaborate on the academic debate but rather to look at perceptions among practitioners. For the academic debate, see Thomas Janoski, Robert Alford, et al. (eds.) (2005): *The Handbook of Political Sociology*. Cambridge: Cambridge University Press; Ronald N. Jacobs (2003): "Toward a Political Sociology of Civil Society", in: Betty Dobratz, et al. (eds.), *Research in Political Sociology, Vol. 12: Political Sociology of the 21st Century*. Oxford: Elsevier Science: 19-47; Laurence Whitehead (2002): *Democratization: Theory and Experience*. Oxford: Oxford University Press: 65-89.

[148] Compare John Ehrenberg (1998): "Beyond Civil Society", in: *New Politics*, 6 (4): 1-5.

[149] Wolfgang Merkel and Hans-Jürgen Puhle (1999): *Von der Diktatur zur Demokratie. Transformationen, Erfolgsbedingungen, Entwicklungspfade*. Opladen: Leske + Budrich.

[150] Jean Cohen and Andrew Arato (1992): *Political Theory and Civil Society*. Cambridge, MA: MIT Press; Adam Seligman (1992): *The Idea of Civil Society*. New York: Free Press. Chandhoke even describes civil society as a consensual concept, although criticism like hers is increasing. See Neera Chandhoke (2001): "The 'Civil' and the 'Political' in Civil Society", in: *Democratization*, 8 (2): 1-24.

society relationships in developing countries, it can have far-reaching implications for the way in which state and society engage in an aid-dependent context. Recipient governments are unlikely to take externally enforced civil society participation serious if societal movements do not succeed in pressuring the government into following up on their promises of inclusion.

2.4.1 Direct Participation versus Representative Democracy

The idea of political participation as a motor for democratic consolidation is underpinned by the realisation that representative institutions alone are insufficient to guarantee the exercise of the will of the people. The term 'representative democracy' merely denotes the logistical aspect of it, namely that representatives instead of the populace actively participate in the deliberation process. Representative democracy is often equated with liberal democracy, although they are not necessarily the same. The term 'liberal democracy' stresses the fact that the state adopts a *laissez-faire* doctrine on most aspects of civil life.[151] Another term is 'deliberative democracy' which stresses that deliberation not only takes place in parliament, but also through various other channels. Empirically, all existing democracies combine aspects of several theoretical approaches. Besides a few exceptions like Switzerland, where issue-based referendums are common, few democracies make heavy use of plebiscites in the regular decision-making process. Generally, the elected government, in particular the executive, decides on every-day politics on behalf of the electorate.

Marxist theorists have attacked the idea of representative democracy as wrongly representing societal truths. A democratic government might claim to be acting on behalf of the citizens. In reality, however, it is dominated by the ruling elite, who holds particular class-based or otherwise originating interests that do not represent the majority of the population.[152] From the late nineteenth century onwards, many European theorists expressed increasing concern with the feasibility of democratic politics in existing societies. While marxists worried about class domination of politics, others – like Max Weber – became increasingly concerned with the domination of politics by large-scale bureaucracies.[153] Thus,

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[151] The only justification to intervene is to prevent 'harm' to any citizen, according to Mill. The underlying conviction of this approach is that no one can know what is good for someone else. Any intervention of the state to do something 'good' is thus bound to mislead. John Stuart Mill (1982): *On Liberty*. Harmondsworth: Penguin.

[152] This was mainly spurred by Marx's belief that the individual cannot be put at the starting point of analysing political life, like Mill or Hegel had done. Rather, class lay at the foundations of political analysis. Karl Marx (1970): *The Critique of Hegel's Philosophy of Right*. Cambridge: Cambridge University Press.

[153] Max Weber (1922): *Wirtschaft und Gesellschaft*. Grundriß der Sozialökonomik, Abteilung III, Tübingen: J. C. B. Mohr (Paul Siebeck).

the vision of democracy became much more restricted to choosing representative decision-makers and controlling their excesses as much as possible.

There is an inevitable tension between democracy and bureaucracy – where elected officials and appointed civil servants take decisions *en lieu* of a popular plebiscite for the sake of efficiency. This tension has been of concern in political thought for a long time. Already in 1864, the French theorist Alexis de Tocqueville warned that, on behalf of the *demos*, the public administrator would come to dominate the public sphere and threaten individual freedom.[154] This happens because the Greek idea of *polis* cannot be sustained in modern society, where small city republics have been replaced by states with a large number of citizens. John Stuart Mill noted that, in these big numbers, people cannot participate "in any but some very minor portions of the public business."[155] The question is: How can the requirements of participation in public life, which create the basis for democratic control of the governors, be reconciled with the requirements of skilled administration in a complex mass society?

Proponents of direct democracy argue that a resignation to the limitations posed by societal differences is not necessary. Alongside with representative democratic institutions, mechanisms of direct participation at the national level can ensure that the elected government is aware of the will of the people. Even when the ruling elite's interests conflict with the will of the majority of the population, participatory processes would make it easier for the citizens to be heard and harder for the government to ignore them. In other words, one of the main arguments in favour of participatory mechanisms is that they consolidate democratic institutions by better representing societal interests.[156] Such an argument requires a closer look at the institutions of a representative democracy and at existing channels of participation. Even in representative democracies, various channels exist through which citizens can influence the government and turn the decision-making process to their favour, formally and informally.

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[154] Alexis de Tocqueville (1966): *Democracy in America*. 1st perennial classics, New York: Harper & Row.

[155] John Stuart Mill (1951): "Considerations on Representative Government", in: H. Acton (ed.), *Utilitarianism, Liberty and Representative Government*. London: J.M. Dent & Sons: 217-218.

[156] Larry Diamond (1999): *Developing Democracy: Toward Consolidation*. Baltimore: Johns Hopkins University Press: 218-260. For a more sceptical analysis, see Joan M. Nelson (1987): "Political Participation", in: Myron Weiner, et al. (eds.), *Understanding Political Development: An Analytic Study*. Boston: Little Brown: 103-159.

2.4.2 Channels of Participation in a Representative Democracy

In a representative democracy, parliament is the main forum to act as the centre of debate, with elected representatives as participants. At the same time, electoral competition is thought of as a means to harness leadership qualities with intellect for the benefit of the electorate. The original idea was that representative democracy can combine accountability to the people with professionalism and expertise in order to make governing more efficient.[157] Any citizen can either vote for particular candidates or decide to run for a political position, as a party member or as a stand-alone candidate. As long as competition between candidates exists, a citizen's choice for the platform of one or the other candidate is considered an expression of his or her political will. Candidates thus aggregate the will of a group of voters and represent their interests in the political process, as expressed in the candidate's or party's campaigning platform. Political scientists usually distinguish between the active right to elect a representative and the passive right to be elected.

Yet, even though elections are the most common way of participating in democratic politics, representative democracies allow for several other channels of political participation. Indeed, key aspects of political participation take place informally.[158] They can take the form of collective action through interest groups and non-governmental actors' lobbying. Political participation also materialises through individuals' engagement in community affairs and through contacts with traditional leaders, religious figures, business leaders or other influential figures, even where these do not hold official positions in the formal hierarchy of the state. Lastly, participation also takes place when citizens express disapproval of their government's politics outside of, and in opposition to, established institutional structures. Social protest, even outbursts of street protests, are an important means the populace has to engage with government's political decision-making.[159]

Even though the expression of the general will in a representative democracy will can only happen at the moment of an election, many decisions need to be made throughout a governments' term that are much more concrete and technical than party platforms. From very early on, stakeholders have therefore formed issue-specific groups that try to enter into contact with politicians and public officials in order to affect the outcomes of these

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[157] John Stuart Mill (1951): "Considerations on Representative Government", in: H. Acton (ed.), *Utilitarianism, Liberty and Representative Government*. London: J.M. Dent & Sons: 239-240.

[158] Stephen Bennett and Linda Bennett (1986): "Political Participation", in: Samuel Long (ed.), *Annual Review of Political Science No. I*. Norwood, NJ: Ablex.

[159] For a discussion of different forms of participation, see Joan M. Nelson (1987): "Political Participation", in: Myron Weiner and Samuel P. Huntington (eds.), *Understanding Political Development*. Boston: Little Brown: 103-159.

decisions.[160] An interest group is a formally organized group of voluntary members who share a common political goal, which they try to communicate to decision-makers through a variety of means.[161] The most common types of interest groups are economic associations, but any non-governmental organisation (NGO) can be referred to as an interest group as well, since actors have founded the NGO to further a particular common interest. Interest groups pool financial and political resources of its individual members and coordinate joint actions that seek to influence policy-makers. Indeed, this reference to policy-making is what distinguishes this type of insider lobbying from other channels of participation. Instead of ignoring or aiming at abolishing the existing political system, interest groups lobby decision-makers for particular policies within the existing political framework.

Aside from interest groups that use insider channels to influence policy-making, several primordial social networks exist in Bolivia. Unlike non-governmental organisations, these networks have not been created in response to a governmental demand or an inviting opportunity to wield political influence. Rather, these traditional forms of social institutions have survived the changes of political organisation and continue to play an important role in the social organisation of collective action in today's political system. Because of this, governments have tried to accommodate them by creating institutions within the democratic state that acknowledge the importance of primordial institutions and networks. At the same time, these institutions assure the primordial forms of collective action a voice within the democratic system. In the discussion around civil society associations, social scientists often exclude social groups based on affective ties of blood, marriage, residence, clan and ethnicity from the definition of civil society, arguing they constitute part of the primordial rather than the civic public realm. However, in terms of informal channels of policy influencing, the basis on which these social networks are formed is not relevant. I argue that it is their reference to the state and to the political system that matters. The public realm becomes civic as soon as such networks address the workings of the existing political system.

Probably the most visible form of collective action to influence politics are protest movements. Unlike the previous types, movements do not enter into direct contact with governmental decision-makers and rely on outside lobbying techniques. Through public campaigns, other forms of communication and street protest, they try to convey their demands to elected officials. Moreover, this signal gains in importance if social movements

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[160] For an early discussion, see Alexis de Tocqueville (1966): *Democracy in America*. 1st perennial classics, New York: Harper & Row.

[161] Frank R. Baumgartner and Beth L. Leech (1998): *Basic Interests: The Importance of Groups in Politics and in Political Science*. Princeton: Princeton University Press: 25.

can appeal to public opinion and sway citizens outside of the movement to adopt the position of the protestors.[162] Social movements are qualitatively different from the other groups mentioned. First, social movements are seen as based on networks of informal interaction between organisations, groups and individuals. A single organisation is not a social movement, nor is a single protest event. Secondly, the construction of collective identity is an important aspect of social movement activity. Thirdly, social movements engage in collective action in social conflicts with other actors, including institutions and counter-movements.[163] Some authors distinguish between progressive and non-progressive social movements. In such an understanding, progressive movements aim to include a particular section of society in the political sphere while non-progressive movements aim to exclude.[164] For the purpose of this research, such a distinction is not very helpful. Identity formation treads a thin line between inclusion and exclusion and both actions are not mutually exclusive.

It is through these formal and informal channels of democratic participation that the state and society interacts. I argue that channels of participation are the most useful categories to analyse civil society organisations and their impact on democratic politics. Theorists of civil society often distinguish different societal groups according to the thematic origin of collective action.[165] Yet, in terms of informal channels of policy influencing, the basis on which these societal organisations are formed is key to their impact on democratic politics. What matters is the way in which they engage with the state and the political system.

2.5   Conclusion of Chapter Two

There has been a tendency to view institutions as 'perpetual motion machine' – once in place, they create cultural politics so that actors adhere to them. Such assumptions are particularly present in theories of democratisation: what institutions need to be established, or to be in

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[162] For a long time, the academic world distinguished between the 'old' social movements, the labour movement, and 'new' social movements, such as feminism, environmentalism and the like. New social movements were believed to be distinct in that they did not aim at revolutionising society. Rather, they made limited but non-negotiable demands in the politisation of everyday life instead of addressing grievances to the state. As such, they were social rather than political forms of protest. See for example Alberto Melucci (1989): *Nomads of the Present: Social Movements and Individual Needs in Contemporary Society*. Philadelphia: Temple University Press. Calhoun has pointed out that this distinction is flawed and that either type of movement displayed features of the other. Craig Calhoun (1993): "'New Social Movements' of the Early Nineteenth Century", in: *Social Science History*, 17 (3): 385-428.

[163] Mario Diani (1992): "The Concept of Social Movement", in: *The Sociological Review*, 40 (1): 1-25.

[164] See Maurice Roche (1995): "Rethinking Citizenship and Social Movements: Themes in Contemporary Sociology and Neoconservatve Ideology", in: L. Mahen (ed.), *Social Movements and Social Classes: The Future of Collective Action*. London: Sage: 186-219. He names feminism, environmentalism and anti-racism as progressive movements, while 'anti-progressive' counter-movements are concerned with returning women to the home, with denying ethnic minority groups full citizenship rights, etc.

[165] For a discussion, see Ronald N. Jacobs (2003): "Toward a Political Sociology of Civil Society", in: Betty Dobratz, et al. (eds.), *Research in Political Sociology, Vol. 12: Political Sociology of the 21st Century*. Oxford: Elsevier Science: 19-47.

place, to establish or consolidate democracy?[166] I am concerned that such approaches have blurred analysts' understanding of informal processes and real politics – as interesting as institutional design questions might be for political theory. Instead, I argue that social constraints do matter. I do not conceptualise institutions as deterministic for individual and organisational action. Rather, they shape the playing field in which interaction takes place. At the same time, human interaction within this playing field reaffirms or challenges existing institutions. Furthermore, particular forms, procedures or symbols fulfil 'functions' for the system.[167] That does not explain how they came about, but it explains their success and relative persistence.

In order to investigate in what ways donors' attempt to foster ownership affects political change in recipient countries, it is necessary to analyse the social and political circumstances in which donor-recipient relationships take place. I argue that the fit between formalised institutions and informal political processes in developing countries is sometimes quite loose, building on Ekeh's argument of the 'two publics'. I want to show with my research that this loose fit is partly a result of donors' influence on policy formulation and that the channels of accountability and representation get changed as a function of the politics of development cooperation with recipient governments. Because of their relative influence at the macro-political level, donors can be important stakeholders in the determination of formal arrangements of the state, the formalised institutions. Yet, they are not part of the wider social environment within the recipient country, and thus do not determine tacit social norms and moral templates, the informal political processes. As a result, formalised institutions and informal political processes often diverge. In an aid-dependent country, politics are profoundly affected by external actors and external social institutions, while the social circumstances in the country itself remain equally important. My aim is to show that donor influence systematically produces such divergences, whenever informal political processes are ignored by external policy-makers. In particular, I investigate in part two how clientelism, bureaucratic functioning and hegemonic structures within the state affect donor efforts to reform the public administration of a recipient. Understanding country specific state-society relationships, in turn, are crucial for the success of donors' efforts to encourage civil society participation in national policy-making, as will be demonstrated in part three.

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[166] Giuseppe Di Palma (1990): *To Craft Democracies. An Essay on Democratic Transitions.* Berkeley; Geoffrey Pridham, Eric Herring and George Sanford (1997): *Building Democracy? The International Dimension of Democratisation in Eastern Europe.* Rev. edn., London: Leicester University Press; Geoffrey Pridham (1990): *Securing Democracy: Political Parties and Democratic Consolidation in Southern Europe.* London: Routledge.

[167] This is not to say that a system has 'needs'. Rather, institutions that fulfil particular functions for the system appear to be making sense to individual actors or organisations.

CHAPTER 3 – DEVELOPMENT COOPERATION IN PERSPECTIVE

Chapter three is devoted to explaining the modalities of donor-recipient cooperation at the country level, while paying particular attention to donors' harmonisation efforts by means of the poverty reduction strategy papers (PRSP) and the donor-recipient negotiations involved. To understand how in-country cooperation works, it is necessary to take a closer look at the evolution of international development cooperation more generally. Cooperation programmes and the prominence of poverty reduction strategies can only be understood in the context of global debates and past developments. It is key that shortcomings of the structural adjustment era prompted the World Bank to reorient its development discourse and to reformulate its policy goals. Besides 'sustainable growth' and 'development', 'pro-poor policies' and 'enabling institutions' now feature prominently in the Bank's and in other donors' discourse. On an operational level, the World Bank and other bilateral donors have come to argue that reform progress can only be sustainable if it is backed by recipient governments once international donors phase out their funding. This has been termed 'ownership'. Donors want the recipient government, and ideally society, to feel in charge of supported reforms and recognise them as in their own interest. This debate around ownership is key to my research question. More than most other debates it serves to illustrate the mismatch between the donors' perception of existing political systems and the political reality on the ground. Despite the evident paradox that surrounds the ownership debate, it has triggered donor efforts to harmonise their efforts in order to increase recipient ownership. The poverty reduction strategy papers are a central element of these donor harmonisation efforts.

The first attempts to harmonise donor interaction with recipient governments were the Comprehensive Development Framework (CDF) of the World Bank and the United Nations Development Assistance Framework. They set the stage for harmonised efforts regarding the Heavily Indebted Poor Country (HIPC) debt relief initiative proposed by the World Bank and the International Monetary Fund (IMF). Under the initiative, bilateral donors committed themselves to waiving bilateral debts in addition to multilateral debt relief if and where recipient countries complete the requirements of the HIPC initiative. Within the framework of the second round of HIPC, recipient governments had to formulate a PRSP to outline their pro-poor, long-term development strategy. The PRSP became an important

anchor point for donor harmonisation. In an unprecedented way, multi- and bilateral donors coordinated among themselves within the framework of the poverty reduction strategy paper (PRSP) formulation at the country level. Even though the IMF proposed the PRSP, all multi- and bilateral donors collectively recognised it as the basis for further interaction with recipient governments. In that respect, the PRSP initiative can be compared to structural adjustment in that it provides a framework of cooperation upon which many bilateral donors model their cooperation programmes. This is even more evident in terms of debt relief; once a highly indebted poor country has reached the completion point of the IMF initiative, substantial amounts of bilateral debt are usually also waived.[168] These are the most prominent examples of donor harmonisation globally, and harmonisation continues in several sectors at the country level with so-called sector-wide approaches (SWAPs). However, the question is: what exactly is being harmonised and do recipient governments actually benefit from such harmonisation? In this chapter, I trace donor harmonisation efforts at the country level in order to show how they affect donor-recipient relationships as well as the perception of existing political systems versus the political reality on the ground.

As I explained in chapter one, I have picked two case study countries – Bolivia and Ghana – that are relatively similar in terms of recipient criteria, albeit very different as countries. I do this to analyse in how far donors adapt their principles and guidelines to very different country contexts. In terms of recipient criteria: the levels of aid to Bolivia and Ghana are more or less the same,[169] with roughly similar net percentages of aid as a percentage of the gross domestic product (GDP).[170] Both Ghana and Bolivia had become structural adjustment role models in the 1980s, based on their economic recovery programmes. By 2005, both countries continued to be 'donor darlings'. They were likely pilot countries for new international initiatives, such as the World Bank's CDF. Both countries were early HIPC countries and both countries' governments developed a PRSP to be eligible for debt relief. Both Ghana and Bolivia were on the edge of being classified as aid dependent countries, with aid as a percentage of the GDP oscillating around 10 percent throughout the past decade.[171] In the following section, I trace Bolivia and Ghana's history as aid recipients and explain the aid strategies of both countries' multi- and bilateral donors.

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[168] In fact, the Paris Club – which is an informal organisation that represents all major creditor states – have subscribed to the 'Cologne terms' in which they agree to cancel up to 90 percent of a highly indebted poor country's bilateral debt, once it has reached HIPC completion point.

[169] In 2002, Bolivia received US$ 681 million in ODA while Ghana received US$ 653 million.

[170] For Bolivia, the net share of ODA as a percentage of GDP was 8.7 percent, for Ghana it was 10.6 percent in 2002. See Organisation for Economic Cooperation and Development (2004): *Geographical Distribution of Financial Flows to Aid Recipients 1998-2002*. Paris: OECD.

[171] World Bank (2004): *World Development Indicators*. CD-Rom, Washington, DC: World Bank.

This chapter is divided into three sections. In the first section, I briefly explain the history of development cooperation to put structural adjustment, poverty reduction strategy papers and debt relief into perspective. In the second and the third section, I trace the history of development cooperation with first Bolivia and then Ghana. In both cases, I look at official development assistance to both countries and explain how development cooperation with Bolivia and Ghana has evolved over time. Building on this, I introduce both countries' PRSP processes as one of the most prominent tools for donor harmonisation. To conclude, I open up the analysis for a closer look at harmonisation and ownership questions in relation to two particular tools of cooperation that I address in parts two and three of the thesis: multi-donor budgetary support and support to civil society participation.

3.1   Evolution of Development Cooperation

The history of development cooperation since the Second World War serves as a good starting point to explain how subsequent approaches to development have evolved.[172] Often, the features of particular programmes or trends are a result of criticisms levelled at past approaches. The table below illustrates the evolving trends of development cooperation throughout the past decades:

Table 2:   Changing Prominent Approaches in Development Cooperation

Decade	Focus
1950s	decolonisation, financial aid support transitions
1960s	aid to fill the resource gaps in recipient countries' macro-economy
1970s	aid becomes 'projectised' because donors are disillusioned with the capacity of recipient governments, increase in technical assistance
1980s	structural adjustment agenda, the recipient governments agree to particular reform agendas as a condition for loans
1990s	support of democratisation (bilateral donors), civil society and political institutions (multilateral donors)
2000s	focus on pro-poor policies, harmonised cooperation and government ownership (debt relief)

The above table is a broad simplification but it helps to put different approaches to cooperation into perspective and relate them to each other. In reality, these practices overlap and have never been limited to one decade only.[173] In fact, some previously prominent

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[172] For a discussion of the different stages of development cooperation over time, see Rehman Sobhan (2002): "Aid as a Catalyst: Comments and Debate (II): Aid Effectiveness and Policy Ownership", in: *Development and Change*, 33 (3): 539-548: 540.

[173] See also David E. Satterthwaite (1999): *The Constraints on Aid and Development Assistance Agencies Giving a High Priority to Basic Needs.* PhD Thesis, Development Studies Institute, London: London School of Economics.

methods continue to be employed until today – albeit with a certain disillusionment in terms of lack of overall success – such as technical assistance, for example. The timeframe in terms of decades is a rough estimate to denote the heyday of a particular approach. Generally, every method or practice was developed because practitioners were disappointed with the previous form of cooperation and were aiming at rectifying its deficiencies. The following sections discuss each one in greater detail.

3.1.1 From Gap-Filling to Technical Assistance

During the early days of development cooperation, aid was a foreign policy tool more than anything else and explicitly used for foreign policy purposes. It was not considered to be a social intervention but rather a technical instrument to achieve economic development and security goals. Political links played a major role in establishing development cooperation links.[174] Development aid was tightly linked to the policies of the bi-polar world. Aid was also rooted in the economic and political legacies of colonial history. This was reflected in the geographic orientation of aid flows and in the sometimes peculiar groupings of aid recipient countries.[175] Originally, the World Bank was intended to serve mainly as a financing organisation for the reconstruction of Europe after the Second World War.[176] However, it was soon crowded out by the Marshall Plan, which was approved by the US congress in 1948. Between 1948 and 1953, the US government spent two to three percent of its GDP under this initiative, almost entirely on a grant basis.[177] This represents three to four times the target of bilateral official development assistance (ODA) agreed on in the 'Monterrey Consensus', and more then ten times the present level of ODA as a percentage of GDP given by the US in 2003.[178]

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[174] Even though this might still be true today, it is not as explicit as it was during the first two decades after the Second World War. Today, development cooperation is usually justified content-specifically: to alleviate poverty, to support democratisation, and so on. Some authors argue that today's security concerns are a major factor in determining development policies. Jo Beall, Thomas Goodfellow and James Putzel (2006): "Policy Arena - Introductory Article: On the Discourse of Terrorism, Security and Development", in: *Journal of International Development* (18): 51-67.

[175] Such as the African, Caribbean and Pacific group linked to the European Union. This group contains all former colonies of EU member countries that receive aid by means of EU policy. Sven Grimm and Bettina Woll (2004): "Political Partnership with the South", ODI Briefing Paper on 'European Development Cooperation to 2010', May, London: Overseas Development Institute.

[176] Kunibert Raffer and H. W. Singer (1996): *The Foreign Aid Business: Economic Assistance and Development Co-operation*. Cheltenham: Edward Elgar: 58-70.

[177] This figure excludes military aid. The total magnitude of aid through the Economic Recovery Programme – through which the Marshall Plan was implemented – amounted to US $ 13.2 million, US $ 21 million including military aid. David A. Baldwin (1985): *Economic Statecraft*. Princeton: Princeton University Press: 321.

[178] The Monterrey Consensus was established at the International Conference on Financing for Development that took place in Monterrey, Mexico, in 2003. At the conference, developed countries reaffirmed the objective to make 0.7 percent of their GDP available as official development assistance to developing countries. United Nations (2002): "Report of the International Conference on Financing for Development", A/CONF.198/11, 18-22 March, Monterrey. During the past few years, total ODA net from the US was around 0.2 to 0.5 percent.

The Marshall plan had strong effects on North-South relations because its success made people perceive it as a promising model for cooperation on a global scale. Keynes' proposition that the availability of capital determined growth, which in turn was needed to improve poverty and inequality indicators, was generally accepted.[179] Aid during the 1950s and 1960s was largely intended to fill the resource gap in the recipient country's macro-economy.[180] During the early stages, such gap-filling aid often took the form of construction projects like roads, railways and power stations, which required large sums of money. Over time, international donors ceased to regard capital scarcity as a sufficient reason for providing financial assistance. More advanced developing countries were able to attract private finance and official non-concessionary loans. By the end of the 1960s, it was apparent that political obstacles, social customs and adverse traditions could all limit the absorptive capacity for capital and constrain economic prospects.[181] One inference was that the Third World needed a particular form of aid, technical assistance, so as to create the conditions in which capital transfers could be utilised effectively.

3.1.2 From Technical Assistance to Adjustment Lending

Despite all efforts, world poverty and global inequalities continued to increase. Development assistance at the time was judged as a failure, especially against the high hopes that it had come with. Part of the blame was thrown at recipient government elites for being inefficient and for seeking rents instead of fostering development. In 1969, the Commission on International Development noted that the "climate surrounding foreign aid programmes is heavy with disillusion and distrust."[182] Technical cooperation and technical assistance grew in real terms from one eighth of DAC net bilateral ODA in the early 1960s to one third by the mid-1980s.[183] Factually, this meant that external experts and donor representatives were sent to work in a recipient government ministry or implementing agency to assist them with 'knowledge transfer'. Aid became 'projectised'. In the early stages, technical experts advised

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[179] The economist John Maynard Keynes was very influential at the time. In 1942, he and his colleagues prepared a memoranda on an international clearing union, on commodity buffer stocks and plans for relief and reconstruction, which influenced the establishment of the World Bank and the International Monetary Fund – albeit along different lines than they had planned. Kunibert Raffer and H. W. Singer (1996): *The Foreign Aid Business: Economic Assistance and Development Co-operation*. Cheltenham: Edward Elgar: 58-62.

[180] The case was elaborated in the so-called two gap theory: which stresses the savings-investment and foreign exchange gaps in developing countries' economies as the reason for underdevelopment. For the original elaboration, see Hollis Chenery and Alan Strout (1966): "Foreign Assistance and Economic Development", in: *American Economic Review*, 56 (4): 679-733.

[181] Salvatore Schiavo-Campo and Hans W. Singer (1970): *Perspectives of Economic Development*. Boston: Houghton Mifflin: 34.

[182] Commission on International Development (Pearson Commission) (1969): *Partners in Development: Report*. New York: Praeger Publisher: 4.

[183] Organisation for Economic Cooperation and Development (2005): *Geographical Distribution of Financial Flows to Aid Recipients: 1960-2003*. International Development Statistics CD-ROM, Paris: OECD.

governments to plan the development of their economies. This even included the preparation of detailed national development plans by expatriates.[184] The focus on technology transfer for capital projects was underpinned by an emphasis on providing policy analysis and management skills.[185] Nonetheless, by the end of the 1970s, there was more poverty, underdevelopment, illiteracy and poor health than ever.[186] Unsurprisingly, the quality and cost-effectiveness of technical cooperation began to be questioned. Moreover, expatriate experts caused local resentment since their fees and expenses were considerably higher than the local equivalent and represented a large chunk of an aid project's budget.

In the 1980s, the World Bank came to the fore as a centre of intellectual influence in development thinking, with many bilateral donors modelling their approaches in accordance to the Bank's. Bilateral aid agencies entered joint funding arrangements with the Bank and offered parallel financing of its policy-related programmes. The Bank first signalled the need for a reorientation towards policy-oriented economic reform in 1981.[187] Increasing debts of developing countries also became an issue, including failure in meeting obligations to the Bank itself. The initial idea was that struggling countries needed fast-disbursing help with meeting their financial obligations to accelerate development. This was linked to policy guidance embracing measures to liberalise the supply side of the economy.[188] The World Bank and the IMF started large-scale programmes of lending where disbursement was tied to conditions of institutional reform. Yet it is interesting to note that conditionality did not depend primarily on the state of affairs of the recipient country. Rather, studies have shown that there was an inverse relationship between the use of conditionality and recipient governments' access to alternative sources of finance. There was an upsurge in conditionality in Latin America in the 1980s, after the debt crisis had effectively cut the region off from alternative sources of finance. This also explains why there was such a high concentration of conditionality in sub-Saharan Africa, where financial difficulties and little access to private capital markets prevail. On the other hand, South-East Asia, a region with relatively large

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[184] Indeed, technical assistance is re-emerging in post-conflict settings like Afghanistan and Iraq, where the external donors are heavily involved in the re-establishment of political institutions. For a discussion of donor involvement in state reconstruction, see Adele Harmer and Joanna Mcrae (eds.) (2004): "Beyond the Continuum. The Changing Role of Aid Policy in Protracted Crises", Humanitarian Policy Group Report No. 18, London: Overseas Development Institute.

[185] Peter Burnell (1997): *Foreign Aid in a Changing World*. Issues in Third World Politics, Buckingham: Open University Press: 88.

[186] World Bank (2001): *World Development Report 2000/2001 - Attacking Poverty: Opportunity, Empowerment, and Security*. New York: Oxford University Press.

[187] By means of the following publication: World Bank (1981): *Accelerated Development in Sub-Saharan Africa: An Agenda for Action*. Washington, DC: World Bank.

[188] Paul Mosley, Jane Harrigan and John Toye (1991): *Aid and Power: The World Bank and Policy-Based Lending*. I vols., London: Routledge: 32-38.

access to alternative financial resources, was targeted with conditionalities to a much lesser extent during the 1980s.[189]

Over time, criticism arose as to the social costs of structural adjustment. Initially, the international finance institutions failed to realise that structural adjustment involves difficult choices over the allocation of public expenditure, and that the poorest are usually the least able to voice their demands. In that respect, capital inflows "play a crucial political role as well as a purely economic one."[190] However, in the early days of structural adjustment lending donors did not give much consideration to the necessary political calculations: how to console the losers and how to mobilise prospective winners to politically support economic reform measures. The lesson learnt from the structural adjustment experience was thus threefold for the donors. For one, it created a strong emphasis on pro-poor policies with the objective that the poor must not be marginalized and that their voices be heard.[191] Also, it shifted the emphasis from structurally adjusting the economy to reforming political institutions so as to enable economic development. At the same time, the critique provoked by conditionality-based lending resulted in a new emphasis on questions of ownership. The argument brought forward was that country-owned reform would be sustainable in the long run, while conditionality-induced reforms were likely to cease once donors withdraw from the scene. These lessons learned led the donor community to emphasise programmes that focused more on poverty reduction and political reform, with an emphasis on ownership.

3.1.3 From Institutional Reform to Pro-Poor Government Ownership

In September 1999, the World Bank and the IMF endorsed a new framework to achieve what had by then become their core task – sustainable poverty reduction. The new approach was reflected both in the World Bank's *Annual Report 2000*, and in the World Bank's *World Development Report 2000/2001*.[192] The Millennium Development conference – which resulted in the Millennium Development Goals – and the Monterrey agreements in 2002 further institutionalised this approach. By then, poverty reduction had become the primary objective of the international development community for financial support to poor countries. Backed

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[189] The Philippines are one of the few countries that received highly conditional loans, while the conditionality of policy-based lending in other countries – such as South Korea, Indonesia, Malaysia and Thailand – was low. Ramani Gunatilaka and Ana Marr (1998): "Conditionality and Adjustment in South-East Asia and Latin America", in: Tony Killick (ed.), *Aid and the Political Economy of Policy Change*. London: Routledge: 53-84.

[190] World Bank (1990): *World Bank Development Report 1990: Poverty*. New York: Oxford University Press: 115.

[191] The path breaking document to stress this point was Deepa Narayan, Robert Chambers, et al. (eds.) (2000): *Voices of the Poor*. Vol. 3, New York: Oxford University Press.

[192] World Bank (2000): *Annual Report 2000*. Washington, DC: World Bank. and World Bank (2001): *World Development Report 2000/2001 - Attacking Poverty: Opportunity, Empowerment, and Security*. New York: Oxford University Press.

by donor countries, the World Bank and the IMF announced a new framework for international cooperation, expressed through the CDFs and the PRSPs. According to these new concepts, debt relief and concessional loans were to be based on explicit poverty reduction programmes, with each country responsible for setting its own plan. This shift towards poverty reduction – as opposed to growth – was a necessary step to re-establish the legitimacy of donor engagement that had lost credibility during structural adjustment.

At the same time, the 1990s saw dramatic political changes that also propelled development cooperation into a new direction. The end of the Cold War and the political transformations that succeeded it gave rise to hopes that democracies and peace would spread all around the globe.[193] While multilateral donors started to emphasise civil society participation as a means of making economic reform more reflective of citizens' needs, bilateral donors' cooperation increasingly turned towards the promotion of democratisation and good governance. As the international finance institutions are restricted to their economic mandate, they cannot directly support democratisation where it is a purely political goal. However, the promotion of democratic accountability in fiscal management could be perceived as a means of institutional reform that aimed at making aid delivery more efficient and economic reform more effective. Similarly, civil society participation, while contributing towards democratic responsiveness, was seen as a tool to make economic reform more pro-poor. Both tools thus neatly served a double purpose: they were necessary institutional reform mechanisms to make economic reform sustainable in the long run, while contributing to the democratisation of recipient governments. At the same time, the argument for institutional reform enabled the World Bank and the IMF to depoliticise its interest in democratic accountability and civil society participation.

A serious side effect of structural adjustment lending was that foreign debt of many recipient countries increased significantly. In Africa, for example, the debt to export ratio sprung from 91 percent in 1980 to 254 percent in 1994.[194] In addition, it became apparent that policy reform was much slower than expected. By the mid-1990s, donors and academics alike became increasingly convinced that conditionality – of the kind pursued by structural adjustment policies – was not working as an incentive to achieve sustainable economic

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[193] The argument that democratic states do not wage wars against each other is built on Jack S. Levy (1989): "The Causes of War: A Review of Theories and Evidence", in: Philip E. Tetlock, et al. (eds.), *Behaviour, Society and Nuclear War*. New York: Oxford University Press: 224-243; Steve Chan (1997): "In Search of Democratic Peace: Problems and Promise", in: *Mershon International Studies Review*, 41 (1): 59-91.

[194] Peter Burnell (1997): *Foreign Aid in a Changing World*. Issues in Third World Politics, Buckingham: Open University Press: 95.

reforms.[195] Political leaders proved unwilling to implement the reforms they had committed to in order to receive conditionality-based lending. The HIPC initiative that the IMF came up with was a new tool to rectify both problems simultaneously. After an initial first round of HIPC debt relief, the Enhanced HIPC initiative – HIPC II – required that eligible countries produce a PRSP in consultation with their civil society organisations as a means of assuring implementation and sustainability. Here, the civil society argument was used with the idea that a broad-based national consensus was better able to ensure political will for reforms than donor-imposed conditionality. In the words of the World Bank President in his address in 1997:

> Development requires much too much sustained political will to be externally imposed. It *cannot* be donor-driven.[196]

Conditionality-induced reform measures were slowly being replaced with approaches that stressed recipient ownership in order to make reforms sustainable. A major component of this reorientation was the donors' attempt to harmonise their assistance in order to free the recipient government's scarce development management resources and to make aid more predictable.[197] The PRSP became a major vehicle of these donor harmonisation efforts. The intention was not only to coordinate donor efforts to make them more manageable and transparent for the recipient government: the PRSP have now also become a vehicle to harmonise donor efforts towards the recipient government's development agenda. On top of the multiple reasons for its original creation, the PRSP have evolved into a central platform for donor harmonisation.[198]

3.1.4   The Poverty Reduction Strategy Papers

The World Bank and the IMF envisaged the PRSP as the "centrepiece for dialogue in all countries receiving concessional lending flows from the World Bank and the IMF, [intended to be] country driven."[199] This statement exemplifies the donors' balancing act between

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[195] Organisation for Economic Cooperation and Development (1995): "Development Cooperation, Efforts and Policies of the Members of the Development Assistance Committee", 1994 Report, Paris.

[196] James Wolfensohn (1997): "The Challenge of Inclusion", Annual Meeting's Address by the President of the World Bank on 23 September, Hong Kong, China.

[197] For example, this was one of the commitments that the donor community made in the Consultative Group Meetings following the Helleiner report on improving donor-recipient relationships. Gerald K. Helleiner, Tony Killick, et al. (1995): "Report of the Group of Independent Advisers on Development Cooperation Issues Between Tanzania and Its Aid Donors", June, Copenhagen: Royal Danish Ministry of Foreign Affairs.

[198] The degree of donor coordination and harmonisation around the PRSP depended largely on individual initiatives on the country level. In Ghana, the PRSP harmonisation effect was limited due to the then World Bank representative attempt to advocate a hands-off approach.

[199] World Bank (2000): "Fixing ESW: Where Are We?" draft report prepared by Operations Policy and Strategy Group for the meeting of the Committee on Development Effectiveness, Washington, DC.

promoting local ownership and taking note of aid dependence. The PRSPs were an attempt to promote local ownership in an aid dependent context. The inclusion of participation as a key element marks a significant departure from the past practices of the World Bank and the IMF. An important background series of studies, *Voices of the Poor*, developed and stressed the proposition that civil society participation in national policy formulation helps to achieve better pro-poor policies for development.[200] The key point of this argument was that civil society should be involved in drawing up and monitoring economic policies to ensure a pro-poor focus. In short, the ideal situation is one where recipient governments decide upon economic policies based on broad participation from society at large to ensure their pro-poor character. However, though not immediately obvious, the PRSP contains a paradox that substantially flaws its design. The recipient country – government and civil society together – have to fulfil two requirements that are fundamentally different and possibly contradictory. The World Bank and the IMF require that the *process* of PRSP formulation has to be participatory. In other words, it has to take the input of civil society into account. This is a methodological conditionality. On the other hand, with respect to *content*, the PRSP has to be a long-term development plan that focuses on poverty reduction. This is a thematic conditionality.

Table 3:   Conceptual Paradox of the PRSP Requirements

Methodological Conditionality   *Thematic Conditionality*

Process: <u>participatory</u>   *Content:* <u>long-term, pro-poor</u> development plan
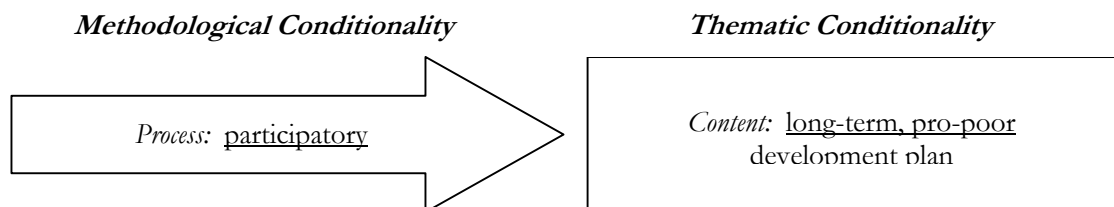
If civil society participates at a national level to voice what matters most to them, how can the content already be defined? One can imagine many situations in which civil society is indeed most concerned with poverty reduction – but that is certainly not a given. Even if the PRSP were a government-only strategy, a definition of content (poverty reduction) already takes away from the 'ownership' an internally originated idea would have had.

On top of this, a clear definition of who constitutes civil society did not exist, neither among donors nor from an academic perspective. Even in its sourcebook for PRSP formulation, the World Bank avoided to specify what "broad-based civil society

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[200] The series comprises three volumes: Deepa Narayan, Raj Patel, et al. (eds.) (2000): *Can Anyone Hear Us?* Voices of the Poor, Vol. 1, New York: Oxford University Press., Robert Chambers, Deepa Narayan, et al. (eds.) (2000): *Crying Out for Change*. Voices of the Poor, Vol. 2, New York: Oxford University Press., and Deepa Narayan and Patti Petesch (eds.) (2000): *From Many Lands*. Voices of the Poor, Vol. 3, New York: Oxford University Press.

participation" means.[201] It simply required the individual recipient to come up with a definition for its own country context within the framework of the PRSP. This lack of definition already is an indication that the content of civil society participation does not matter as much as the fact that civil society participation – in whatever shape or form – had taken place.

In sum, the PRSPs had evolved into the major vehicle for donor harmonisation at the country level, with the aim of increasing recipient ownership. Yet, on several fronts, the donors were unwilling to loose control over the process. Donor-recipient relationships in Bolivia and Ghana are an expression of this dilemma, as I will show in the following sections.

3.2   D e v e l o p m e n t   C o o p e r a t i o n   w i t h   B o l i v i a

By the 1990s, Bolivia had become an 'aid-dependent' country. A country's dependency on aid is often measured by the relationship between aid and the country's GDP.[202] I use this proxy of aid dependency simply to show that Bolivia currently cannot pursue vital functions of government without the help of external donors.

Table 4:   Aid Intensity in Bolivia
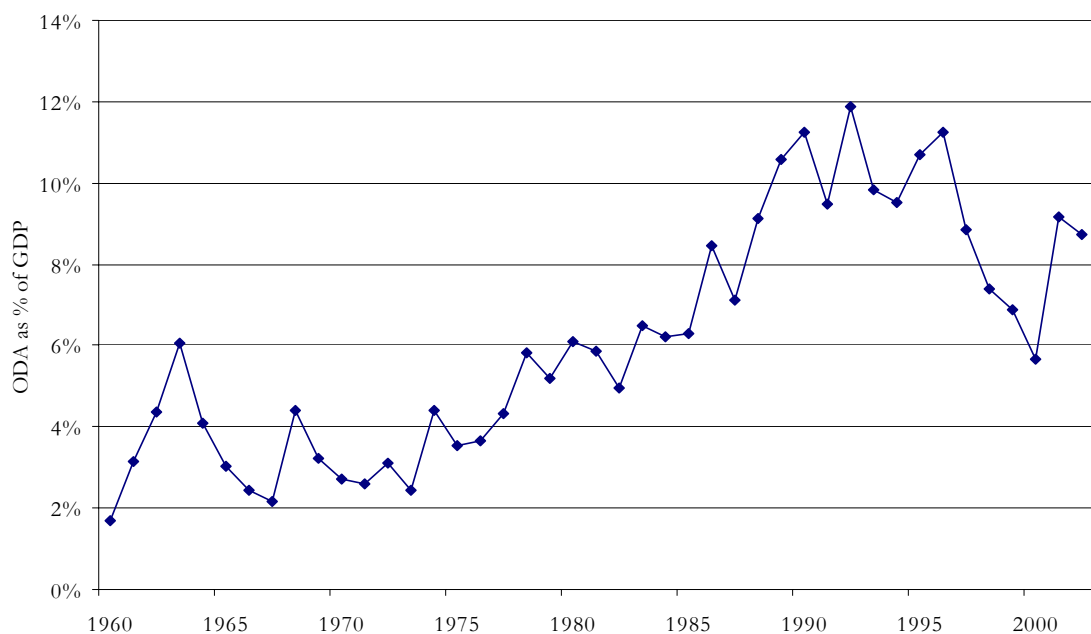
Source: Compiled from data (World Bank 2004)

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[201] See the chapter on participation, World Bank (2001): *Poverty Reduction Strategy Sourcebook*. 2 vols., Washington, DC: The World Bank Group: 237-248.

[202] Several scholars have tried to come to terms with the concept of aid dependence and proposed different definitions and measures for it. For a good overview of the discussion see R. Lensink and H. White (1999): "Aid Dependence: Issues and Indicators", Expert Group on Development Issues Study No. 2, Stockholm: Ministry of Foreign Affairs.

By 2005, Bolivia was still close to being an aid dependent country, with aid as a percentage of the GDP slightly below 10 percent. In 2005, Bolivia was the second largest recipient of official development assistance in the Latin America and Caribbean region. Between 1989 and 1999, it received an average of US$ 80 per capita per year. Official development assistance increased from US$ 480 million (representing 11.4 percent of the GDP) to US$ 560 million (6.8 percent of GDP). This was a result of the positive reputation Bolivia had gained as a model recipient. Bolivian efforts during the 1980s and 1990s to create a positive policy environment for democratic development, economic growth and poverty alleviation have been celebrated internationally. So much so, that the international development community has highlighted Bolivia as an example of 'good practice' for other developing countries to follow.[203]

3.2.1   Bolivia's History as a Recipient

In the early 1950s, Bolivia faced a bankrupt economy and an inability to feed its people after the difficulties in agricultural production that followed the National Revolution. The Bolivian government thus turned towards the United States to seek financial assistance. In support of its plead, it compensated the three biggest American tin owning companies for their loss during nationalisation.[204] After having signed a minerals purchasing contract with Bolivia, the United States government announced a doubling of its previous aid programme and the immediate shipment of US$ five million worth of food. By the end of the decade, Bolivia had received US$ 100 million of aid from the US – making it the largest single recipient of foreign aid in Latin America at the time and the highest per capita in the world.[205] On the other hand, the United States demanded support for its companies operating overseas. The new petroleum code from 1953 enabled some ten oil companies to operate in Bolivia. By 1957, Bolivia accepted a US-developed 'stabilisation plan' under the auspices of the IMF. The plan contained conditionalities regarding the budget, wages, subsidies and the exchange rate that were extreme for its time. Economically, the plan was successful but led to a political reshuffle in Bolivia. Despite IMF involvement, the United States remained Bolivia's largest donor until the late 1970s. This can partly be explained by economic relations around tin and

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[203] See, for example: Organisation for Economic Cooperation and Development (2001): "The DAC Guidelines: Strategies for Sustainable Development", International Development, Paris.

[204] Apart from these three, the smaller tin owners were never compensated.

[205] Herbert S. Klein (1992): *Bolivia: The Evolution of a Multi-Ethnic Society.* Oxford: Oxford University Press: 217-222.

later petrol but also because of Bolivia's geo-political importance in Latin America during the Cold War.[206]

Table 5:   Official Development Assistance to Bolivia
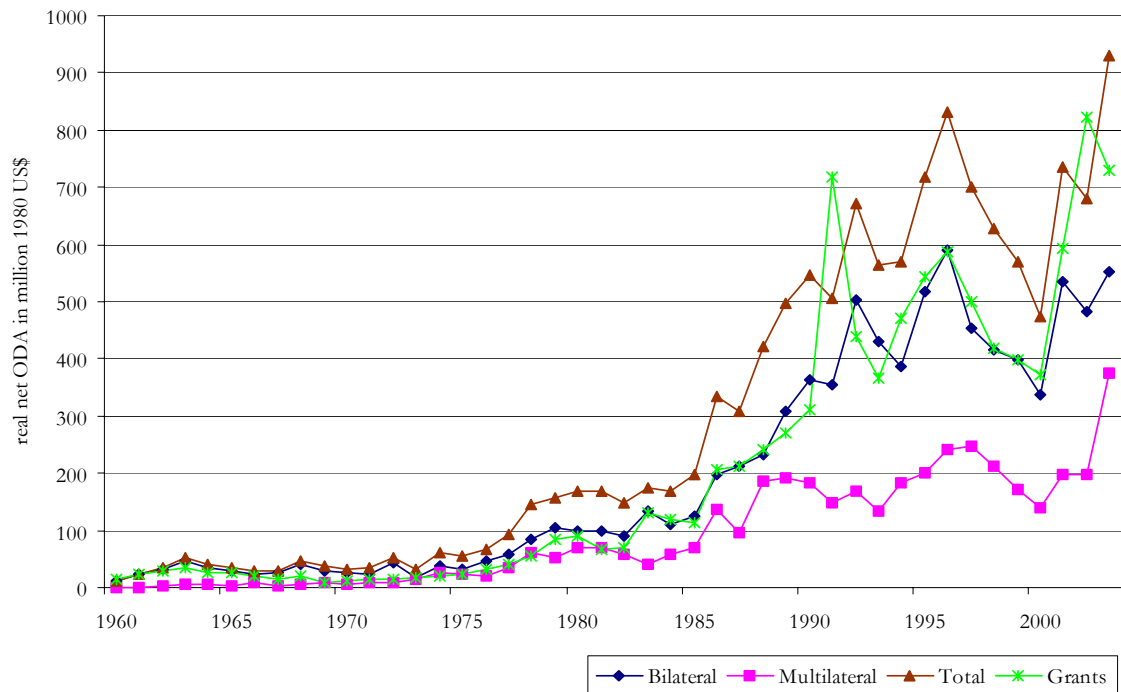
The situation changed drastically in the early 1980s, when Bolivia was confronted with a severe economic crisis and consequent hyperinflation. In 1985, the incoming government launched the New Economic Policy, introducing an economic stabilisation programme that became the first step in Bolivia's structural reform agenda. Because of this, Bolivia turned into a 'model' structural adjustment reformer with a large variety of donors:

> Bolivian investment was always very tied and very dependent on foreign assistance – not only from multilaterals but also from bilaterals – which in this period was basically a combination of donations and loans: the Japanese, American, German cooperation. But then, each time there were more donations and fewer loans from the bilaterals, and the multilaterals always with long-term loans, with low concessional interest rates, particularly from the World Bank and the Inter-American Development Bank, somehow the Fund. But this was more structural adjustment support for determined policies.[207]

In addition to economic reforms, international aid donors were eager to support Bolivia's process of democratisation, which had equally become recognised as a 'model' process. The

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[206] For a comprehensive account of US-Bolivian relations, see Kenneth D. Lehman (1999): *Bolivia and the United States: A Limited Partnership*. Athens: University of Georgia Press.
[207] Interview with a government representative, No. 70, La Paz, 26 April 2004.

government's Law of Popular Participation – passed in 1994 – was a government-owned initiative to make political decision-making more decentralised and accountable.

Although external debt was high during the 1990s, it remained more or less constant, at a level of US$ 4 billion. This has only been possible because of various rounds of debt forgiveness. Between 1990 and 1997, the Paris Club creditors forgave around US$ 900 million. With the HIPC I completion point reached in 1998, Bolivia received debt relief of US$ 448 million, and another US$ 854 million in 2001 by means of HIPC II.[208] Despite all this assistance, Bolivia experienced an economic crisis at the beginning of the new millennium. A government representative described this as a paradox:

> In Washington, Bolivia is a paradox because it has followed the recipes of the Monetary Fund and it is disaster. So, what happened? This is the paradox and in reality it is not so paradoxical, because things have been done that didn't make much sense. They were not very close to the Bolivian reality, in the Bolivian moment.[209]

In other words, government representatives criticised the IMF policies because they did respond to a through problem analysis of the Bolivian context. Instead, they were a one-size-fits-all recipe that ignored some of the intricacies of the Bolivian case, namely the socio-economic inequalities in the country. Among my interviewees, the unsatisfactory outcome of Bolivia's economic reforms was often cited as a showcase for the mismatch between the way in which the IMF perceived the situation in Bolivia and the actual context.

3.2.2   Aid Strategies of Donors to Bolivia

Broadly speaking, three periods of development cooperation can be distinguished since Bolivia's national revolution: US-dominated bilateral cooperation (1952-1985), support towards first and second generation reforms since democratisation (1985-1999), and the HIPC and PRSP process (since 2000).[210] The so-called first generation reforms after Bolivia's transition to democracy in 1985 mainly included structural-adjustment type economic reforms. Official development assistance towards Bolivia was highly concentrated on balance of payments transfers and the support of IMF-style structural reforms such as the elimination of barriers to trade, economic stabilisation through fiscal austerity, and the development of

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[208] Lykke E. Andersen and Osvaldo Nina (2001): "The HIPC Initiative in Bolivia", in: *Canadian Journal of Development Studies*, 21 (2): 343 – 376.

[209] Interview with a government representative, No. 45, La Paz, 27 January 2004.

[210] These periods are based on the three periods developed in George Gray Molina and Gonzalo Chávez (2001): "Technical Cooperation and Capacity Development in Bolivia", draft executive summary of the presentation at the second roundtable on Reforming Technical Cooperation for Capacity Development, 6 and 7 December, Turin: United Nations Development Programme.

financial markets.[211] Only after 1993 were democratic and social reforms put back on the agenda – with the so-called second generation reforms. Official development assistance then highly concentrated on institutional reforms, such as privatisation, decentralisation, education, and judicial reform. Second generation reforms were intended to remould the state and its role in relation to social production as well as the development of new state/civil society relations. In the words of the representative of an international non-governmental organisation, "The main goal was to dismantle the populist (centralized, bureaucratic, inefficient) state, and develop a shared responsibility with civil society for social service provision."[212] This statement reflects the hopes that the social reform of the 1990s had sparked among external actors. Particularly the Law of Popular Participation was perceived as a sign that Bolivia was firmly on the road towards democracy.[213]

The second round of the HIPC debt relief initiative required the Bolivian government to develop a PRSP in order to be eligible. Bolivia became the first country in South America to join the HIPC initiative in 1997. The government elaborated the PRSP based on the output of the National Dialogue 2000 – in order to fulfil the required civil society consultation element of the initiative.[214] The National Dialogue was widely advertised, with the hope that this would create a more favourable debt repayment climate and spur capital investment. Through the whole period, official development assistance was tightly focused on the HIPC II agreement, on the two National Dialogues, as well as on the Bolivian Poverty Reduction Strategy – the *Estrategia Boliviana de Reducción de la Pobreza* (EBRP). Technical cooperation further increased, with a different relationship between donors, donor industry and government.[215] This in turn, has led to a perception of donor over-involvement and provoked discussions about the 'ownership' mandate of such cooperation. In addition, increased technical cooperation sharpened a dual bureaucratic structure. The state bureaucracy was weakened while a new bureaucracy funded by donor projects evolved.[216] A key requirement of HIPC funding was long-term (15-year) policy planning and continuous

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[211] Lykke E. Andersen and Osvaldo Nina (2001): "The HIPC Initiative in Bolivia", in: *Canadian Journal of Development Studies*, 21 (2): 343 – 376: 3.

[212] Simon Ticehurst (1998): "Social Policy Reform and Participation in Latin America: The Bolivian Experiment", in: *Development in Practice*, 8 (3): 357-361: 357.

[213] Interview with a donor representative, No. 81, Frankfurt, 6. August 2003.

[214] World Bank (2001): *Poverty Reduction Strategy Sourcebook*. 2 vols., Washington, DC: The World Bank Group.

[215] It is worth noting that absolute levels of technical cooperation increased significantly, as official development assistance (ODA) dropped as a proportion of the GDP throughout the decade. Luis Carlos Jemio (2000): "Reformas, Crecimiento, Progreso Técnico y Empleo en Bolivia", in: Eduardo Antelo and Luis Carlos Jemio (eds.), *Quince Años de Reformas Estructurales en Bolivia: Sus Impactos sobre Inversión, Crecimiento y Equidad*. La Paz: CEPAL y UCB: 355-396. This has been a general trend worldwide, see Peter Hjertholm and Howard White (2000): "Foreign Aid in Historical Perspective: Background and Trends", in: Finn Tarp and Peter Hjertholm (eds.), *Foreign Aid and Development: Lessons Learnt and Directions for the Future*. London: Routledge.

[216] George Gray Molina and Gonzalo Chávez (2001): "Technical Cooperation and Capacity Development in Bolivia", draft executive summary of the presentation at the second roundtable on Reforming Technical Cooperation for Capacity Development, 6 and 7 December, Turin: United Nations Development Programme.

consensus-building. One result was the multi-donor round tables that pooled donor efforts under the Bolivian PRSP. As increased local ownership was one of the objectives of the PRSP process, these roundtables had adverse effects: they constituted the single most influential lobby over domestic policymakers and focused attention on issues that were paramount for donor effectiveness. Among such issues were budgeting, reporting, and accounting mechanisms, for example, which were not necessarily seen as important for government effectiveness as decision-making, participation and inclusion mechanisms. Indeed, the Bolivian PRSP process further substantiated an apparent mismatch between the way that donors perceived and conceived of Bolivian politics and the way that politics actually worked in Bolivia.

3.2.3   Actors in Development Cooperation in Bolivia

Most multi- and bilateral development agencies have country offices, where a number of staff are involved in the every day proceedings of cooperation with the recipient country. A notable exception is the International Monetary Fund. It usually has a very small country office situated in the national central bank, staffed with a resident representative and a small number of administrative staff. The IMF's Washington-based programme officers come on so-called missions to meet with the recipient government representatives once or twice a year to discuss progress of their cooperation. Unlike the IMF, the World Bank maintains a country offices in Bolivia, employing a large number of staff responsible for cooperation programmes and projects. In addition, the Inter-American Development Bank (IDB) operates similarly to the World Bank, with a large country office organised around particular programmes and projects.

Besides the international finance institutions, the United Nations system constitutes the other big multilateral component in most recipient countries. The resident representative of the United Nations Development Programme (UNDP) functions as the country coordinator for the whole United Nations (UN) system. Other prominent agencies that usually have country offices are the United Nations International Children's Emergency Fund (UNICEF), the World Health Organization (WHO), the Food and Agricultural Organization (FAO) or the United Nations Population Fund (UNFPA), to name a few. Albeit large in terms of programmes and number of staff, the UN agencies' financial capacity is negligible in comparison to the international finance institutions or to big bilateral donors.

In 2003, Bolivia received a total of US $ 138.3 million in disbursements from the World Bank alone, compared to US $ 7.6 million from the whole UN system.[217]

In addition to multilateral organisations, several bilateral donors exist and have country offices in Bolivia. In 2005, the nine largest donors were the United States of America, Germany, the Netherlands, Japan, Spain, the United Kingdom, Denmark, Sweden and France. The following table lists the mean total ODA for Bolivia between 1999 and 2003:

Table 6: Official Development Assistance to the Bolivian Public Sector

Agency	Mean Disbursements, 1999-2003
Multilateral Donors	**216.6**
Inter-American Development Bank	92.5
World Bank	90.1
European Commission	35.6
Other Multilateral Donors	*-1.6*
Bilateral Donors	**461.4**
United States	141.1
Germany	54.3
Netherlands	49.3
Japan	44.2
Spain	29.9
United Kingdom	26.5
Denmark	25.6
Sweden	18.4
France	15.2
Other Bilateral Donors	*56.9*
TOTAL	**678.0**

Note: Total ODA net, disbursements stated in millions of US dollars (2002 prices).
Source: Own calculation, based on (Organisation for Economic Cooperation and Development 2005)

The figure for other multilateral donors is negative because of current repayments to the IMF. Another external actor that does not appear in the above table is the Andean Development Corporation (CAF). The CAF is a multinational financial institution of which Bolivia is a shareholder. It is not shown because its loans do not conform to the definition of official development assistance (concessional in character, with at least a 25 percent grant element). Nonetheless, the CAF has evolved into one of Bolivia's largest creditors towards the end of the 1990s. Its mean disbursement for the period 1998-2001 was US $ 77.3 million, with US $ 127.3 in 2001 and US $ 278.8 in 2002.[218] One reason for such a rise was the ongoing economic crisis, during which most donors increased their levels of support.

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[217] These figures represent total ODA net, Organisation for Economic Cooperation and Development (2005): *Geographical Distribution of Financial Flows to Aid Recipients: 1960-2003*. International Development Statistics CD-ROM, Paris: OECD.

[218] Banco Mundial y Banco Interamericano de Desarrollo (2003): "Recursos de la Cooperación Internacional 2003-2006", Documento de trabajo, La Paz: Banco Mundial y Banco Interamericano de Desarrollo.

Another reason however was the fact that – after HIPC II debt relief – the CAF had become Bolivia's main external source of new credits. In addition to this, Bolivia also entertained policy dialogue with the Organisation of American States (OAS), represented through a country office, although the OAS is not a major financial donor.

On the government side, the Bolivian Vice-Ministry of Public Investment and External Finance (VIPFE) deals with the financial aspects of development assistance although they are not expected to decide questions of content matter. VIPFE contains an external finance division headed by a director. Within this division, work is divided according to priority areas. Development planning is usually prepared by the government think-tank *Unidad de Análisis de Políticas Sociales y Económicas* (UDAPE), which is also under the Ministry of Interior. Besides requirements that originate from development cooperation, UDAPE prepares a variety of economic analyses designed to inform the government's economic and social policy. Furthermore, a Technical Secretariat of the National Dialogue was established in 2000 under the Ministry of the Presidency to organise the Bolivian National Dialogue 2000, which served as the basis for the EBRP.[219] In 2000, the government appointed a consultant who – with the help of a team from UDAPE – was given the task of elaborating the EBRP, based on the conclusions of the National Dialogue 2000.[220] In 2003, a new Technical Secretariat was created to organise the Dialogue 2003/04 as an exercise to inform the revision of the EBRP. In fact, UDAPE had already prepared a preliminary Revised EBRP for the consultative group meeting – which are the coordination meetings between the recipient government and its major aid donors – in 2003 because of pressures from existing funding arrangements.[221] However, the donors and several civil society organisations insisted that the upcoming National Dialogue 2003/04 inform the full revised EBRP.

As the PRSP processes gained international prominence, the Bolivian EBRP became the central element of donor harmonisation efforts in Bolivia. The engagement between donors and government representatives thus mainly concentrated on the above mentioned governmental actors: VIPFE, UDAPE and the Technical Secretariat of the National Dialogue. To the donors, these entities were easily identifiable and contactable points of reference. However, the importance attributed to the EBRP and the National Dialogue by the donors was not echoed by government and societal representatives, as I will show in chapter seven. The PRSP process in Bolivia serves to illustrate how donor harmonisation

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[219] For a full account of the National Dialogue 2000, see Secretaría Técnica del Diálogo (2001): "Lucha contra la pobreza: Entre la deliberación y el tinku", Memoria del Diálogo 2000, La Paz: Proyecto Diálogo Nacional.

[220] República de Bolivia (2001): "Estrategia Boliviana de Reducción de la Pobreza - EBRP", La Paz: UDAPE.

[221] República de Bolivia (2003): "Revisión de la Estrategia Boliviana de Reducción de la Pobreza", XV Grupo Consultivo, París, 8 y 9 de octubre, La Paz: UDAPE.

won priority over negotiating politics between national actors and how this further contributed to widening the gap between actual and perceived politics in Bolivia.

3.2.4   The Bolivian Strategy for Poverty Reduction

Although the PRSP was a new instrument of international development cooperation, development planning was nothing new to the Bolivian government. Before the PRSP, the Bolivian Ministry of Economic Development prepared an annual socio-economic plan, the General Plan of Socio-Economic Development (PGD). Municipal development planning had been institutionalised by popular participation and administrative decentralisation. A government representative commented:

> We have everything: 314 municipal development plans and a district development plan, a socio-economic development plan and a national poverty reduction strategy![222]

It is thus not surprising that Bolivians unanimously explained the creation of the EBRP as a response to donor requirements, not due to the recognition of need for a medium-term development framework. A Bolivian government representative reflected on the government's dependence on the donors:

> In essence, in countries like ours that are very attached to the Monetary Fund, the real development plan is the macroeconomic framework, each time with more involvement in social issues. […] So, they began to get more involved in structural adjustment issues and less in strictly financial issues. Then came all this issue of HIPC and they asked Bolivia that, if it wanted to have access to these resources, it should prepare a poverty reduction strategy.[223]

The EBRP was quickly regarded as yet another donor document that the government had to produce. Despite an extensive civil society consultation process, the EBRP was never perceived as a country-owned, or at least a government-owned strategy.

The first version of the EBRP was formulated under the Banzer/Quiroga administration in 2001.[224] Prior to this exercise, the government organised the National Dialogue 2000 to discuss poverty issues and to deliberate on how to use the HIPC funds.

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[222] Interview with a government representative, No. 134, La Paz, 22 January 2004.
[223] Interview with a government representative, No. 70, La Paz, 26 April 2004.
[224] Booth provides an insightful analysis of the political context in which the EBRP formulation took place. He points out that the PRSP initiative was mainly taken up by Vice-President Quiroga at a time when the ageing President Banzer was already terminally ill. See David Booth and Laure-Hélène Piron (2004): "Politics and the PRSP Approach: Bolivia Case Study", February, London: PRSP Monitoring and Synthesis Project, Overseas Development Institute.

Later, the National Dialogue became to be perceived as the broad-based consultation to inform the EBRP formulation.[225] One government representative questioned this account:

> In this dialogue, the distribution of HIPC II resources was discussed, a Law of the National Dialogue and a poverty reduction strategy emerged. But […] no one talked about the poverty reduction strategy in the dialogue. Washington communicates badly. People believe that the EBRP resulted from the dialogue. Yet nobody knew that a strategy was going to emerge![226]

Once Quiroga's administration, which had always been very forthcoming towards the donors, was replaced by a new Sánchez de Lozada administration, enthusiasm for the EBRP within government ebbed. While Quiroga had always considered cooperation with the donors as one of his priorities, Sánchez de Lozada's platform focused more on private sector development than poverty reduction. The donors responded by putting pressure on the government:

> When the cooperation realised that the government wasn't interested in the EBRP there was a great uproar. There were meetings between the government and the international cooperation where the issue of a poverty reduction strategy was put back on the agenda.[227]

The EBRP exercise was completed to appease the donors while government ownership remained low. A consultant was employed who worked with a team based in UDAPE, the government's think tank. Even though the conclusions of the National Dialogue 2000 became one of the inputs into the EBRP, the two processes were not perceived as closely aligned:

> The PRSP was done by government consultants. There is no quality control by what happened during the dialogue.[228]

Many complained that the EBRP was a donor-driven exercise, with little input from society. Critics commonly point to the disconnection between National Dialogue and EBRP.[229] The donors have played their part to widen the gap.

The donor community in Bolivia played a major role in commenting on the drafts of the EBRP. The government's consultant circulated drafts of the EBRP to the donors who

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[225] República de Bolivia (2001): "Estrategia Boliviana de Reducción de la Pobreza - EBRP", La Paz: UDAPE.

[226] Interview with a government representative, No. 45, La Paz, 27 January 2004.

[227] Interview with a government representative, No. 45, La Paz, 27 January 2004.

[228] Interview with a government representative, No. 18, La Paz, 27 February 2004.

[229] See for example Christian Aid (2002): "Participating in Dialogue? The Estrategia Boliviana de Reducción de Pobreza", Christian Aid Policy Briefing, January, La Paz; Diana Sánchez and Katherine Cash (2003): "Reduciendo pobreza o repitiendo errores? Una crítica de la sociedad civil a los Documentos de Estrategia de Lucha contra la Pobreza", Stockholm: Diakonia, La Acción Internacional de la Iglesia Sueca, Save the Children Sueca y La Red del Jubileo Sueca.

established working groups to comment on it. Indeed, rather than building it on the results of the National Dialogue – which were often vague and hard to operationalise – he had made sure to include most of the donors comments. As a result, donors and civil society representatives had very different opinions on the final EBRP:

> I believe that Bolivia had the bad luck that the international cooperation loved the PRSP, but civil society… not only don't they love it, they hate it.[230]

The government position in this was very ambivalent. On the one hand, it had raised civil society's expectations by organising the National Dialogue 2000, having made sure that it was a more broad-based consultation process than the National Dialogue 1997. On the other hand, Quiroga's administration had always taken particular care to accommodate the donor's requirements and expectations. More than other HIPC countries, Bolivia had gone out of its way to make a consultation process possible, even prior to the formulation of the PRSP. Yet, for the completion of the final draft, it deemed the donors' input more relevant than its own consultative processes. So, while donors and civil society were divided about the EBRP, government representatives were bitter about who was to blame:

> There is such an extreme separation between the international donors and civil society that is very difficult to reconcile. It is fascinating to see the reports of the international cooperation because systematically they are blaming the government for this.[231]

This comes as a surprise if one considers that the government agreed to channel monies freed by HIPC debt relief directly to the municipalities. This decision, a consequence of the National Dialogue 2000, is in line with the mechanisms of popular participation and did not originate with the donors. It was a bold commitment of government at the time that made fiscal improvements more difficult, for the sake of responding to societal demands:

> You have to keep in mind that the HIPC resource will not improve the fiscal situation of the country. It's not a resource like HIPC I that is forgiven with respect to particular targets, you don't pay it anymore. In this case, you continue paying but instead […] they will give it to the municipalities. […] It's like transforming external to internal debt. Therefore, that fiscal relief that people imagine just isn't there.[232]

Instead of freeing debt repayment resources to make them available at the national level, they are now being channelled to the municipal level. Nonetheless, Bolivia's citizens took little

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[230] Interview with a government representative, No. 45, La Paz, 27 January 2004.
[231] Interview with a government representative, No. 45, La Paz, 27 January 2004.
[232] Interview with a government representative, No. 70, La Paz, 26 April 2004.

note of debt relief and poverty reduction initiatives, even when they had participated in the round tables of the National Dialogue 2000:

> It's so pathetic the fact that not even the prefectures knew what the EBRP was, after having completed [the dialogue round tables] in the municipalities. In the municipalities, since they had participated in the dialogue, some did know it, at least by name. But there was no process of appropriation and of understanding what the strategy was and what implications this document entailed.[233]

In sum, despite wide-spread consultation processes, the EBRP managed to achieve little ownership in Bolivia.[234] It was an openly criticised and rejected as a donor-driven exercise, while most governmental and societal actors continued to doubt the usefulness of the exercise. Although the EBRP certainly helped to harmonise donor efforts at the country level, it contributed to further widening the gap between perceived and actual politics in Bolivia.

3.3 Development Cooperation with Ghana

Similarly to Bolivia, Ghana was still close to being an aid dependent country by 2005, with aid as a percentage of the GDP around 10 percent. The table below shows that ODA as a percentage of GDP has increased significantly throughout the 1980s and remained around 10 percent through the 1990s.

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[233] Interview with a government representative, No. 79, La Paz, 29 March 2004.

[234] On Bolivian ownership of the PRSP, compare Rosalind Eyben (2004): "Who Owns a Poverty Reduction Strategy? A Case Study of Power, Instruments and Relationships in Bolivia", in: Leslie Groves and Rachel Hinton (eds.), *Inclusive Aid: Changing Power and Relationships in International Development*. London: Earthscan.

Table 7:   Aid Intensity in Ghana

ODA as % of GDP
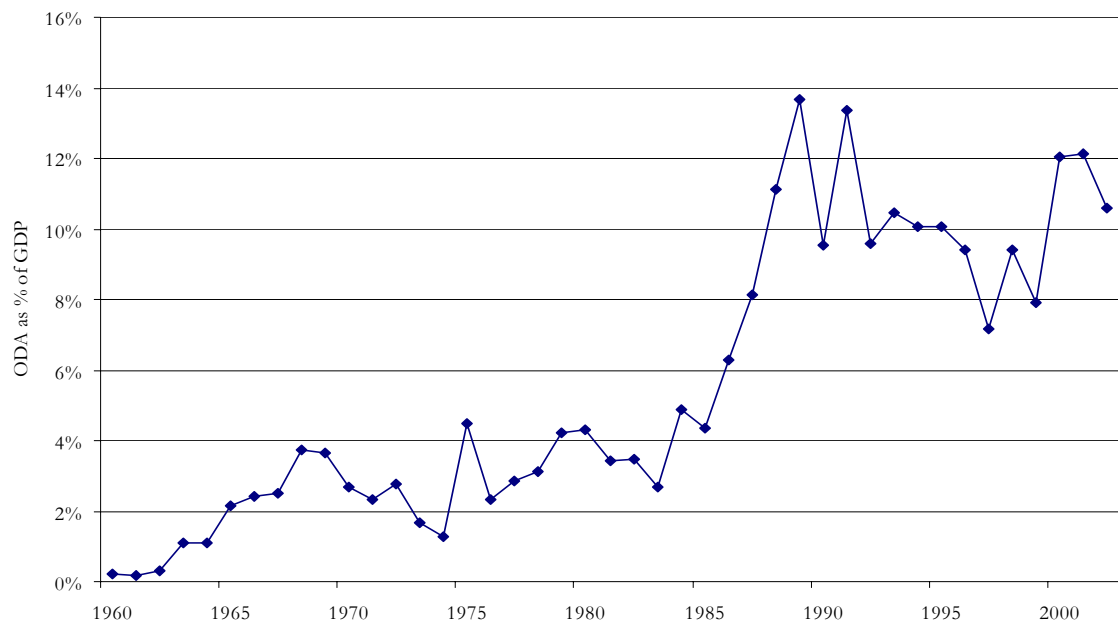
Source: Compiled from data (World Bank 2004)

The aid intensity reflects the fact that Ghana has become a 'donor darling' since the 1980s, after showing strong commitment to economic stabilisation and structural adjustment reforms – policies that were promoted by the World Bank and the IMF at the time. However, intensified cooperation has both positive and negative effects. Recipients that commit themselves to donor-supported economic reforms attract significant aid inflows from international and bilateral donors. Yet, even though these foreign capital inflows can be beneficial to the dedicated programmes, some argue that they can also be counterproductive to economic stability. Such foreign exchange loans can result in an appreciation of the real exchange rate, often in the form of domestic inflation rather than a nominal appreciation, and in effect distort the macro-economy. This phenomenon has been termed the 'Dutch disease', after experiences with large foreign exchange inflows from natural gas production into the Netherlands.[235] The table above shows that Ghana has experienced high jumps in aid, while flows were sometimes volatile and unpredictable. Nonetheless, the government has so far managed to avoid Dutch disease, mainly by saving aid in periods when inflows were unusually high.[236]

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[235] For a general explanation of the Dutch Disease, see Sweder van Wijnbergen (1984): "The 'Dutch Disease': A Disease After All?" in: *Economic Journal*, 94 (373): 41-55; W. M. Cordon and J. P. Neary (1982): "Booming Sector and Deindustrialization in a Small Open Economy", in: *Economic Journal*, 92 (368): 825-848. Stephen Younger (1992): "Aid and the Dutch Disease: Macroeconomic Management When Everybody Loves You", in: *World Development*, 20 (11): 1587-1597. offers a Ghana-specific discussion.

[236] Andy Berg (2005): "High Aid Inflows Case Study: Ghana", paper presented at the 'Seminar on Foreign Aid and Macroeconomic Management', organised by the IMF Institute and African Department, in Maputo, Mozambique, March 14-15.

3.3.1 Ghana's History as a Recipient

Until the 1960s, the amount of aid flowing into Ghana was insignificant. Several authors explain this as the result of the Nkrumah government's suspicion towards the former colonial powers.[237] Besides, it did not seem necessary for the government to acquire aid until their balance of payments entered into crisis in 1961. In response, Nkrumah turned towards the Eastern block for assistance, but relationships worsened too quickly for disbursement to become substantial. The National Liberation Council (NLC) government that ousted Nkrumah eventually managed to secure assistance from the IMF. Together with a more prudent fiscal management and a currency devaluation, this attracted more aid, which the government mainly used to repay commercial debts of the previous government.

Table 8: Official Development Assistance to Ghana
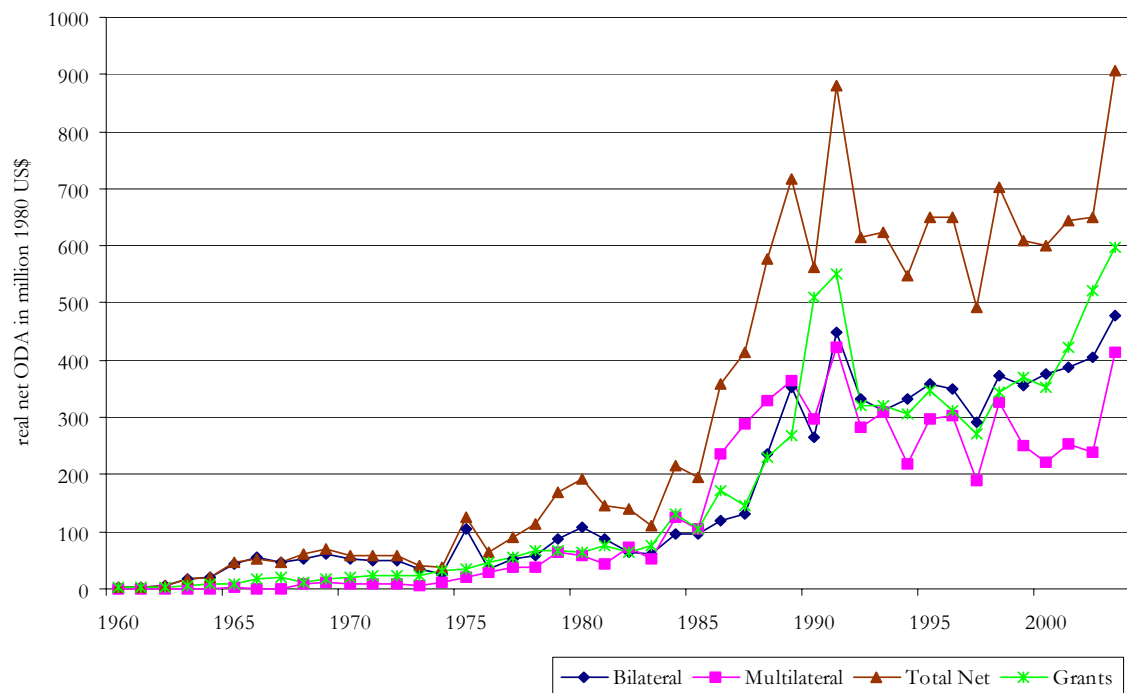
Source: Compiled from data (Organisation for Economic Cooperation and Development 2004)

Aid increased even further after the economic crisis during the 1970s. Most of these where multilateral loans, and Ghana's foreign debt reached US$ 1,407 million in 1980, with the World Bank as Ghana's major donor. The early part of the 1980s saw a gradual reduction in aid flows to Ghana. As a reaction to this and to the worsened state of affairs that the economic crisis had caused, the Rawlings government started an Economic Recovery Programme in 1983. The World Bank and the IMF approved this plan and the consultative

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[237] See for example Tony Killick (1978): *Development Economics in Action: A Study of Economic Policies in Ghana.* London: Heinemann.

group to Ghana was reconvened. It was these reforms, in the fashion of the internationally advocated 'structural adjustments', that turned Ghana into a 'donor darling' in the late 1980s.[238] At the end of the 1980s, aid to Ghana was significant – Ghana was the largest aid recipient per capita in Africa.[239] In the words of one donor:

> [Ghana is] getting a lot of assistance, […] to the tune of something like 450 million dollars net basis, after servicing their debt here, coming on to the country and another 150 to 250 million in HIPC debt relief on top of that. So, obviously this is a poor country, per capita income of 300 dollars. And it has obviously had a very low savings rate, so it needs this donor support.[240]

Apart from external aid flows, foreign debt was another financial issue that the Ghanaian governments were increasingly burdened with. At independence, only about five percent of Ghana's GDP was owed to creditors.[241] However, the financial commitments of independence spurred an unprecedented growth of Ghana's public expenditures – "independence is expensive."[242] The debt reached 50 percent of GDP by 1964 and around 60 percent by 1970. With the onset of economic reforms in the 1980s, Ghanaian borrowing shifted from domestic borrowing towards larger inflows of foreign resources. As a result, public debt reached 100 percent in 1992 and nearly 120 percent in 1998.[243] On these grounds, Ghana became eligible for HIPC debt relief in 2001.

In the early 1990s, aid has become a substantial portion of total government expenditure in Ghana – up to 90 percent.[244] Statistically, aid as a percentage of government expenditure is said to be decreasing since the end of the structural adjustment era. This is largely due to an increased tax effort since the early 1990s.[245] Nonetheless, aid flows to Ghana continued to be high and exert substantial pressure on the government to formulate policies in an internationally acceptable way. Government representatives are well aware of this dependency. When asked about the possibilities of proposing new initiatives to Ghana's major donors, one senior civil servant responded, "we concern ourselves with what is

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[238] For a more comprehensive history of Ghana's relationships with the multi- and bilateral donor see John Toye (1991): "Ghana", in: Paul Mosley, et al. (eds.), *Aid and Power: The World Bank and Policy-Based Lending. Volume 2: Case Studies*. London: Routledge.: 150-200.

[239] Ernest Aryeetey and Aidan Cox (1997): "Aid Effectiveness in Ghana", in: Jerker Carlsson, et al. (eds.), *Foreign Aid in Africa: Learning from Country Experiences*. Stockholm: Motala Grafiska: 65-111.

[240] Interview with a donor representative, No. 4, Accra, 10 August 2004.

[241] In fact, of these 5 percent, 70 percent was internally held. See N. A. Cox-George (1961): *Studies in Finance and Development: The Gold Coast (Ghana) Experience*. London: Dennis Dobson.

[242] Nassem Ahmed (1967): *Deficit Financing, Inflation and Capital Formation*. München: Weltforum-Verlag: 21.

[243] Joe Amoako-Tuffour (2001): "The Growth of Public Debt in a Reforming Economy", in: Kwadwo Konadu-Agyemang (ed.), *IMF and World Bank Sponsored Structural Adjustment Programs in Africa: Ghana's Experience, 1983-1999*. Aldershot: Ashgate: 41-76.

[244] Robert Osei, Oliver Morrissey and Tim Lloyd (2003): "Modelling the Fiscal Effects of Aid: An Impulse Response Analysis for Ghana", CREDIT Research Paper No. 03/10, Nottingham: Centre for Research in Economic Development and International Trade, University of Nottingham.

[245] Several stakeholders argue that this tax effort was indeed the result of pressures from the donors. Interview with a donor representative, No. 4, Accra, 10 August 2004.

doable."[246] Politics in Ghana are thus often shaped in response to donor expectations, similarly to the situation in Bolivia. Both countries had come to be model recipients partly because at given times their governments managed particularly well to respond to donor expectations.

3.3.2 Aid Strategies of the Donors to Ghana

Aid strategies of Ghana's major donors have undergone several transitions since the beginning of cooperation. When aid flows to Ghana increased during the 1960s and 1970s and aid portfolios became more diverse, the focus was on infrastructure development, agriculture, health and education as well as poverty alleviation. A shift occurred during the 1980s, towards programme lending based on structural adjustment policies, and away from traditional project lending. These programmes increasingly contained conditionality elements. Rawlings' Economic Recovery Programme was the main economic strategy document on which the donors based their support, led by the World Bank. The focus there was on the rehabilitation of the economic and social infrastructure. From the mid-1980s onwards, donor policy also included civil service reform, privatisation as well as creating an enabling environment for the private sector.[247]

However, the failure of the Economic Recovery Programme's first phase to alleviate poverty sparked off concerns – in conjunction with increased worldwide criticism about the social dimensions of structural adjustment. As a result, the World Bank signed a second Structural Adjustment Credit with Ghana in 1989 to address the long term issues of poverty, population growth and food security.[248] The learning experience of the structural adjustment era established poverty reduction on the agenda of the World Bank and other donors. One donor summed this up:

> If you try to look at it in a broad perspective, there was this period of structural adjustment that was necessary, actually worked in many ways, but definitely did not deliver what needed to be delivered to really pick up the economies and make a real impact on poverty.[249]

Despite its flaws, cooperation around the Economic Recovery Programme did result in economic stabilisation and a moderate growth. Yet, while the World Bank and the IMF

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[246] Interview with a government representative, No. 84, Accra, 26 August 2004.

[247] Peter Quartey (2003): "Innovative Ways of Making Aid Effective in Ghana: Tied Aid versus Direct Budgetary Support", Paper Presented at the UNU/WIDER Conference on 'Sharing Global Prosperity', 6-7 September, Helsinki: World Institute for Development Economics Research.

[248] Jane Harrigan and Stephen Younger (2000): "Aid, Debt and Growth", in: Ernest Aryeetey, et al. (eds.), *Economic Reforms in Ghana: The Miracle and the Mirage.* London: James Currey: 185-208.

[249] Interview with a donor representative, No. 83, Accra, 31 August 2004.

lauded the Ghanaian 'economic miracle', some criticise that they were partly divided over how to evaluate the Ghana programme, and had little real comprehension of the nature of the regime and its agenda.[250] Some aspects of reform that were addressed by the conditionality elements of structural adjustment continue to be unsuccessful until 2005. For example, the recently established Multi-Donor Budgetary Support (MDBS) again incorporated civil service reform as one of its triggers – after a decade and a half of failed civil service reform.[251]

In 1999, the World Bank launched a new initiative, the CDF, to promote greater coordination in development assistance at the country level.[252] This new framework was established to harmonise donor practices and to move towards more coordinated donor support of government programmes and its development agenda. The broad idea behind the CDF was that government ownership was lacking in most of the donor-funded projects. At the same time, the consultative group meetings were shifted from Paris to Accra to facilitate greater country ownership through the engagement of civil society. For similar reasons, a 'mini' consultative group was created at the country level, where government was supposed to meet the heads of the development partners in-country on a quarterly basis.[253] Furthermore, the donors established multi-donor sector-wide approach in health, education and possibly soon in agriculture, where a government agency is in charge of dispersing the funds.[254]

The concept of 'ownership' featured prominently in all of these initiatives. The theoretical intention was to support the government in its own reform measures rather than imposing conditionalities as to where reforms should be heading. Similarly, the Ghanaian PRSP – Ghana's development strategy to obtain HIPC debt relief – and the multi-donor budget support were both measures of improving government ownership. Nonetheless, there was an inherent contradiction since the elaboration of a country or government owned strategy was a condition for funding in both of these cases. This tension translated into a wait-and-see attitude within the government that defined donor-recipient relationships in Ghana at the time:

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[250] Eboe Hutchful (2002): *Ghana's Adjustment Experience: The Paradox of Reform.* United Nations Research Institute for Social Development, Oxford: James Currey: 140-196.

[251] Interview with a government representative, No. 110, Accra, 23 August 2004. See also Government of Ghana (204): "Towards a New Public Service for Ghana: A Working Document", Accra: Office of the Senior Minister - Public Sector Reform Secretariat.

[252] World Bank (2003): *Towards Country-led Development: A Multi-Partner Evaluation of the Comprehensive Development Framework. Synthesis Report.* Washington, DC: World Bank.

[253] Interview with a donor representative, No. 123, Accra, 8 July 2004.

[254] Interview with government representative, No. 30, Accra, 4 August 2004.

> An ongoing concern between the donor countries and the Government of Ghana is that the Government of Ghana has engaged in a sort of strategy, for the lack of a better word. They have refused to be proactive… […] It is not that it doesn't reflect their priorities but it's a case of trying to bring everything down to a minimum instead of the Government of Ghana holistically looking at what resources they got, what their priorities are across governments and "this is what we want to achieve this year" and take it to the development partners to discuss. […] And when you talk about the government to be in the driver's seat, I think this is an area of real concern.[255]

While the Ghanaian government officially modelled the political landscape according to the expectations of the donors, everyday politics were marked by non-formalisation and a muddling-through. Instead of proposing and formalising new initiatives as many donors would have liked to see, politicians often preferred less formalised and less visible means of political engagement whenever their and their constituencies' interests might have been in contradiction to the donors'.

3.3.3   Actors in Development Cooperation in Ghana

Similarly to Bolivia, Ghana is home to a large number of country offices of many multi- and bilateral donors. The World Bank is Ghana's largest donor with a permanent country office, while the IMF operates with a small office based in the central bank like in Bolivia. For the regional development bank, the picture looks a bit different. The African Development Bank (ADB) in Ghana operates similarly to the IMF.[256] Instead of maintaining a country office, a representative is usually seconded into the Ghanaian Ministry of Finance. In 2004, however, even the ADB representative in the Ministry of Finance had returned to the headquarters of the ADB. Like the IMF, the ADB upholds its relations with the Ghanaian government by means of regular missions. The difference between the in-country organisation of the IDB and the ADB is probably due to questions of funding, as it is much more expensive to staff and run full-blown country offices. The United Nations system is present and very prominent in Ghana, although it's financial contribution to official development assistance to Ghana is equally negligible. In 2003, Ghana received US $ 196.6 million from the World Bank and only US $ 13.3 million from the whole UN system.[257] The largest bilateral donors in Ghana during the period between 1999 and 2003 were the United Kingdom, the United

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[255] Interview with a donor representative, No. 51, Accra, 5 August 2004.

[256] African Development Bank is sometimes abbreviated 'AfDB' to distinguish it from the Asian Development Bank. However, since my research does not include member countries of the Asian Development Bank, I prefer to use the African Development Bank's official abbreviation ADB.

[257] These figures represent total ODA net, Organisation for Economic Cooperation and Development (2005): *Geographical Distribution of Financial Flows to Aid Recipients: 1960-2003*. International Development Statistics CD-ROM, Paris: OECD.

States, Japan, the Netherlands, Denmark, Germany, Canada, Spain and France. The European Union contributed an amount comparable to that of the ADB:

Table 9:   Official Development Assistance to the Ghanaian Public Sector

Agency	Mean Disbursements, 1999-2003
Multilateral Donors	**275.9**
World Bank	162.0
European Commission	34.7
African Development Bank	34.3
Other Multilateral Donors	*44.9*
Bilateral Donors	**406.1**
United Kingdom	104.9
United States	62.1
Japan	58.5
Netherlands	55.8
Denmark	44.6
Germany	34.8
Canada	14.6
Spain	8.9
France	8.0
Other Bilateral Donors	*13.7*
TOTAL	**682.0**

Note: Total ODA net, disbursements stated in millions of US dollars (2002 prices).
Source: Own calculation, based on (Organisation for Economic Cooperation and Development 2005)

Ghana is a member of the African Union (AU) – like Bolivia is of the OAS – but the AU does not maintain a country office in Ghana. This is probably due to the fact that the resources of the AU are far more limited. In sum, both Bolivia and Ghana are entertaining policy dialogue and development cooperation with the IMF and the World Bank as well as with one regional development bank. In Bolivia, financial cooperation also takes place with the CAF and policy dialogue includes the OAS. In addition to these multilateral commitments, both countries have about ten bilateral donors with whom they cooperate.

On the government side, the set-ups are quite distinct between Bolivia and Ghana. In Ghana, cooperation agencies increasingly focus their interaction on the Ministry of Finance and on a National Development Planning Commission (NDPC) to coordinate budget support and development planning. Several donors view the Ministry of Finance as the entity to coordinate the delivery of aid, while the NDPC's role is to establish the governments' long-term development plans. Exceptions were the sector-wide approaches on health and education, which were coordinated directly with the respective ministries. The NDPC has elaborated the *Ghana Vision 2020*, which serves as Ghana's medium-term development

strategy.[258] The NDPC was also the agency responsible for coordinating the elaboration of the Ghana Poverty Reduction Strategy (GPRS) and is currently putting together working groups to revise the GPRS.[259] In fact, the NDPC was the economic planning division of the Ministry of Finance until it was split off from the Ministry in 1992. After several further government reshuffles, the NDPC was again under the supervision of what was by 2005 known as the Ministry of Finance and Economic Planning, only this time as an independent agency. To cooperate effectively with the donors, the Ministry of Finance and Economic Planning contained a department responsible for external resource mobilisation. This department in turn was composed of a multilateral and a bilateral division, each headed by a director. The multilateral division contained five desks: for the World Bank, the ADB, the European Union, the UN system, and the Organisation of Petroleum Exporting Countries (OPEC). In the bilateral division, two or three bilateral donors were usually grouped together under one desk. An exception was the Millennium Challenge Corporation (MCC) desk created in 2003, which was responsible for developing a Millennium Challenge Account (MCA) proposal that the Government of Ghana planned to present to the MCC – a new American development cooperation initiative created by the Bush administration. On top of this, the ministry had established a 'Multi-Donor Budgetary Support and Consultative Group Secretariat' and a 'National Economic Dialogue Secretariat', which were double-headed by an advisor to the minister. This 'donor' secretariat deals with all overarching issues that concern the donor community: the multi-donor budget support and the consultative group on the one hand, and the 'National Economic Dialogue' that served as the required civil society participation input to the GPRS on the other.

In sum, both governments' organisational structure partly responded to donor requirements, particularly in the Ministry of Finance and in response to specific requirements arising from cooperation. In addition, the Ministry of Finance of a recipient government was increasingly responsible for initiating and managing coordination and harmonisation efforts between donors and governments. This is a difficult task not only because aid donors have very different organisational structures and procedures, but also because policy priorities and approaches to development differ greatly between donors. Donor harmonisation efforts in Ghana centred on the GPRS and even more on the multi-donor budget support mechanism

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[258] Vision 2020 is "Ghana's road map to achieving middle-income country status by the year 2020." The first phase of the Vision 2020 plan is laid out in detail in Government of Ghana (1997): "Ghana Vision 2020: The First Medium-Term Development Plan (1997-2000)", Accra: National Development Planning Commission.

[259] The original GPRS is laid out in Government of Ghana (2003): "Ghana Poverty Reduction Strategy 2003-2005: An Agenda for Growth and Prosperity", Volume 1: Analysis and Policy Statement, Accra: National Development Planning Commission. In addition, the NDPC has produced two annual progress reports Government of Ghana (2004): "Implementation of the Ghana Poverty Reduction Strategy: 2003 Annual Progress Report", Accra: National Development Planning Commission; Government of Ghana (2003): "Implementation of the Ghana Poverty Reduction Strategy: 2002 Annual Progress Report", Accra: National Development Planning Commission.

that built on it. The MDBS became the main tool for donor harmonisation, while political negotiation between national stakeholders as to what should be the spending priorities of the government was neglected. The GPRS and MDBS process serve to illustrate this point.

3.3.4   The Ghana Poverty Reduction Strategy

Development planning in Ghana had undergone several phases during the 1990s. In 1995, the outgoing government formulated the *Ghana Vision 2020*, originally entitled *National Development Policy Framework*. On the basis of the Vision 2020, the government developed a first medium-term development plan in 1997.[260] Later, it argued that this twenty-five year development plan was the basis on which the Ghana Poverty Reduction Strategy was built.[261] Donors shared this view:

> This current GPRS did really come out of the Vision 2020. It is just that the problem probably with the Vision 2020 is that it set too ambitious targets. For example, they had like a seven percent growth rate in there.[262]

In 2000, the outgoing Ghanaian government submitted an Interim PRSP to the IMF.[263] The GPRS for 2003 to 2005 builds on the Interim PRSP. The aim of the GPRS was to outline how debt relief money could be used more effectively for poverty reduction. As with all PRSPs, the GPRS was a requirement for Ghana to reach the HIPC II completion point.[264]

The first version of the original GPRS was actually formulated by the outgoing Rawlings government. The NDPC, a central government agency, formed five core teams on (1) the macro-economy, (2) gainful employment and production, (3) human resource development and basic services, (4) vulnerability and exclusion, and (5) governance:

> NDPC formed committees of each sector and the sectors have representatives of the various ministries. NDPC was leading the process.[265]

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[260] See Government of Ghana (1997): "Ghana Vision 2020: The First Medium-Term Development Plan (1997-2000)", Accra: National Development Planning Commission; Government of Ghana (1998): "Programme of Action for the Implementation of Medium-Term Development Plan (1997-2000)", First Plan under Ghana-Vision 2020, Accra: National Development Planning Commission.

[261] See the introduction of Government of Ghana (2003): "Ghana Poverty Reduction Strategy 2003-2005: An Agenda for Growth and Prosperity", Volume 1: Analysis and Policy Statement, Accra: National Development Planning Commission.

[262] Interview with a donor representative, No. 4, Accra, 10 August 2004.

[263] Government of Ghana (2000): "Interim Poverty Reduction Strategy Paper, 2000-2002", June, Accra: Ministry of Finance.

[264] Several authors have analysed whether the debt relief under HIPC can actually effectively translate into poverty reduction. See for example, Robert Osei and Peter Quartey (2001): "The HIPC Initiative and Poverty Reduction in Ghana: An Assessment", Discussion Paper No. 2001/119, November, Helsinki: United Nations University - World Institute for Development Economics Research. The general conclusion is that the poverty reduction effect of debt relief will be relatively small, for example in comparison to export growth.

[265] Interview with a donor representative, No. 123, Accra, 8 July 2004.

The teams comprised government personnel and private sector representatives as well as local experts, with limited technical support from the donors – most notably in the macro-economy group. Indeed, the donors had made a conscious effort to not engage much in what was supposed to be a country-owned exercise.[266]

In essence, the GPRS formulation was initially a centrally driven exercise, with little consultation and deliberation.[267] However, unlike in Bolivia, donors consciously refrained from interfering in the drafting of the GPRS to ensure it was a government-owned strategy. When Kuffour's administration took over in 2000, they adjusted the GPRS to better reflect the priorities of the New Patriotic Party's (NPP) election campaigning programme. They also responded to prior criticism by the IMF and the World Bank. A donor representative explained:

> Both the macro-economic framework has changed to the figures of the IMF and the World Bank, as internally within the cabinet the framework has changed and geared it much more towards their own political premises. […] In a way what the then senior minister had done was to make sure that the GPRS had much more linkages with their own election mandate.[268]

This post-election adaptation contributed to a certain appropriation of the document by the new government. However, sceptics said that, even though the cabinet eventually backed the GPRS, ministries, departments and agencies certainly operated according to their own, often independent priorities:

> The problem was that when they started preparing the GPRS, the various ministries were to send representatives to NDPC to prepare the GPRS, they were sending very junior representatives. So, the document was written. But when you go to the ministries and you look at their sector policies and strategies they vary. When you ask NDPC about that they say, "Well, we asked them for input and the people who came, these are the things they said." [.…] What also happens is that you find high turnover of chief directors and ministers also. And they also come out with new ideas and strategies of what to do in each sector, in each ministry. So, you find the ministry within the past two years with a different strategy! Without even consulting with the GPRS, with what they have discussed initially.[269]

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[266] Interview with a donor representative, No. 72, Accra, 22 July 2004

[267] For a good critique of the early process, see Tony Killick (2001): "Poverty-Reducing Institutional Change and the PRSP Process: The Ghana Case", Discussion Paper No. 2001/70, August, Helsinki: United Nations University - World Institute for Development Economics Research.

[268] Interview with a donor representative, No. 24, Accra, 18 August 2004. Indeed, instead of thoroughly revising the whole GPRS, the NPP focused on the executive summary to reflect its campaigning platform. I thank Tony Killick for this observation.

[269] Interview with a donor representative, No. 123, Accra, 8 July 2004.

At the operational level, information about the GPRS was often overlooked nor was ministerial information fed back to the NDPC. As noted earlier, this might be a general problem of Ghana's civil service, not so much a GPRS specific problem. It did however affect the degree of appropriation of the GPRS by the ministries, departments and agencies. Ministerial personnel consulted very little with the GPRS as an overall framework to structure their own implementation strategies.[270]

Even though appropriation of the GPRS by ministries, departments and agencies personnel was weak, ministers and chief directors recognised the GPRS's importance for resource allocation. After an initial period of ignorance, ministries and chief directors took note of the GPRS once they became aware of its relevance for future donor funding.[271] With this realisation, most ministers made sure to have their portfolio's priorities included in the GPRS. However, while everyone's priorities were included in the GPRS, the government avoided a political settlement as to what issues would come first if resources were scare. Such a negotiation was probably not considered necessary because (aid) resources to fund the implementation of the GPRS were perceived as infinite.

So, in sum, the GPRS did turn out to reflect government's priorities but it lacked prioritisation between items. As one would expect, opinions about whether this was good or bad varied. One donor representative commented:

> The GPRS is an incredibly big and broad document. You can really make the case that everything is in line with the GPRS, no matter what you do.[272]

The GPRS was certainly not the result of power brokerage within cabinet, or even within parliament, on the appropriate use of Ghana's resources. Nonetheless, as a declaration of intent, the GPRS served a purpose. Different parts of government appreciated it for this:

> The GPRS is a negotiation of many stakeholders, so it necessarily has to be broad. That's ok.[273]

Indeed, this was the main purpose of the GPRS from the point of view of the government: to state its good intentions on poverty reduction and to provide a document on which Ghana's donors could base debt relief. While the government was thus generally fine with the GPRS, the official lack of prioritisation posed problems to the donors, particularly when

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[270] For example, the sector plans for health or education had been established before the GPRS was formulated and continued to define the sectoral strategies until 2004. Interview with a government representative, No. 74, Accra, 23 August 2004.

[271] Interview with a donor representative, No. 23, Accra, 22 July 2004.

[272] Interview with a donor representative, No. 128, Accra, 14 July 2004.

[273] Interview with a government representative, No. 30, Accra, 4 August 2004.

it came to assessing the performance of the GPRS. Even more problematically, the subsequent multi-donor budget support was based on the principles of the GPRS. Thus, the lack of spending priorities of the GPRS translated into an imprecise mechanism to allocate public resources. While this was not apparent during the initial phase of the MDBS which operated relatively independent from GPRS priorities, the substantial gap between declared and actual political priorities will become more and more apparent when MDBS disbursement triggers are more closely linked to GPRS priorities.

3.4   Conclusion of Chapter Three

Tracing donor harmonisation efforts in Bolivia and Ghana shows how donor-recipient relationships have altered every-day politics in both countries. What is more, in some cases the politics of development cooperation have affected the very way in which national politics are perceived by the donors. In the case of the National Dialogue in Bolivia and with the multi-donor budget support in Ghana, donor initiatives have resulted in a perception of existing political reality that substantially differs from the reality on the ground. A main factor for the forces behind these gaps is that aims and objectives sometimes differ between donor agencies and recipient governments. Some authors suggest that a conflict of interest between these two parties must generally be expected to be the case, for several reasons. First, donor agencies and recipient governments operate against the background of differing traditions and institutional constraints. Because of this, they are also answerable to radically contrasting constituencies and their respective remits differ accordingly. In addition, donors and governments have to respond to divergent exigencies of maintaining internal political balance. To an external agency with an exit option, internal political networks present themselves in different ways than to a domestic actor or agency.[274] Furthermore, the recipient government may see it in their interest to make insincere policy promises in order to secure financial support. On the other hand, donor agencies often forget that the costs of mistakes fall almost exclusively on recipient governments and their citizens, even when the donor agencies are responsible for the mistake. This tends to make governments more risk-adverse then donors when undertaking new programmes.[275]

The imbalance in power relations between aid donors and recipients clearly results from financial dependence as well as the donors' exit option that the recipient does not have.

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[274] For example, pressure groups present a very different obstacle to a government than to donors who do not reside in the country for an extended period.

[275] Tony Killick (1998): *Aid and the Political Economy of Policy Change.* London: Routledge: 91-93.

An overuse of terms like partnership and cooperation only blurs this fact in an unhelpful way. The strong link between donor-recipient policy dialogue and financial assistance, with its implications of unequal bargaining power, may well get in the way of elaborating constructive solutions. Because of this, I argue that there is a divide between development cooperation understood as consultation, advice and policy dialogue on the one hand, and cooperation in terms of lending and policy conditionality on the other. Attempts do give the recipients more freedom to disburse funds independently – such as the multi-donor budgetary support – are laudable but they present donor agencies with the challenge to justify this to their constituencies. Donor harmonisation generally is a step in the right direction but donors must be careful not to confuse harmonisation of their agendas with harmonisation of reporting and accounting mechanisms. Recipient governments that face a harmonised donor agenda are ever more likely to trade reform ownership for the receipt of funds; while divergent accounting structures continue to tie up recipients' human resources.

In terms of ownership, a crucial determinant of its presence is how ownership is understood. Donor agencies that aim to foster government ownership have to be careful to distinguish between government 'efforts' towards consensus-building among various constituencies and actual consensus among various constituencies. Donors in Bolivia – and probably the government as well – made the mistake of equating the two. Because of this, the National Dialogue 2000 was designed in a way that aimed at consensus over the long-term development strategy but which ultimately disappointed participants because not all voices were taken on board. Cooperation with recipient governments is fundamentally different from cooperation with recipient governments' citizens. Donor agencies have to accept that ownership by a recipient government does not automatically entail ownership by the citizens and vice versa. In fact, both might be contradictory forces, as power relations between political elites and their citizens are often conflicting. Nonetheless, poverty reduction through civil society participation has now taken the centre stage in the development efforts of the bilateral as well as the multilateral donor community. I argue that the concept of civil society participation employed by international donors is not only problematic and insufficiently defined; different actors also utilize it in different ways and to different ends.

However, my point here is not to evaluate or judge different degrees of ownership in various circumstances. Ownership is too vague and too normative a concept to be adequately measured. Rather, I want to show that ownership and harmonisation are terms that serve to legitimate donor intervention to their constituencies at home as well as to the recipients.

What is notable is that the use of the term ownership has an effect on the mismatch between the donors' perception of existing political systems and the political reality on the ground. It widens the gap between perception and reality because recipients need to demonstrate and donors need to believe that the recipients 'own' a programme, whether or not this is actually true.

To conclude, two aspects have evolved as particularly relevant to analyse the politics of development cooperation: the multi-donor budget support in Ghana and the national dialogue process in Bolivia. These two processes touch on question of budgetary autonomy and of the way in which civil society participation is facilitated. Budgetary autonomy relates to government ownership over the use of its resources, while civil society participation relates to the efforts that a government has made to build approval of its policies among the citizenry. These two aspects will be evaluated in much greater detail in part two and part three of the thesis, using the Bolivian and Ghanaian experience as examples.

PART II

DIRECT SUPPORT TO THE PUBLIC BUDGET

CHAPTER 4 – THE STATE AND NATIONAL POLITICS

As I have outlined in chapters two and three, I devote part two of this thesis to the analysis of a distinct tool of development cooperation that aims to foster ownership: budgetary support. I do this in order to discuss questions of government ownership, defined as ownership of development cooperation by government agents. To be able to do so, I use this chapter to first establish an overview of the state and national politics in Ghana and Bolivia. I pick up the political sociology perspective developed in chapter two to discuss how particular features of the state are embedded in a socio-political context, paying particular attention to informal political processes. With this type of state analysis, I argue that the interplay between political realities and wishful thinking of how institutions should be in Ghana and Bolivia matters for the effectiveness and sustainability of development cooperation programmes that aim to tackle political reform. In the chapter five, I go on to specifically look at direct budget support mechanisms in development cooperation as a tool for policy dialogue around public sector management reform. I argue that government ownership of multi-donor funded programmes depends on the degree to which institutional reform measures address political realities within national politics.

As I have argued in chapter two, a historical approach allows an account of societal and institutional structures but remains committed to a long-term analysis that views individual actors' preferences and decision-making within the context of their institutional constraints. It helps to elucidate the relationship between state formation and issues of development cooperation on political reform in a developing country. Much of today's politics in Ghana and Bolivia can be explained by historical legacies, even though Ghana and Bolivia's historic trajectories were quite different. Ghana's political landscape is still profoundly affected by socio-political legacies of the colonial period, while Bolivian politics continue to respond to historic social cleavages and clientelistic patterns that emerged from and after the national revolution in 1952. These events have shaped the public realm in both countries and help to explain distinct features of political clientelism that exist in Ghana and Bolivia. As I have argued in chapter two, I am avoiding a cultural explanation of clientelism and patronage politics. Instead, I want to explore the socio-political history and collective memories to explain current political networks. Analysing the public realm and the way in

which the state is embedded in social networks helps to investigate whether a weak or a strong state exists in Ghana and Bolivia.

Based on this analysis of the state and national politics, I evaluate past attempts to reform state institutions in Ghana and Bolivia, paying particular attention to public management reform and measures to improve budget accountability. In both Ghana and Bolivia, political debates have long been ongoing about the limits of state capacity to deliver particular services and about the role of clientelism and corruption with respect to these weaknesses. It has become more and more difficult for Ghanaian and Bolivian governments to justify their legitimate rule to their populace and to international donors against the background of these shortcomings. [276] In addition, international donors, particularly the World Bank, have increasingly incorporated institutional reform as a conditionality for continued financial support since the structural adjustment era in the 1980s.[277] In particular, public management reform was deemed as a particular area where reforms would improve the service delivery capabilities of the state. Public management is concerned with the way that the government functions and the aim of public management reform is to make government function more efficiently and effectively. Such reforms, aimed at enforcing greater accountability to the benefit of the citizens as the objects of expenditure, are characteristically bureaucratic – as opposed to personalistic or clientelistic politics.[278] More recently, the budget process has become the focus of attention to make governments more accountable and thereby reduce clientelism and corruption.[279] In essence, the budget is a financial plan that authorises the government to effect expenditures, raise revenues and incur debts, once it is approved by parliament. Theoretically, the approval of parliament ensures government accountability to its citizens, of which the members of parliament are the elected representatives. However, in practice, there are many ways in which transparency and accountability can be flawed despite a formal budget process. Despite comprehensive public management reforms in both Ghana and Bolivia, both countries are far from achieving such an ideal administration and budget process. In other words, evaluating past attempts to reform Ghana and Bolivia's state institutions allows a first glimpse at the mismatch between

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[276] Development theorists have highlighted the need to improve government performance because of an increasing consensus that neither markets nor democracies could function well unless governments' efficiency, effectiveness, and responsiveness were improved. Merilee S. Grindle (1997): Getting Good Government: Capacity Building in the Public Sectors of Developing Countries. Cambridge, MA: Harvard University Press.

[277] Indeed, following these discussions, the poverty reduction strategy papers highlighted the need for more efficient public management in order to effectively tackle poverty alleviation. David Booth and Henry Lucas (2002): "Good Practice in the Development of PRSP Indicators and Monitoring Systems", ODI Working Paper 172, London: Overseas Development Institute.

[278] John Roberts (2003): "Managing Public Expenditure for Development Results: A Role for Results-Oriented Public Expenditure Management", in: *Development Policy Review*, 22 (6): 623-651.

[279] Mick Foster and Adrian Fozzard (2000): "Aid and Public Expenditure: A Guide", ODI Working Paper No. 141, London: Overseas Development Institute.

how political institutions are perceived and how politics actually operate. Evaluating these reform attempts is a necessary precondition to understand the mechanisms that impact on policy dialogue in development cooperation and on donors' direct budget support initiatives.

This chapter is divided into two sections. In the first section, I investigate the case of Ghana. The second section is devoted to the case of Bolivia. Within each section, I first analyse the political legacies that continue to determine particular features of the state. I look at different groups of actors in the public realm in both countries, discuss political clientelism and give a general evaluation of state power in both countries – defined as the capacity of the state to legitimise its domination of authority. In a second step, I analyse previous attempts by national policy-makers to reform the institutions of the state and discuss their success, paying particular attention to public management reforms and to the budget process in both countries. In the final section, I conclude that that the public realm in both countries constitutes an important element of national politics. If institutional reform programmes are to be effective, political realities like clientelism and contestations of state power need to be taken into account when designing such reforms. As these aspects have been overlooked in both Ghana and Bolivia, public management reforms and measures to increase budget accountability have failed to create sustainable results and have only widened the gap between perceived and actual politics.

4.1 The State and National Politics in Ghana

Ghana shares several features with other post-colonial African countries. One is the existence of 'two publics', a concept developed by Peter Ekeh and introduced in chapter two.[280] Because the civic public in Ghana continues to be largely amoral, the state has very little ability to resist capture by patronage networks, within which private and primordial moral principles prevail:

> It is concerning that many problem areas cannot be discussed openly – […] the striking income inequalities, that some earn enormous amounts of money while others have almost nothing. And that these income inequalities should be taxed, that is not something that is being discussed. It is quasi a taboo topic.[281]

[280] Peter P. Ekeh (1975): "Colonialism and the Two Publics in Africa: A Theoretical Statement", in: *Comparative Studies in Society and History*, 17 (1): 91-112.
[281] Interview with a donor representative, No. 28, Accra, 16 July 2004. [281]

It is important to note that in such a state – which is dominated by patronage networks – the government typically has very limited policy autonomy. The ability of public officials to formulate and to carry out policies in accordance with the public interest – such as civil service reform, decentralisation, or poverty reduction – is heavily constrained by the requirement to service the different patronage networks.[282] In addition, a particular kind of 'rent-seeking' developed within the Ghanaian state. Beyond conventional corruption, the Ghanaian government created large-scale state employment and a dependent business sector as a way to share government-sought rents with supporting groups in society. Since independence, each political regime has produced its own particular section of the private sector that it favoured.[283]

4.1.1   Political Legacies in Ghana

What is more, the different political regimes in Ghana resulted in substantial institutional multiplicity, presenting considerable challenges to policy-makers. Ghanaian government officials were well aware that conflicting institutions impede the effectiveness of government policy:

> The challenge we have had have been the conflicting legal frameworks. Whether or not you have political will, for me the major problem are the conflicting legal frameworks. You want to move but you hit a wall.[284]

For example, the status of Ghana's traditional authorities – in the local territorial order, in the boundaries of chiefdoms, districts and constituencies – is a particular facet of the *longue durée* of structures that were created previously. In many parts of Ghana, the chieftaincy was a colonial creation, even though many of these chiefs descended from rulers who, centuries ago, administered autonomous traditional states.[285] British colonial rule changed and distorted the character of chieftaincy in Ghana. Through the British system of indirect rule, the chiefs became part of the colonial system of rule, which was largely autocratic. The chiefs' position became less dependent on the will of the people, with the result that traditional processes of consultation eventually broke down.[286] Today, chieftaincy is a contested and highly political

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[282] David Booth, Richard Crook, et al. (2004): "Drivers of Change in Ghana: Overview Report", May, Ghana / London: Center for Democratic Development / Overseas Development Institute. 6-16.

[283] For an in-depth discussion, see Emmanuel Gyimah-Boadi (1999): "Ghana: The Challenges of Consolidating Democracy", in: Richard Joseph (ed.), *State, Conflict and Democracy in Africa*. London: Lynne Rienner: 409-427.

[284] Interview with a government representative, No. 75, Accra, 13 September 2004.

[285] See Ranger for an excellent account of how the British coloniser invented African traditions, thereby transforming flexible custom into hard prescription, in order to incorporate African 'chiefs' into their monarchical tradition. Terence Ranger (1983): "The Invention of Tradition in Colonial Africa", in: Eric Hobsbawm and Terence Ranger (eds.), *The Invention of Tradition*. Cambridge: Cambridge University Press: 211-262.

[286] F. K. Drah (1987): "Aspects of the Akan State System: Precolonial And Colonial", in: Kwame Akon Ninsin and F. K. Drah (eds.), *The Search for Democracy in Ghana: A Case Study of Political Instability in Africa*. Accra: Asempa Publishers: 33-54.

institution in Ghanaian national politics, because if its associations with authority and power, and as a result of its politicisation by successive governments and parties.[287]

4.1.1.1 The Public Realm

After independence, Nkrumah and his movement heavily curtailed independent chieftaincy - one of the most fundamental changes in the history of Ghana. The Convention People's Party (CPP) was committed not only to the rapid termination of British colonial rule, but also to the elimination of chiefly power in order to wrest administrative control of the Ghanaian countryside from the chiefs. Between 1951 and the creation of the First Republic in 1960, Ghanaian governments sought to discard the chiefly principle in local government, then to weaken chieftaincy by attrition and eventually, by altering the legal basis of chieftaincy, to incorporate and control a considerably altered chieftaincy. For example, in 1951 the largely unregulated Native Court system was reformed, with 'chiefly benches' being replaced by paid magistrates. Chiefs' control over stool[288] revenues was also whittled away. Further, their role in national politics was marginalized by the creation of regional Houses Of Chiefs, which could consider only matters referred to them by government ministers or the national assembly, and even then their role was virtually limited to proffering advice to government. Through other constitutional means, the independent power of chiefs was methodically eroded. Any chief who was suspected of sympathising with the National Liberation Movement opposition party lived under fear of destoolment.[289] This was the way of the ruling government to dominate the influence of the chieftaincies, by co-opting them into the political party system of the post-colonial state.

Nonetheless, there has been a revival, or reinforcement, of 'traditional rule' across Africa, a trend that Chabal and Daloz referred to as 're-traditionalisation'.[290] An argument can be made for the integration of traditional authorities into democratic institutions in that they exert a stabilising influence, particularly encountering the inadequacies of many post-colonial African states. However, it has been argued that regime transformation heightens ethnic considerations and provokes defensive postures by politically dominant groups.[291] After independence, political instability was partly a result of the highly heterogeneous character

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[287] Richard Crook (2005): "The Role of Traditional Institutions in Political Change and Development", CDD/ODI Policy Brief No. 4, November, Accra: Center for Democratic Development.

[288] A stool is the symbol of chieftancy.

[289] For an in-depth study of this long and bitter campaign and the opposition mounted by many southern chiefs to resist their political marginalization, see Richard J. A. R. Rathbone (2000): *Nkrumah and the Chiefs: The Politics of Chieftaincy in Ghana, 1951-1960*. Oxford: James Currey.

[290] Patrick Chabal and Jean-Pascal Daloz (1999): *Africa Works: Disorder as Political Instrument*. Oxford: International African Institute.

[291] Marina Ottaway (1999): "Ethnic Politics in Africa: Change and Continuity", in: Richard A. Joseph (ed.), *State, Conflict, and Democracy in Africa*. London: Lynne Rienner: 299-318.

that colonially-ruled Ghana displayed. After independence, this created many different forms of social identities that could be mobilised politically. As a result, no single societal group could establish itself as indispensable to the ruling elites and no ruling elite was able to remain in power uncontested. Competition continued around access to political decision-making power and access to economic resources. .Policy-makers in Ghana thus have to consider a wide variety of constituents and respond to different types of societal demands, whenever they take political reform projects.

> See, the government machinery is not like a corporate entity where decisions are made based on economic rationality. In the government sector, decisions are also influenced by political calculations. And therefore you cannot just go there and say: "Oh well, my balance sheet says that I am making a loss on this. Therefore, let me go into labour and reduce labour costs and then balance it quickly and go away." In government, if you do that you know the political implications and social reactions associated with that.[292]

Like in other parts of Africa, traditional authorities in Ghana compete for authority within the country's new democratic institutions. Multiple institutions continue to exist within Ghana.[293] Ghana continued to display a complex relationship between national politics and local conflict. Even after democratisation, party competition at the national level continued to often be the arena in which local contestations between different chieftaincies are fought out. However, regional identities competed with class-based and social identities in Ghana. Social identities were heterogeneous and multi-facetted.[294] Fortunately, many of these identities were overlapping, so that political mobilisation never managed to draw dangerous cleavages through society.[295]

4.1.1.2   Clientelism

Despite the positive developments in recent years, Ghana's political history presents a paradox: the country became a model of economic and political transformation, only to "slip back into its familiar 'patrimonial' mould."[296] As I have shown in chapter two, the state in sub-Saharan African states like Ghana is often characterised by hybrid political systems in

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[292] Interview with government official, No. 106, Accra, 27. August 2004.

[293] For the relationship between democratic transition, institutional multiplicity and traditional authority, see Jo Beall, Sibongiseni Mkhize and Shahid Vawda (2004): "Traditional Authority, Institutional Multiplicity and Political Transition in KwaZulu-Natal, South Africa", Crisis States Programme Working Paper No. 48, London: Development Studies Institute.

[294] While some Ghanaian parties have a tendency to support traditional institutions, others are distinctly opposed to mobilising ethnic or regional identities and appeal to more class-based interests in society: farmers, professional or managerial elites, workers' unions, the urban poor, or young people, for example.

[295] Political scientists have often contended that "the more reinforced and correlated the sources of cleavage, the less the likelihood of political tolerance." Seymour M. Lipset (1959): "Some Social Requisites of Democracy: Economic Development and Political Legitimacy", in: *American Political Science Review*, 53 (1): 69-105: 97.

[296] Eboe Hutchful (2002): *Ghana's Adjustment Experience: The Paradox of Reform.* United Nations Research Institute for Social Development, Oxford: James Currey.

which the customs and patterns of patrimonialism co-exist with rational-legal institutions of the modern state. As a result, personal or private networks in the hands of dominant patrons are likely to capture the resources of the modern state, including the power to allocate rents, provide services, determine policies and their beneficiaries, and to allocate bureaucratic positions. To be able to do so, information is used as an instrument of control and influence. Its flow is not determined by efficiency concerns as external donors would like it to be. A donor representative in Ghana describes the situation as follows:

> Internal communication is a big issue. Sometimes even here you send a note to the chief director or the minister on issues when they attend meetings here. And one would expect that they go back to write a memo to let staff know what has happened […]. They don't. They put it in their file in their office and that is it. And you meet the director of that same ministry and then a month or two later you talk about decisions reached with the minister and he is not aware! It is a big issue.[297]

The prefix 'neo' indicates that there is a hybrid character of the patrimonial states in Africa today: the most important parts of the patronage system are illegal and clash with the formal structure of the state. The mechanisms of patrimonialism are in conflict with, and frequently challenged by, formal commitments to 'legal-rational' or bureaucratic state operation. For example, the employment of civil servants is usually determined by patrimonial ties and not by who would help to make a ministry operate more effectively. In the words of a frustrated donor representative:

> I asked [a person] from the ministry […]. And he might have been a bit cynical but he said that there were about 15 people that are actually working in the ministry…[298]

On this view, instead of the state being an instrument governed by explicit objectives and legal rules, it is effectively an apparatus serving the interests of the particular groups that control it. Even fundamental political institutions such as the Ghanaian constitution, and the resulting political system, clash with traditional patrimonial forms of social organisation.[299] It is quite likely to be regarded as morally more defensible to 'chop'[300] public resources in order to share the benefits of one's success with one's kinship group, than the alternative of turning one's back on one's community of origin in the name of an abstract concept of public

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[297] Interview with a donor representative, No. 123, Accra, 8 July 2004.
[298] Interview with a donor representative, No. 51, Accra, 5. August 2004.
[299] For a perceptive analysis of neo-patrimonial rule in Ghana under the NDC, see Richard Sandbrook and Jay Oelbaum (1999): "Reforming the Political Kingdom: Governance and Development in Ghana's Fourth Republic", Critical Perspectives, June, Accra: Centre for Democracy and Development.
[300] The word to 'chop' literally means to eat in Twi, which is the lingua franca in Ghana. 'Chopping' is a colloquial term in Ghana to describe someone gorging.

service.[301] In that respect, the neo-patrimonial state is substantially anti-developmental. It emphasises the short-term appropriation and distribution of resources by the state and it can threaten property rights guaranteed by the rule of law. In a neo-patrimonial state, the policy environment depends on personalities rather than formal institutional procedures:

> [A person from the Office of the President] thought that monitoring and evaluation was so badly done in the ministries, departments and agencies that he wanted to recreate it in the Office of the President! […] And a lot of different governments think that, if they don't see things with their own eyes, the information is not valid. […] I think there is a tendency in government for people to want to expand the protection of truth, recreation of truth.[302]

Neo-patrimonial states are usually marked by an inefficient and expanded state, where financial liberalisation and credit decisions are politicised to favour cheap loans to supporters. In the early 1990s, a Ghanaian economist Frimpong-Ansah went as far as describing Ghana's political economy as that of a 'vampire state'.[303]

However, more and more frequently in Ghana, 'vertical' loyalties implied by patron-client relationships are challenged by 'horizontal' identities. Since democratisation in 1992, patronage networks of the military continue to loose influence.[304] Horizontal identities can be based on common interests emanating from a similar socio-economic position or profession or might be founded in particular ideological or religious commitments.[305] Formal structures of the Ghanaian state challenge the informal patron-client relationships just as much as the other way around.[306] Sandbrook and Oelbaum argue that influential groups have been championing civil and political rights against both colonial and military regimes.[307] Several authors argue that societal organisations increasingly play a key role in Ghanaian democratic development, particularly during the elections in 2000 and 2004.[308] While clientelism should not be overlooked as shaping national politics, democratic institutions equally impact on political deliberation in Ghana.

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[301] Steffan Lindberg (2003): "'It's Our Time to "Chop"': Do Elections in Africa Feed Neo-Patrimonialism rather than Counteract it?" in: *Democratization*, 10 (2): 121-140; Center for Democracy and Development (2000): "Elite Attitudes to Democracy and Markets in Ghana", CDD-Ghana Research Paper No. 3, Accra: CDD-Ghana.

[302] Interview with a donor representative, No. 51, Accra, 5. August 2004.

[303] Jonathan H. Frimpong-Ansah (1991): *The Vampire State in Africa: The Political Economy of Decline in Ghana*. London: James Currey.

[304] Eboe Hutchful (1997): "Military Policy and Reform in Ghana", in: *Journal of Modern African Studies*, 35 (2): 251-278.

[305] David Booth, Richard Crook, et al. (2004): "Drivers of Change in Ghana: Overview Report", May, Ghana / London: Center for Democratic Development / Overseas Development Institute. 8-12.

[306] Yomi Durotoye and Robert J. Griffiths (1997): "Civilizing Military Rule: Conditions and Processes of Political Transmutation in Ghana and Nigeria", in: *African Studies Review*, 40 (3): 133-160.

[307] They name educated elites, cocoa producers, lawyers and journalists as examples. Richard Sandbrook and Jay Oelbaum (1997): "Reforming Dysfunctional Institutions through Democratisation? Reflections on Ghana", in: *The Journal of Modern African Studies*, 35 (4): 603-646.

[308] Emmanuel Gyimah-Boadi (ed.) (2004): *Democratic Reform in Africa: The Quality of Progress*. Boulder: Lynne Rienner.

4.1.1.3 State Power

Following independence, Ghana was heralded as an exemplary post-colonial state. It was the political leadership of Kwame Nkrumah, who was to become Ghana's first president after independence, that established the base for the domination of the Ghanaian state as it exists today. Nkrumah remained the dominant political figure in Ghanaian politics between 1948 and 1966. From 1948 to 1957, his leadership was within the context of British colonial authority. From independence onwards and with considerable popular support, Nkrumah and his CPP attempted to radically transform Ghanaian society. Nkrumah's approach to transformation has been described as 'economic nationalism' because it contained elements of rapid industrialisation while advocating a strong role for the state in a market economy, as the main motor of development.[309] Despite some early successes in terms of socio-economic development, Nkrumah's 'great transformation' failed to evolve into a sustainable development strategy. Even though he managed to break the influence of the previously influential chiefs, he provoked an intra-elite conflict over what development path Ghana should take.[310] In 1966, President Nkrumah was overthrown in Ghana's first military coup. The National Liberation Council (NLC) established a new government. This marked a turning point in Ghana's development history. The coup marked the culminating point of antagonism between one elite group seeking to radically evolve a new set of institutions for politics and society and another seeking to hold on to the inherited colonial socio-economic and political order.[311] Several authors argue that the systematic attempts to reverse Nkrumah's socialist production system reflect the fundamental conflict within state and society between two main elite groups over ideology as to what direction Ghana's political and socio-economic development should take.[312]

In 1969, the NLC withdrew itself from politics and handed over power to a civilian government. K. A. Busia was elected President and the NLC was confident that the incoming government was liberal enough to continue its previous policies. Yet, only three years later, the military ousted the civilian government with another coup, led by Colonel Acheampong. This put the National Redemption Council (NRC) into power, until it was also overthrown through another military coup in 1978. Led by General Akuffo, this inaugurated

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[309] Kwame Botwe-Asamoah (2004): *Kwame Nkrumah's Politico-Cultural Thought and Policies: An African-Centered Paradigm for the Second Phase of the African Revolution*. New York: Routledge; Geoffrey B. Kay and Stephen H. Hymer (1972): *The Political Economy of Colonialism in Ghana: A Collection of Documents and Statistics, 1900-1960*. Cambridge: Cambridge University Press.

[310] Akwasi P. Osei (1999): *Ghana: Recurrence and Change in a Post-Independence African State*. Society and Politics in Africa, New York: Peter Lang: 147-186.

[311] Youry Petchenkine (1992): *Ghana: In Search of Stability, 1957-1992*. Westport, CT: Praeger.

[312] See for example Dan-Bright S. Dzorgbo (2000): *Ghana in Search of Development : The Challenge of Governance, Economic Management and Institution Building*. The Making of Modern Africa, Aldershot: Ashgate: 187-215.

the brief interlude rule of the Supreme Military Council (SMC). In the words of one interviewee:

> From the 1970s up to 1988, things started decaying: massive corruption at the centre, so many coups were happening. People were dissatisfied with the system.[313]

The decade between 1969 and 1979 saw two main regimes imposing two contrasting development ideologies on Ghana. Both regimes failed. The first, Busia's Progress Government, was overthrown because its policies, which sought economic efficiency, directly struck at the interests of the 'urban coalition' that wanted to reassert Nkrumah's re-distributive social production system. The other regime, the NRC-SMC, fell because it was too interested in re-distributive politics to guarantee its survival, against the background of economic decline.[314] Comparing these times with today, one interviewee remarked:

> Ghana has actually improved a lot, although many people fail to notice and complain. Before, people needed connections to buy a bottle of Coke![315]

In 1979, another military revolt, led by Flight Lieutenant Rawlings, established a new military regime. Even though Rawlings handed over power to a civilian government in 1979, he staged a second coup in 1981 to take it back again.[316] His party, the Provisional National Defence Council (PNDC), pursued new ways to grapple with Ghana's development problem. His era marked the final turn from the populist revolution that Nkrumah initiated to neoliberal solutions. The worsening economic crisis led the PNDC to finally embrace the International Monetary Fund (IMF) and World Bank's structural adjustment programme as a new attempt to regenerate economically. In 1983, Rawlings' government thus formulated its Economic Recovery Programme as a means to respond to the requirements of the international finance institutions.[317] During this period, international donors learned to consider Ghana as a 'role model' for structural adjustment, with a steady growth rate of around five percent during the 1990s. Ghana has arguably been more successful with stabilization than with adjustment. Ghana's case has come to focus many of the controversies about adjustment in Africa. Hutchful concludes that Ghana's adjustment strategy was flawed

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[313] Interview with a donor representative, No. 123, Accra, 8 July 2004.

[314] Dan-Bright S. Dzorgbo (2000): *Ghana in Search of Development : The Challenge of Governance, Economic Management and Institution Building*. The Making of Modern Africa, Aldershot: Ashgate: 216-255.

[315] Interview with a civil society representative, No. 120, Accra, 28 June 2004.

[316] Donald Rothchild (1994): "Rawlings and the Engineering of Legitimacy in Ghana", in: William Zartman (ed.), *Collapsed States: The Disintegration and Restoration of Legitimate Authority*. Boulder, CO: Lynne Rienner Publishers: 49-65.

[317] Even politically, the Economic Recovery Programme marked a new area. One interviewee – who at the time was involved in channelling ERP funds from the government to the private sector – reported that when they "went to the markets and offered people money to support their enterprise, many refused out of fear of political repression." Interview with a civil society representative, No. 120, Accra, 28 June 2004.

and unsustainable as well subject to frequent revision by the international financial institutions.[318]

However, several authors argue that, as a reaction to the ruling regime's repression and depoliticisation in the process of economic restructuring, reawakening societal forces pushed the PNDC regime towards 'political liberalisation'.[319] Ghana returned to a multi-party system in 1992, when the PNDC regime agreed to adopt a new constitution by referendum. It subsequently held national elections that were judged as generally free and fair.[320] In 1996, the democratic offspring of the PNDC – the National Democratic Congress (NDC) – managed to stay in power.[321] Even though elections were again judged as free and fair, a common complaint was that the NDC exploited advantages of incumbency.[322] In contrast to the opposition, the government had highly disproportionate resources available.[323] Although the military structures established during the period of non-constitutional governance continued to persist for several years,[324] the presidential elections in 2000 eventually resulted in a peaceful turnover from the NDC to the New Patriotic Party (NPP). Authors are optimistic that this transfer of power presented the first test of workability of the constitutional limits on presidential tenure.[325] In terms of political stability, the electoral successes of the NPP in 2000 and recently in 2004 prove that clientelistic relationships of incumbents are not the only determinants of political success in Ghana. Ghana passed these "first tests of the workability of the constitutional limits on presidential tenure",[326] while the political system remained stable enough to further a peaceful transition from personalist to democratic rule.[327]

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[318] Eboe Hutchful (2002): *Ghana's Adjustment Experience: The Paradox of Reform*. United Nations Research Institute for Social Development, Oxford: James Currey.

[319] Naomi Chazan (1992): "Liberalization, Governance and Political Space in Ghana", in: Göran Hyden and Michael Bratton (eds.), *Governance and Politics in Africa*. Boulder, Col.: Lynne Rienner: 121-141.

[320] Paul Nugent (1995): *Big Men, Small Boys and Politics in Ghana: Power, Ideology and the Burden of History, 1982-1994*. London: Pinter: 214-266.

[321] Several authors explain Rawlings' continuing success in the elections of 1992 and 1996 with his ability to attend to grassroots issues and to exploit the history of privilege among elites. See Richard Jeffries and Clare Thomas (1993): "The Ghanaian Elections of 1992", in: *African Affairs*, 92 (368): 311-366.

[322] Richard Jeffries (1998): "The Ghanaian Elections of 1996: Towards the Consolidation of Democracy?" in: *African Affairs*, 97 (387): 189-208.

[323] Emmanuel Gyimah-Boadi (1999): "Ghana: The Challenges of Consolidating Democracy", in: Richard A. Joseph (ed.), *State, Conflict, and Democracy in Africa*. London: Lynne Rienner: 409-427.

[324] Yomi Durotoye and Robert J. Griffiths (1997): "Civilizing Military Rule: Conditions and Processes of Political Transmutation in Ghana and Nigeria", in: *African Studies Review*, 40 (3): 133-160.

[325] Giovanni M. Carbone (2003): "Developing Multi-Party Politics: Stability and Change in Ghana and Mozambique", Crisis States Programme Working Paper No. 36, London: Development Studies Institute; Daniel Smith (2002): "Ghana's 2000 Elections: Consolidating Multi-Party Democracy", in: *Electoral Studies*, 21 (3): 519-526; Emmanuel Gyimah-Boadi (2001): "A Peaceful Turnover in Ghana", in: *Journal of Democracy*, 12 (2): 103-117.

[326] Emmanuel Gyimah-Boadi (2001): "A Peaceful Turnover in Ghana", in: *Journal of Democracy*, 12 (2): 103-117: 103.

[327] Jeff Haynes (1995): "Ghana: From Personalist to Democratic Rule", in: John A. Wiseman (ed.), *Democracy and Political Change in Sub-Saharan Africa*. London: Routledge: 92-115.

4.1.2 Reforming State Institutions in Ghana

Since 1992, Ghana's formal political institutions are thus democratic with a constitution that allows multi-party elections. A problem with the Ghanaian constitutional system is that it is not clear as to whether the political executive should operate as a presidency or a cabinet. Even though the cabinet has far-reaching powers with respect to public management and fiscal accountability, the president can decide on substantial issues unilaterally.[328] In 2005, public expenditure management systems in Ghana were based on tenets outlined in the Financial Administration Decree and the Financial Administration Regulation of 1979, with some innovations introduced by the Economic Management Support Project in 1991 and the Medium-Term Expenditure Framework since 1999. The cabinet's primary financial role is to ensure that the budget reflects the priorities of government. According to the law, it approves sectoral allocations recommended by the Ministry of Finance before they are submitted to parliament. In 2000, an economic management team consisting of five ministers has been set up under the leadership of a Senior Minister. Its role was to consider the budget and the economic policy generally and to coordinate economic management within the government. It is said to be an important institutional bridge within the whole public expenditure management system.[329] Nonetheless, the ambiguity of Ghana's formalised institutions reflects the fact that an institutional multiplicity continued to govern national politics well into democratic consolidation.

4.1.2.1 Public Management Reform

On a superficial level, the workings of government in the past seemed to depend upon which party is in power and which minister governs which ministry. Yet, the efficiency of government largely depended on how policies were implemented by the civil service. In Ghana, employment in the civil service had become an important means of servicing patronage networks. Government salaries and selective distribution of resources had become a very common way of servicing principal-agent relationships. In response, the Structural Adjustment Programme of the 1980s stated that "a reconstruction of the Ghana Civil Service machinery was absolutely necessary if appreciable results were to be obtained."[330] Yet, a

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[328] For a discussion of these obstacles, see Colin Campbell, Bidhya Bowornwathana, et al. (2000): "Failure of Ministerial Responsibility and Its Consequences for Policy Competence", Paper presented at the 'First Düsseldorf Seminar on the Center of Government, 23-26 November, Düsseldorf: University of Düsseldorf.

[329] Kojo Oduro (2003): "Results-Oriented Public Expenditure Management: Case Study of Ghana", Working Paper 2008, London: Overseas Development Institute.

[330] Government of Ghana (2004): "Towards a New Public Service for Ghana: A Working Document", Accra: Office of the Senior Minister - Public Sector Reform Secretariat. 8.

government representative stressed that informal political processes would need to be taken into account

> You know it is like… you want to reengineer the system. That requires a very careful understanding of how things are connected. So I think it is something that needs very careful steps. It is not something that should be seen as 'downsizing' or – those are the jargons – 'rightsizing'. That's not the idea.[331]

Since 1987, numerous reform efforts had been made to address the various issues impeding efficient service delivery to the public. Most of them only achieved mixed results. A recent examination of public sector reform was undertaken by PriceWaterhouseCoopers. The study raised "doubts about the relevance and worth of the reforms," drawing attention to the capacity gaps, low morale in the public service, weak human resources management, and a lack of ownership of the reforms as well as an inability to institutionalise change.[332] A similar study put forward a similar assessment and pointed out that the reform agenda was "too massive for effective coordination."[333] Often, international donors were disappointed by the limited scope that actual reforms had. One donor representative commented on the public service reform:

> Two or three weeks ago – and more than half a year after they said they would – cabinet agreed on the reform of the public service, which they thinned down to an incentive package for managing directors in the public service. That wasn't really what it was meant to be.[334]

These disappointing results of the reform efforts do not surprise if one keeps in mind that there is a continuing pattern of discontinuing moral imperatives between the private and the public sphere in Ghana's state-society relationships. That explains why the Government of Ghana has been so reluctant to tackle the efficiency problems of the state sector. Even though it might have been obvious that the formal structures of government institutions were not functioning effectively, the government could not efficiently tackle efficiency problems because of underlying informal political processes. One government representative commented:

> [A drastic reform project] requires a very careful analysis and a very careful balance. So, the public sector reform should not be done in a rush. It should be done with caution and with serious consideration of the various

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[331] Interview with a government representative, No. 106, Accra, 27 August 2004.

[332] PriceWaterhouseCoopers Ltd. (2003): "Public Sector Reform: Towards a Future Strategic Framework", Processed, July, Accra: Government of Ghana. 1-21.

[333] Mick Foster and Douglas Zormelo (2002): "How, Why and When Does Poverty Get Budget Priority ...in Ghana?" Working Paper 164, April, London: Overseas Development Institute. x.

[334] Interview with a donor representative, No. 28, Accra, 16 July 2004.

parameters involved, and making it very clear that it doesn't actually create any social unrests or social imbalances.[335]

A common view in Ghana is that the different public sector reforms had been the "brain-children of various donors, with weak governmental ownership, leading to the usual complaint of weak political commitment."[336] For example, a concerted effort, led by the World Bank, managed to downsize the civil service during the 1990s, only for it to "mushroom out of proportion"[337] again after the 2000 elections. At the time, the new incoming government had to give away positions within the government's civil service to its supporters; civil service reform became a secondary issue. The continuing amorality of the civil public presents a substantial hurdle to public management reform in Ghana, even when it is government-initiated.

4.1.2.2   Budget Accountability

In 2004, the Ghanaian government displayed a substantial fragmentation of responsibilities in fiscal policy, budgeting and management systems.[338] Institutionally, the Ministry of Finance was responsible for the budget and the Ministry of Economic Planning and Regional Cooperation and the National Development Planning Commission (NDPC) for planning. These arrangements had lead to institutional rivalry. In addition, there was a general misunderstanding about the role of the Ministry of Finance among donors. They seemed to perceive the Ministry of Finance as the main actor determining spending priorities. In 2004, the majority of cooperation programmes were anchored in the Ministry of Finance. In fact, the Ministry had an External Resource Mobilisation Division subdivided in desks that serviced cooperation with the government's major donors. Since Multi-Donor Budget Support was initiated, the Ministry of Finance was usually the donor's first point of contact to negotiate cooperation programmes and funding priorities. This might have originally been a stopgap solution, considering the scarce resources in the line ministries and their lack of decision-making authority. Consequentially, the priorities of an all encompassing support programme like the Multi-Donor Budgetary Support (MDBS) were supposed to be managed by the Ministry of Finance. The Ministry, however, had shied away from determining the

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[335] Interview with a government representative, No. 106, Accra, 27 August 2004.
[336] Tony Killick (2004): "What Drives Change in Ghana? A Political-Economy View of Economic Prospects", Paper Presented at the International Conference on 'Ghana at Half Century', 18-20 July 2004, Accra: Institute of Statistical, Social and Economic Research and Cornell University: 10.
[337] Interview with a donor representative, No. 28, Accra, 16 July 2004.
[338] For a discussion of these obstacles, see Colin Campbell, Bidhya Bowornwathana, et al. (2000): "Failure of Ministerial Responsibility and Its Consequences for Policy Competence", Paper presented at the 'First Düsseldorf Seminar on the Center of Government, 23-26 November, Düsseldorf: University of Düsseldorf.

government's priorities for funding, as that would have opened the space for contestation of its decisions.[339] One donor representative argued:

> The Ministry of Finance is more of a gate keeper than a [decision-maker] determining the priorities. In fact, they are doing that by the allocation of funding but it should be the other way around.[340]

This observer spotted the easy way in which the ministry had avoided inter-cabinet confrontation about allocation of funds, while still being able to influence the implementation of favoured policies through the de facto allocation of funds.

According to the constitution, parliament passes the Annual Appropriation Bill that sets out all government expenditures for the year to hold the government accountable.[341] However, there were complaints that government expenditure did not reflect the budget that was agreed on in parliament.[342] In addition, members of parliament were not normally effective in debating the budget because, most of the time, they receive the budget only a few days before the hearing and were therefore not able to read it critically.[343] Government expenditure was governed both by the formal needs of efficient service delivery and a formalised budgetary process, and by informal requirements of elaborate patronage networks. This is a common problem in many African countries. Government has to subject itself to the resource allocation decisions of parliament but does not necessarily adhere to these decisions afterwards. In a country like Ghana, where accountability was still low, there were few ways to hold a government accountable to its budget plan. This problem was only worsened by the vast array of donor-funded programmes with their particular accounting mechanisms. Concern was on the rise that government accountability to the donors would replace government accountability to their national constituents:

> Accountability must come back to the government, the constituents should be stronger. There are sometimes conflicts that arise because of these particular arrangements. Sometimes the government is torn between the donors on the one hand and their constituents on the other.[344]

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[339] Also, even though the Ministry of Finance holds an important portfolio, it cannot claim the decision-making power for government priorities. This power lies with the cabinet and the president.

[340] Interview with a donor representative, No. 51, Accra, 5 August 2004.

[341] Kojo Oduro (2003): "Results-Oriented Public Expenditure Management: Case Study of Ghana", Working Paper 2008, London: Overseas Development Institute.

[342] Interview with a civil society representative, No. 105, Accra, 14 September 2004.

[343] Apparently, there were attempts to change this in 2004, so that parliamentarians receive the budget two to three weeks before the hearing. In addition, different international donors and civil society organisations were organising programmes to empower parliamentarians to effectively analyse the budget. Interview with a civil society representative, No. 105, Accra, 14 September 2004.

[344] Interview with a civil society representative, No. 33, Accra, 6 July 2004.

Often donors programmes did not show in the official budget of the government. In fact, donor-funded programmes had become one useful way of diverting funds to different sectors without acknowledgement in the budget. For example, in the education sector, the national budget allocated hardly any resources to infrastructure, only to salaries.[345] Since education was always a major concern to international donors, the government counted on external funds for infrastructural items and used its own funds exclusively to maintain the extended public sector that underpinned Ghanaian patronage networks.

In 2001, the NPP government introduced a Comprehensive Management Reform Action Plan, to address the weak budget formulation, implementation, monitoring and evaluation, poor flows of information, deficiencies in accounting and auditing practices, the too many existing government accounts, and the lack of awareness on the part of government employees of the need to be accountable for their financial responsibilities.[346] Nonetheless, studies have revealed that the budgetary process in Ghana was still largely non-transparent, with a large discrepancy between projected and actual expenditures. Evidence suggests that biases between estimates on the budget and actual expenditure were relatively systematic.[347] There were several key causes for this problem: necessary information for budget monitoring and control did not exist; the budget structure was inflexible and did not allow for adaptations during the fiscal year; and large amounts of allocated funds never reached their point of service delivery. The deviations between budget estimates and actual dispersals were considerable. For example, Killick's study found that for the Ministry of Education and the Ministry of Health, the mean deviations between 2001 and 2003 were ±42 and ±68, respectively.[348] In a less important government agency, the National Commission for Civil Education, the mean deviation during the same period was ±33. When these aggregations for the entire agency in question were split up into more disaggregated data, Killick's study showed that – in the majority of cases – the budget underestimated spending on salaries and overestimated everything else. This is interesting to note in a case where personnel costs are suspected to be a major tool to service patronage networks.

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[345] About 90 percent of public spending in the education sector is used for salaries. Interview with a government representative, No. 117, Accra, 11 August 2004.

[346] Kojo Oduro (2003): "Results-Oriented Public Expenditure Management: Case Study of Ghana", Working Paper 2008, London: Overseas Development Institute.

[347] Within the framework of DFID's 'Drivers of Change' initiative, Tony Killick undertook a very insightful, still classified study on the politics of the budgetary system, which he refers to in Tony Killick (2004): "What Drives Change in Ghana? A Political-Economy View of Economic Prospects", Paper Presented at the International Conference on 'Ghana at Half Century', 18-20 July 2004, Accra: Institute of Statistical, Social and Economic Research and Cornell University. The conclusions elaborated in this section are informed by his research.

[348] These are percentages of original budget estimates, ignoring signs.

Table 10: Budget Deviations

	Salaries	Admini-stration	Services	Capital Formation
Ministry of Education	+45	-26	-39	-56
Ministry of Health	+76	-48	-67	-80
National Commission for Civil Education	+20	-3	-39	-60

Source: (Killick 2004: 6-7)

With such deviations, it is impossible to maintain that the budget process is a relevant indicator for how government spends its resources. They support the claim of many critics that the budget was largely a "ritualised façade, bearing little relation to the actual pattern of state spending."[349] The fact that large sums of money disappeared before reaching service delivery is a problem common to many developing countries prone to corruption.[350] However, the two other causes – lack of information for budget monitoring and inflexible budget structures – further indicate that there was a discrepancy between formalised procedures and informal workings of the government. The inflexible budget structure was a response to formalised commitments of the government. There were statutory items of expenditure, such as interest payments on the public debt, that could not be reallocated easily. A high proportion of capital formation expenditures were also statutory obligations. This left only administration and services as the main discretionary elements. In practice, such a limitation made it difficult for any government to effectively work with the estimated budget. Sadly, it did not seem that the situation was improving through measures to make the budget more accountable, despite concerted donor efforts to reform the financial management system. "The budget is not taken seriously."[351] Again, the reason why government did not do well with its budgetary process lies in part in the neo-patrimonial structure of the state. A civil society representative commented:

> There are a lot of lapses of the MDAs overshooting their expenditure ceiling. But actually the biggest problem for Ghana has been controlling the wage line item, rather than the MDA allocation. And the wage number is actually not being driven by the MDAs. There is a controller general who is issuing

[349] Tony Killick (2004): "What Drives Change in Ghana? A Political-Economy View of Economic Prospects", Paper Presented at the International Conference on 'Ghana at Half Century', 18-20 July 2004, Accra: Institute of Statistical, Social and Economic Research and Cornell University: 8.
[350] This observation is confirmed by a study undertaken by World Bank economists that tracked particular allocated funds from the centre to the point of service delivery. Xiao Ye and Sudharsham Canagarajah (2002): "Efficiency of Public Expenditure Distribution and Beyond: A Report on Ghana's 2000 Public Expenditure Tracking Survey in the Sectors of Primary Health and Education", Processed, Washington, DC: World Bank.
[351] Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (2000): *Economic Reforms in Ghana: The Miracle and The Mirage.* Oxford, Accra and Trenton: James Currey, Woeli, and Africa World Press: 29.

the cheques and he is reporting to the central government and not to the MDAs.[352]

Wages are the most effective means for the government of ensuring strategic alliances with its clients. When patrons have to serve the interests of their clients that are in contradiction with their formalised role within the government structure, they have an interest in an obscure and non-transparent budgetary process. The skewed budgetary process in Ghana was one of the many facets of the public service problem that evolved out of tensions between a formalised procedures oriented towards the public good and an actual politics aimed at servicing patron-client relationships. As long as public debate remains largely amoral and does not demand transparent budgetary processes, the government is unlikely to increase transparency just for the sake of it. In the context of a largely amoral public, Ghana's political legacies of clientelism and patronage networks present severe obstacles to the goal of improved budget accountability.

4.2 The State and National Politics in Bolivia

Similarly to Ghana, Bolivia experienced a history of colonial conquest.[353] Like in Africa, colonialism resulted in a profound societal transformation, albeit in different ways. Bolivia gained independence from Spain already in 1809 but many Spanish settlers stayed on and formed a Spanish-speaking urban elite that came to dominate the indigenous peasant majority.[354] What is more, the Spanish colonisation had transformed the region into a silver mining industry and converted parts of the indigenous peasant population into industrial labour. The independence movement in 1809 marked the beginning of nation-state creation for Bolivia, with several territorial and governmental reshuffles.[355] Due to settlement patterns, Bolivia also inherited a system marked by extreme localism, with provincial elites – usually of European descent – more interested in their region than in the nation. Furthermore, the new republic also inherited a strong tradition of militarism and political violence as a result of independence and territorial wars. All these factors created the classic Latin American

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[352] Interview with a civil society representative, No. 1, Accra, 26 July 2004.

[353] For a comprehensive overview of Bolivia's history until today, see Herbert S. Klein (2003): *A Concise History of Bolivia*. Cambridge: Cambridge University Press; José de Mesa, Teresa Gisbert and Carlos D. Mesa Gisbert (1997): *Historia de Bolivia*. La Paz: Editorial Gisbert y CIA.

[354] In fact, prior to the Spanish conquest in the 1530s, the Inca had already conquered large parts of the Aymará kingdoms of the Andean highlands, along with smaller civilisations, and incorporated them into their empire during the second half of the fifteenth century. The indigenous population was thus by no means homogenous.

[355] For an account on Bolivia's revolutionary collective memory, see Sinclair Thomson (2003): "Revolutionary Memory in Bolivia: Anticolonial and National Projects from 1781 to 1952", in: Merilee Serrill Grindle and Pilar Domingo (eds.), *Proclaiming Revolution: Bolivia in Comparative Perspective*. Cambridge, MA: Harvard University Press: 117-134.

phenomenon of *caudillismo*, in which regional strongmen dominated the political landscape, at least until the end of the nineteenth century.[356] At the beginning of the nineteenth century, silver mining was replaced by tin and political parties started to develop.[357] The *caudillo* regime was gradually replaced by early civilian oligarchic republican governments, dominated by a European-descended resource-owning elite.

4.2.1 Political Legacies in Bolivia

Between 1932 and 1935 , the Chaco war with Paraguay – initially a conflict over oil fields in the Chaco region – destroyed the previous civilian political system, inaugurating several military juntas. Repression under these authoritarian regimes gave rise to a more radical leftist ideology and union organisation of the indigenous mining labour.[358] It was in this context, and following an economic depression in late 1951, that the *Movimiento Nacionalista Revolucionario* (MNR), in opposition to the military, opened up the armouries to the public to start the national revolution of 1952.[359] The national revolution was won by the coalition of armed miners and the radical middle class elements in the MNR, which represented a new type of populist movement.[360] It introduced universal suffrage and supported the miners when they set up a new national labour federation, the *Central Obrera Boliviana* (COB). The clientelistic orientation of the new political system was obvious:

> In 1952, the MNR created a political system that included the unions, in which it co-opted the people by means of clientelistic mechanisms.[361]

Even though the COB was politically neutral, it became a powerful ally of the MNR.[362] The early MNR leadership under presidents Víctor Paz Estenssoro and Hernán Siles Zuazo nationalised the tin mines and large absentee-owned haciendas. In the countryside, peasants began to organise in unions, *sindicatos*, and seized all the lands in the highlands from the former landowning elite. This would set the grounds for a long period of corporatist state-

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[356] A *caudillo* is a political strongman with a major following who usually rules without political party or ideology and does not depend on civilian constitutional forms of government.. Fernando Díez de Medina (1954): *Literatura boliviana*. Madrid: Aguilar: ch. x.

[357] In the beginning, political parties were largely conservative, whereas the political parties of the twentieth century all developed more leftist tendencies.

[358] For a concise history of the labour movement, see Guillermo Lora, Laurence Whitehead and Christine M. E. Whitehead (1977): *A History of the Bolivian Labour Movement, 1848-1971.* Cambridge: Cambridge University Press.

[359] For a relatively early assessment of the national revolution, see James M. Malloy (1970): *Bolivia: The Uncompleted Revolution.* Pittsburg: University of Pittsburgh Press.

[360] Eduardo Gamarra (2003): "The Construction of Bolivia's Multiparty System", in: Merilee Serrill Grindle and Pilar Domingo (eds.), *Proclaiming Revolution: Bolivia in Comparative Perspective*. Cambridge, MA: Harvard University Press: 289-317.

[361] Interview with a government representative, No. 45, La Paz, 27 January 2004.

[362] George Gray Molina and Laurence Whitehead (2003): "Political Capabilities over the Long Run", in: Peter P. Houtzager and Mick Moore (eds.), *Changing Paths: International Development and the New Politics of Inclusion.* Ann Arbor: University of Michigan Press: 32-57; Laurence Whitehead (1981): "Miners as Voters: The Electoral Process in Bolivia's Mining Camps", in: *Journal of Latin American Studies (Cambridge)*, 13 (2): 313-346.

building and political clientelism. However, the relatively unpopulated Santa Cruz region and southern medium-sized hacienda regions were little affected by land reform and the profound social transformations that it entailed due to its modest capital-intensive agriculture and no resident indigenous population.[363] However, since then the Santa Cruz region was enjoying an economic boom, partly because of the discovery of oil reserves but much of it was due to the commercialisation of agriculture.[364]

In 1964, the army replaced the re-elected president Paz Estenssoro by a military junta headed by the vice president, General Barrientos. From then on, the military remained the dominant force in politics until 1982.[365] In 1971, another military coup followed that put General Banzer into power. Although he was initially supported by parts of the MNR, he eventually established a non-party government and exiled Paz Estenssoro in 1974. This break with representative traditions even during military rule was underpinned by national economic growth that created popular support despite authoritarian tendencies.[366] Politically, military rule forged patron-client relations with *campesino* movements, which replaced the patronage ties that the MNR had established with the union movements.[367] While the MNR forged strong clientelistic relationships with the miners unions, military governments built a corporatist state on a military-*campesino* pact. Corporatism appeared to be the most reliable way to avoid political destabilisation through regime-challenging social movements in Bolivia.[368]

4.2.1.1 The Public Realm

Since Bolivia's economic development was always based on resource-dependent exports – silver, tin, and recently oil and gas – it failed to incorporate large parts of society. Bolivia's history since the national revolution has been marked by corporatist state-building, relying on

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[363] Dwight B. Heath, Charles J. Erasmus and Hans Christian Buechler (1969): *Land Reform and Social Revolution in Bolivia.* Praeger Special Studies in International Economics and Development, New York: Praeger.

[364] Mario Matus (2004): "Obstáculos y promesas del desarrollo en Bolivia: Claves históricas y territoriales", in: Instituto Internacional de Governabilitat de Catalunya (ed.), *Bolivia: El desarrollo posible, las instituciones necesarias.* La Paz: Plural: 63-148.

[365] James Dunkerley (1984): *Rebellion in the Veins: Political Struggle in Bolivia, 1952-1982.* London: Verso.

[366] In addition, Banzer's authoritarianism has to be seen in the light of Pinochet's coup in Chile the year before., which made authoritarian rule in the region appear to be the norm. Herbert S. Klein (2003): *A Concise History of Bolivia.* Cambridge: Cambridge University Press: 230-238.

[367] Silvia Rivera Cusicanqui (1984): *'Oprimidos pero no vencidos': Luchas del campesinado aymara y qhechwa 1900-1980.* La Paz: HISBOL, CSUTCB; Fernando Calderón Gutierrez and Jorge Dandler (eds.) (1986): *Bolivia: La fuerza histórica del campesinado.* La Paz and Geneva: CERES and UNRISD.

[368] For a academic discussion of the concept of corporatism, see Philippe Schmitter (1979): "Still the Century of Corporatism?" in: Philippe Schmitter and Gerhard Lehmbruch (eds.), *Trends toward Corporatist Intermediation.* London: Sage: 7-52. He defines it as "a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports" (p. 13)

pacts between the MNR and the union movements and later between the military governments and the peasant associations.[369] Following the national revolution, peasant union movements have become stronger and more ethnically conscious. By 2004, around 40 percent of Bolivia's workforce was still employed in the agricultural sector, where only 15 percent of the national income was generated.[370] The few formerly excluded groups that managed to be included into the formal political system – most prominently the miners – had been incorporated from above rather than integrated as autonomous movements.[371] Rarely, societal strongholds could pressure the government for inclusion in democratic politics. Because of this, an elitist parliamentary democracy continued to exist:

> This is a society with many privileges, very exclusive. It is easy to distinguish between the people and particular political and economic groups that enjoy many privileges.[372]

A positive aspect of Bolivian social movements was that through them previously marginalized parts of society were increasingly participating in national politics. However, their participation had taken quite violent forms, outside of the realm of traditional politics. Street blockades had become the dominant form of protest and the resulting cost for Bolivia's economy was high. The fundamental challenge for politics in Bolivia was to bridge the gulf between mass protest and the official policy process.[373] These tensions culminated in 2003 and 2005, when street protests and blockades forced two successive presidents to resign. Political mobilisation of the of the largely indigenous, union and syndicate dominated social movements led to the sweeping victory of Evo Morales, the leader of the leftist *Movimiento al Socialimo* (MAS), in the 2005 presidential elections. While the public realm in Bolivia continued to be defined by the tensions between resource-owning urban elites and largely indigenous social movements, the election of Evo Morales presented an opportunity to engage with these tensions by means of political deliberation.

4.2.1.2   Clientelism

Just like in Ghana, clientelistic relationships constituted a major obstacle to the consolidation of democratic institutions and to inclusive politics. Despite democratic reforms, the Bolivian state continued to be weak and coalition-dependent, while patterns of clientelistic politics,

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[369] Fernando Calderón Gutierrez and Jorge Dandler (eds.) (1986): *Bolivia: La fuerza histórica del campesinado*. La Paz and Geneva: CERES and UNRISD.

[370] Instituto Nacional de Estadística (2004): Estadísticas Económicas Trimestrales: 1990 Tercer Trimestre 2004. La Paz: INE.

[371] David Booth and Laure-Hélène Piron (2004): "Politics and the PRSP Approach: Bolivia Case Study", February, London: PRSP Monitoring and Synthesis Project, Overseas Development Institute. 13-24.

[372] Interview with a government representative, No. 134, La Paz, 22 January 2004.

[373] This is not a new phenomenon, see Dunkerley on Bolivia's reputation of political disorder. James Dunkerley (1984): *Rebellion in the Veins: Political Struggle in Bolivia, 1952-1982*. London: Verso.

prebendalismo in particular, persisted. The term prebendalismo comes from the Latin word *præbenda*, which originally denoted an endowment given to a member of the clergy. Max Weber speaks of prebendal more generally to denote the endowment of non-heredity sinecures to uphold personal relations.[374] *Prebendalismo* denotes politics where an office in the bureaucracy of the state is granted in return for favours or political loyalty. An interviewee commented on the situation in Bolivia:

> The political parties get created to satisfy their appetites. So that, if for me eleven ministers are enough to rule the country, I need to deliver sixteen; because I have a buddy, another buddy and the quota is not enough. So, you don't have a vision of development that depends on your objectives. You have a vision of your structural objectives in terms of ministerial design that responds to these objectives.[375]

In Bolivia, political parties always depended more on the state than on the resources and support provided by developing linkages with society. So great has been the dependency on the state that some view Bolivian parties merely as extensions of the state. Without access to its sources of wealth, parties tended to disappear quickly.[376] This was also true for the different institutionalised relationships that social and union movements have had with different governments over time. These *co-gobierno* or *co-gestión* arrangements have given the Bolivian state distinct corporatist features over time.[377]

In the early 1990s, Sánchez de Lozada's Law of Popular Participation was an attempt to weaken existing clientelistic relationships with the unions.[378] It's territorial focus of popular participation has challenged these clientelistic relationships as the only means of national-to-local networks. Yet, particular forms of clientelism continued until the 1990s. To also secure

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[374] Max Weber (1922): *Wirtschaft und Gesellschaft*. Grundriß der Sozialökonomik, Abteilung III, Tübingen: J. C. B. Mohr (Paul Siebeck): 727. The concept of ‚prebends' was popularized in 1987 by Richard Joseph. "A prebend is an office of state which an individual procures either through examinations or as a reward for loyal service to a lord or ruler." Richard A. Joseph (1987): *Democracy and Prebendal Politics in Nigeria: The Rise and Fall of the Second Republic*. Cambridge: Cambridge University Press: 55.56.

[375] Interview with a government representative, No. 134, La Paz, 22 January 2004.

[376] Eduardo Gamarra (2003): "The Construction of Bolivia's Multiparty System", in: Merilee Serrill Grindle and Pilar Domingo (eds.), *Proclaiming Revolution: Bolivia in Comparative Perspective*. Cambridge, MA: Harvard University Press: 289-317.

[377] Corporatism can be defined as "a particular modal or ideal-typical institutional arrangement for linking the associationally organized interests of civil society with the decisional structures of the state." Philippe Schmitter (1979): "Still the Century of Corporatism?" in: Philippe Schmitter and Gerhard Lehmbruch (eds.), *Trends toward Corporatist Intermediation*. London: Sage: 7-52: 8-9. Many Latin American countries display different degrees of such institutional association of social movements with the state. James M. Malloy (1977): *Authoritarianism and Corporatism in Latin America*. Pittsburgh: University of Pittsburgh Press.

[378] For an excellent account of how popular participation responds and challenges previously established corporatist structures, see George Gray Molina (2004): *The Politics of Popular Participation in Bolivia, 1994-1999*. DPhil Thesis, Department of Politics and International Relations, Nuffield College, Oxford: University of Oxford.

a legislative majority, Sánchez de Lozada pieced together a coalition agreement known as the 'Pact for Governability'.[379]

> I think because of very exceptional people that were in government during that moment… Goni – even though he left in a very bad way – was nevertheless a very special guy. He was a special guy in that moment. Goni's policy, like a good liberal… "Let's see who sells the good ideas. What is there to buy?" […] That's how Goni was, atypical, that's not how presidents work in Bolivia.[380]

Another part of Sánchez de Lozada's electoral appeal at the time stemmed from his alliance with one of the most significant *campesino* parties, the Tupaj Katari Revolutionary Movement of Liberation (MRTKL). This made the MRTKL leader Cárdenas the first indigenous vice-president in Bolivia's history. Under their 'Plan for Everyone' platform, Sánchez de Lozada and Cárdenas campaigned with the promise of social and institutional reforms to improve the condition of Bolivia's historically neglected indigenous majority.[381] Nonetheless, fragments of the past continued to influence and mould practices of the present and future.

> When *campesino* mayors under Popular Participation follow the *sindicato* tradition of rotating posts for office or local clienteles capture public office in the tradition of corporatist politics, we encounter the legacy of multi-layered state building in its starkest form.[382]

Bolivia's political landscape continues to be marked by multiple traditions and informal politics that circumvent the formalised 'rules of the game' of the existing democratic system.

4.2.1.3 State Power

It is easy to take Bolivia's centralist tradition and the political influence of the military until 1982 as a sign of a strong state. Yet, in the sense of a state enjoying both autonomy and decision-making capacity, such a situation has not been the case. Until 2005, the Bolivian government proved to be unable to impose its policies on the national territory. Localism prevailed whenever local interests conflict with national ones. In 2004/2005, this had been

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[379] The political landscape in Bolivia has become more and more fractionalized since 1985. Governments since then have thus been underpinned by party pacts and coalitions in congress. See Pilar Domingo (2001): "Party Politics, Intermediation and Representation", in: John Crabtree and Laurence Whitehead (eds.), *Towards Democratic Viability: The Bolivian Experience*. Basingstoke: Palgrave: 141-159; E. Gamarra (1996): "Bolivia: Managing Democracy in the 1990s", in: Jorge I. Domínguez and Abraham F. Lowenthal (eds.), *Constructing Democratic Governance: South America in the 1990s*. Baltimore: Johns Hopkins University Press: 72-98.

[380] Interview with a government representative, No. 58, La Paz, 6 April 2004.

[381] George Gray Molina (2002): "Stakeholder Politics in Bolivia: Revisiting Second Generation Reforms", in: Louise Haagh and Camilla Helgø (eds.), *Social Policy Reform and Market Governance in Latin America*. London: Palgrave: 242-259.

[382] George Gray Molina (2003): "The Offspring of 1952: Poverty, Exclusion and the Promise of Popular Participation", in: Merilee Serrill Grindle and Pilar Domingo (eds.), *Proclaiming Revolution: Bolivia in Comparative Perspective*. Cambridge, MA: Harvard University Press: 345-363: 360.

the case in the Santa Cruz region, where tensions between the Santa Cruz district and the central government had increased because of a proposed Law on Hydrocarbons. In 2005, the district was demanding autonomy from the Bolivian state.

In 1997, congress re-elected General Banzer to the presidency. When Banzer died in 2001, his vice president 'Tuto' Quiroga took office until the elections of 2002. In 2002, Sánchez de Lozada was re-elected president, but was forced out of office by social unrest in October 2003. He had not managed to secure the same support for his politics that he had from the indigenous majority during the 1990s. His vice president, Carlos Mesa, took office. Yet, Bolivia's economic crisis worsened and public unrest continued to increase.[383]

When coming into office, Carlos Mesa promised a national referendum on gas exports – the issue that had sparked unrest against Sánchez de Lozada. He also promised a Constituent Assembly to deliberate on Bolivia's constitution and in order to open up a discussion about land issues and vertical divisions of power in Bolivia.[384] By then, Santa Cruz had become the economically most potent of all districts in Bolivia, unaffected by the land reforms of the 1950s. It had developed large-scale agriculture and was extracting natural gas in the South, transforming the economic basis of Bolivia as a whole.[385] The urban middle classes in Santa Cruz were thus weary of the constituent assembly; they feared that Santa Cruz would have to succumb to higher taxation and indigenous demands for land redistribution. When asked what issues were likely to be discussed by the constituent assembly proposed for 2005, a government representative responded in 2004:

> Well, in fact it will be land and territory, the political mission of the country – meaning liberalism, autonomy, etc. –, political reforms – that is to say direct election of the president, second term of office, direct election of the *prefectos*, election of *uninominal* candidates – , the special regimes, the armed forces, the police, economic development… all these elements will be there, for sure.[386]

These fears led to urban protests in Santa Cruz in early 2005, which eventually forced Mesa to promise Santa Cruz a special arrangement outside of the constituent assembly. In a way, this undermined the whole constituent assembly process because the assembly's recommendations could not be applied to the Santa Cruz district. Yet, Santa Cruz was

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[383] Fundación Boliviana para la Democracia Multipartidaria (2005): *Desbloquear la política para dar gobernabilidad a Bolivia*. La Paz: FBDM.

[384] For a discussion of perspectives for the Constituent Assembly, see Fundación Boliviana para la Democracia Multipartidaria (2005): *En el ojo de la tormenta: La Asamblea Constituyente en debate*. La Paz: FBDM.

[385] Clifford T. Smith (1983): "The Central Andes", in: Harold Blakemore and Clifford T. Smith (eds.), *Latin America: Geographical Perspectives*. 2nd. London: Methuen.

[386] Interview with a government representative, No. 109, La Paz, 12 April 2004. *Circunscripciones uninominales* are first-past-the-post candidates who currently get a certain proportion of seats in national elections (30 percent in the lower house), while the remainder is reserved for party lists.

unwilling to support the national process and went as far as demanding autonomy from Bolivia. With that attitude, traditional localism continued to undermine national goals. A socio-political analysis of prospects for governance reform has to take these factors into account, as they determine the political realm – most evidently the possibilities for change proposed by the constituent assembly. On top of this, protests in 2005 continued to demand the nationalisation of the Bolivian gas industry – a proposal rejected by the resource-owning elite in Santa Cruz. Caught between two antagonistic pressure groups, Mesa resigned in May 2005, arguing the country had become ungovernable.

Another issue concerns the relatively limited constitutional power of the legislative. For example, the constitution allows key changes in economic policy to be introduced by the executive without parliamentary approval.[387] But even in areas where Congress has constitutional responsibilities, its impact so far has been weak. This was partly due to poorly developed committee systems and representatives' lack of sufficient staff. Yet, it also reflected the fact that party politics determine governmental approaches outside of formal institutional arrangements. Whenever possible, party leaders preferred to strike deals and to manage politics from the backstage instead of going through the tedious channels of established representative institutions.[388] The political system that had evolved after 1985 has often been referred to as 'pacted' democracy. [389] Coalition governments were the norm because the proportional representation system rarely allowed for single parties to emerge as a governing majority. In conjunction with patronage tendencies in Bolivia, this tended to produce coalitions based on 'deals' rather than on programmatic or ideological affinity.[390] In sum, political decision-making power of the executive as well as of the legislative was weak and frequently put into question.

> In October [2003], we have seen that the fundamental problems of our country are exclusion, injustice, racism. They have been reinforced by structural problems like corruption, civil insecurity, the crisis of political representation, the menace of drug traffic… Then these circumstantial problems have merged with these structural problems and have produced a social convulsion with enormous problems that oblige all Bolivians to re-

[387] Pilar Domingo (2001): "Party Politics, Intermediation and Representation", in: John Crabtree and Laurence Whitehead (eds.), *Towards Democratic Viability: The Bolivian Experience*. Basingstoke: Palgrave.

[388] Eduardo Gamarra and James M. Malloy (1995): "The Patrimonial Dynamics of Party Politics in Bolivia", in: Scott Mainwaring and Timothy Scully (eds.), *Building Democratic Institutions*. Stanford: Stanford University Press: 399-433.

[389] On pacted democracy, see Terry Lynn Karl and Philippe Schmitter (1991): "Modes of Transition in Latin America, Southern and Eastern Europe", in: *International Social Science Journal*, 128 (May): 269-284; Terry Lynn Karl (1990): "Dilemmas of Democratization in Latin America", in: *Comparative Politics*, 23 (1): 1-21; Guillermo O'Donnell and Philippe C. Schmitter (1986): *Transitions from Authoritarian Rule: Tentative Conclusions about Uncertain Democracies*. Baltimore: Johns Hopkins University Press.[389]

[390] Eduardo Gamarra (2003): "Political Parties Since 1964: The Construction of Bolivia's Multiparty System", in: Merilee Serrill Grindle and Pilar Domingo (eds.), *Proclaiming Revolution: Bolivia in Comparative Perspective*. Cambridge, MA: Harvard University Press: 289-317.

define the social pact. That means redefining our constitution, with all the evident risks.[391]

Social protest continued to challenge government decisions on the use of public resources, most prominently around the issues of gas or water. The opposition of middle classes in economically potent parts of the country limited the state's ability to respond to these kinds of protest. By 2005, it had become apparent that the political unrest in Bolivia was not so much an antagonism between the state and society but rather an expression of tension and opposition between different societal groups.

4.2.2   Reforming State Institutions in Bolivia

Bolivia's public administration has undergone substantial changes since democratisation in the 1980s. The process of state transformation and modernisation, which followed the programme of adjustment and economic stabilisation initiated in 1985, was oriented towards a regulatory state that facilitates private activity and towards more decentralised political processes. Most prominently, the Law of Popular Participation in 1994 aimed at decentralising to the level of municipality and at transforming the state-society relationship in order to create mechanisms to redistribute community resources, to articulate demands and to represent the organised community. In 1995, the law was complemented by the Law of Administrative Decentralisation. The two expanded the municipal jurisdiction to its rural areas, thus including formerly excluded parts of the population into local policy-making.[392] This reform process has received major attention from donors and academics worldwide.[393] However, up until the late 1990s, Bolivia's central administration and budgeting and financial management processes generally remained unreformed.

4.2.2.1   Public Management Reform

Bolivia's move towards a results-oriented budgeting and financial management approach began in the late 1980s. Building on earlier initiatives, the System of Fiscal Administration and Governmental Control Law (SAFCO) passed in 1990 became the centrepiece of public financial management legislation. It was intended to focus public managers on results, transparency, and accountability. The law covered various systems, including planning, personnel, accounting and controls. Its objective was to improve central oversight in order to

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[391] Interview with a government representative, No. 109, 12 April 2004.

[392] Sistema de las Naciones Unidas en Bolivia (2000): "Evaluación Común de País", junio, La Paz.

[393] For an overview of the literature on the subject, see George Gray Molina (2004): *The Politics of Popular Participation in Bolivia, 1994-1999*. DPhil Thesis, Department of Politics and International Relations, Nuffield College, Oxford: University of Oxford..

enable operational decentralisation. One of the most important requirements was that ministries were asked to develop annual operational plans (POAs), which contained lists of indicators and targets that would form the basis of budgeting decisions and performance evaluations. Sectoral reforms – like the education or health reform in 1994 and 1999, respectively – further bolstered these requirements by translating them into sectoral standards.[394] Yet, these measures appeared to have little effect.[395] The World Bank reacted with the establishment of an institutional reform appraisal document. Faced with these outside pressures and substantial public criticism of its corruption problem, the government prepared a National Integrity Plan and an Institutional Reform Project (PRI) in 1999. The programme included measures for improving the justice sector, modernising public administration, and developing new mechanisms to fight corruption. It aimed at improving the effectiveness, efficiency and transparency of public administration "in order to strengthen the country's ability to implement its economic and social development programs and thus to combat poverty".[396] A core element involved the competitive recruitment of all agency or ministry staff through private companies and agreements that would tie organisations to performance. Clearly, Bolivia's institutional reform agenda throughout the past twenty years has been extraordinarily ambitious. However, implementation was uneven and disappointing.[397] Yet, many donors in Bolivia were aware that their expectations had been unrealistic:

> Before, Bolivia was an 'overachiever' with respect to the requirements of the international donors. That led us to think that the social structure of this country could be changed overnight, in three years or something like that. But that's not possible. […] Today, we are asking ourselves: What went wrong?[398]

On a sectoral level such as education and health, partial successes have been made while some areas of reform have not been implemented at all. For example, the Monitoring and Evaluation System for Results-Based Public Management was implemented by the Ministry of the Presidency had generally not been integrated into core government processes. Performance monitoring was carried out in a perfunctory way, with little regard for the

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[394] República de Bolivia (1994): "Ley de Reforma Educativa", Ley 1565 de 7 julio, Gaceta Oficial de Bolivia, La Paz: Dirección Nacional de Comunicación Social; Republica de Bolivia (1997): "Plan estratégico de salud de lucha contra la pobreza: 1997-2002", La Paz: Ministerio de Salud y Previsión Social.

[395] Carlos Montes and Matthew Andrews (2005): "Implementing Reforms in Bolivia: Too Much to Handle?" in: *International Journal of Public Administration*, 28 (3/4): 273-290.

[396] World Bank (1999): "Bolivia Institutional Reform Project Appraisal Document", Washington, DC: World Bank. 2.

[397] Carlos Montes and Matthew Andrews (2005): "Implementing Reforms in Bolivia: Too Much to Handle?" in: *International Journal of Public Administration*, 28 (3/4): 273-290.

[398] Interview with a donor representative, No. 52, La Paz, 22 April 2004.

quality of the information provided.[399] In addition, targets were often not linked to budget allocation or to human resource availability. In other words, the façade of results-oriented management was kept up, while traditional norms and values continued to define how to get things done on an everyday basis. Some government representatives argued that international donors are also partly to blame for this divergence:

> Many times a national budget gets approved and then the [a donor] comes and says, "I have thirty million dollar." Then, they do an agreement between the Ambassador, the Bolivian Vice-Minister, and between them, they'll distribute the money to the regions – outside of the development plan, outside of the budget.[400]

The formal reform rules seem to have achieved little management change in most areas of government, falling short of introducing effective personnel management, binding financial controls, accountability, and client responsiveness.

4.2.2.2 Budget Accountability

The World Bank's institutional reform appraisal document on Bolivia indicated that, despite a legal framework for reform, "the goals of allocative optimisation and efficient resource use are not being achieved."[401] The report indicates that the budget was still based on inertial line item adjustments instead of strategic policy considerations. It was not linked to medium-term strategic priorities, and its 'strategic' nature was undermined by long delays of approval, ad hoc adjustments during approval and the influence of overriding cash limits and unpredictable spending caps during execution.[402] A donor representative commented on the budget process:

> The budget tends to be inflated. In other words, it has larger spending limits than can actually be executed. As a result, the practical implementation of the budget is not decided by congress. In the end, it results from pressures that particular sectors exert on government.[403]

However, line agencies continued to lack effective responsibility over their own budget planning, formulation, and implementation activities because the Ministry of Finance continued to control such activities at too detailed a level. In many ways, the Bolivian public

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[399] Carlos Montes (2003): "Results-Based Public Management in Bolivia", ODI Working Paper 202, London: Overseas Development Institute.

[400] Interview with a government representative, No. 41, La Paz, 4 February 2004.

[401] World Bank (1999): "Bolivia Institutional Reform Project Appraisal Document", Washington, DC: World Bank. 5.

[402] Juan Carlos Camacho Encinas (2002): "Viabilidad del sistema integrado de administración fianciera pública en Bolivia (1990-2001)", Facultad de Ciencias Físicas y Matemáticas, Departamento de Ingeniería Industrial, Santiago de Chile: Universidad de Chile.

[403] Interview with donor representative, No. 122, La Paz, 8 April 2004.

management system displays many features of a highly clientelistic system where little trust existed between different governmental agencies to serve the needs of the public. Unfortunately congress also made little progress in improving its role in making strategic allocation decisions.[404] Many observers lamented that congress could not effectively guarantee accountability of the budget, since the budget discussed in congress did not reflect actual spending patterns:

> This country needs a lot more transparency on fiscal budget issues, in several ways. In one way, the budget discussed in congress is not the same like the economic budget that is implemented. […] In many countries the budgetary logic is that it goes to congress, which is the legitimate representative of the people and of democracy, and congress discussed the country's priorities on public expenditure and the guidelines of fiscal policy – with the budget matching, or better matching the fiscal programme. The discussion has to be much broader.[405]

This statement was echoed by another donor representative, who also complained that government needed to find additional sources of funding to cover the gaps between the inflated political budget and the actual spending limits:

> Congress discusses a political budget but the government spends an economic budget. They spend what they have or whatever else they can get a hold of. They go and collect.[406]

The weaknesses of the budget process was related to a more general problem: the relative weakness of congress as opposed to the executive. Bolivia's political system has been characterised as a 'parliamentarised presidentialism'.[407] Even though the president is elected by the Bolivian congress, he is able to pass decrees that overrule its legislative authority. It has become common practice in Bolivia that the president uses his coalition in congress to pass laws proposed by the executive. This practice is publicly referred to as 'government roller'.[408] In addition, parliamentarians often discuss the budget with only their constituency in mind and without a view of approving a workable budget for the country as a whole. A donor representative explained:

> It takes time, it's not easy in any country of the world. Statistically it's complicated because at the moment when it enters congress it's much smaller, so it's more realistic. But then each person in congress wants

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[404] Carlos Montes and Matthew Andrews (2005): "Implementing Reforms in Bolivia: Too Much to Handle?" in: *International Journal of Public Administration*, 28 (3/4): 273-290.

[405] Interview with donor representative, No. 122, La Paz, 8 April 2004.

[406] Interview with a donor representative, No. 52, La Paz, 22 April 2004.

[407] René Mayorga (2001): *Presidencialismo parlamentarizado y gobiernos de coalición en Bolivia*. Cochabamba: Centro Boliviano de Estudios Multidisciplinarios, Universidad de San Simon.

[408] See Franz Barrios Villegas (2005): "El equilibrio de poderes", in: Fundación Boliviana para la Democracia Multipartidaria (ed.), *¿Ejecutivo versus Legislativo? Gobernabilidad en Bolivia*. La Paz: FBDM: 17-26.

government expenditure in his or her constituency to be higher. Then it's more difficult because the resulting budget is less realistic but politically easier.[409]

In sum, both executive and legislative displayed characteristics of a still largely clientelistic system, where the common public good was often a secondary concern. It is difficult to assess in how far spending patterns diverged from the budget discussed in parliament but interviewees' lack of trust in the process indicate substantial divergences. In the past, congress has largely failed to act as an instance that can hold government accountable for public expenditure.

4.3 Conclusion of Chapter Four

In both Ghana and Bolivia, the state is deeply embedded in society. The interaction between state actors and social forces has a heavy impact on national politics and on the prospects for institutional reform in both countries. In particular, the constitution of the public realm defines the way in which the state can impose its authority over its citizens. In both Ghana and Bolivia, the public realm presents a substantial challenge to state imposition, albeit in very different ways. In addition, different forms of clientelism and patron-client relationships shape national politics in both Ghana and Bolivia, although the kinds of clientelism are different in each case. State power – understood as the capacity of the state to legitimate its domination – in both countries is confronted by several obstacles. Yet, the authority of the Ghanaian state seemed to be relatively uncontested, while Bolivian politics were paralysed by increasing civil unrest that challenged state authority to the point of making Bolivia ungovernable in 2005.

It can be argued that two publics exist in Ghana, one that relates to the state and one in which public affairs are dealt with in separation from the state, by means of hometown or neighbourhood associations, religious organisations and the like. Because of this divergence between the two publics, citizens are often relatively apathetic towards affairs of the state and politically engage in the primordial public instead. However, this apathy towards the state does not directly challenge state domination in the way that social protest does in Bolivia. The dynamic of the two public also explains particular forms of clientelism that define the neo-patrimonial state in Ghana. Incumbents of public offices feel first and foremost obliged to service their patronage networks. Because of a collective memory of colonial history and because of actual experiences with the inefficiency of the state, they cannot relate the abstract

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[409] Interview with donor representative, No. 122, La Paz, 8 April 2004.

principle of public service to the benefits of particular communities they would like to support. However, civil opposition to the military regimes in the 1970s and 1980s have managed to constitute a more engaged society that has challenged the domination of the militarily ruled state. Since the PNDC's transition to democratic governance, the authority of the state in Ghana has been relatively uncontested, particularly since the democratic transition of government from the NDC to the NPP in 2000. It seems the governments' endeavours to civilianise national politics have resulted in increased legitimacy of state authority.

In Bolivia, the picture looks very different. Apathy is not a characteristic of the Bolivian public realm. Throughout the past century, state domination has continuously been challenged by social movements' contestation of power, having resulted in the National Revolution in 1952, the military-*campesino* pact during the 1970s and a paralysed government in 2005. Different governments have dealt with this contestation by means of state corporatism, by which dominant social movements have become co-opted into government. As a result, national as well as local politics display features of a particular form of clientelism, prebendalism, in which state posts are exchanged for political loyalties. More recently, the Law of Popular Participation was an attempt to break social movements influence in national politics. Although effective, these reforms have revealed that the tensions between the state and *campesino* and indigenous movements contain important regional elements that have come to the fore in 2004. Increasing divisions between the different regions in Bolivia around the issue of natural gas production burdened state-society relations to the verge of paralysis in 2005.

Against these contexts of state-society relationships, institutional reform projects appeared to be more difficult to sustain than they would seem to have been at first glance. In Ghana, the continuing pattern of discontinuing moral imperatives between the private and the public sphere made reforming the public management and improving budget accountability a difficult undertaking. Similarly, deep-rooted forms of clientelism in both countries made sweeping public management reform difficult to implement and even more difficult to sustain. Even though such reforms have increasingly become conditionalities for international donor funding, both Ghanaian and Bolivian governments have half-heartedly implemented agreed reform agendas, while subsequent incoming governments have partly reversed initial successes. Similarly, budget accountability left much to be desired in both Ghana and Bolivia. In both countries, deviations between estimated budgets and actual expenditures appeared to be large. The parliaments in both countries, as the elected body to

represent the citizens., did not manage to live up to their ideal-typical function of providing a check and balance on government expenditure.

In both countries, the ritualised façade of results-oriented public management reform and measures to improve budget accountability was kept up, while traditional norms and values continued to define how to get things done on an everyday basis. Donor efforts to support these reform processes have further widened this disjuncture between formal and informal managements. Some scholars argue that donor cooperation can improve public expenditure management wherever a certain degree of budget and public finance management discipline is already in place. However, past reform attempts show that it is unlikely that accountability to donors eventually results in improved accountabilities of the public administrators to parliament and to non-governmental stakeholders as long as the pressure from these stakeholders remains low.[410] In Ghana and in Bolivia, concerted reform efforts of international donors have yet to manage to make governments more accountable to their citizens. It is against this background that direct budget support takes place in Ghana and partially also in Bolivia.

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[410] John Roberts (2003): "Managing Public Expenditure for Development Results: A Role for Results-Oriented Public Expenditure Management", in: *Development Policy Review*, 22 (6): 623-651.

CHAPTER 5 – POLICY DIALOGUE AND DIRECT BUDGET SUPPORT

In chapter four, I have argued that the socio-political context in Ghana and Bolivia matters for the effectiveness and sustainability of development cooperation programmes that aim to tackle political reform. In this chapter, I specifically look at direct budget support mechanisms in development cooperation as a tool for policy dialogue around public sector management reform. Ghana is a particularly good case to evaluate such dialogue because it is one of the countries where donors have recently established a multi-donor budgetary support (MDBS) mechanism. Building on the poverty reduction strategy (PRSP) experience of both Ghana and Bolivia, I discuss the Ghanaian MDBS experience, while using the case of Bolivia for comparative purposes.

The idea of budget support springs from the current interest in development cooperation to foster government ownership. In a way, this is a step back to development cooperation of the early days, when aid commitments were originally designed to fill the resource gaps in the recipient countries' macro-economy. As I discussed in chapter three, 'projectised' aid and structural adjustment conditionality during the last three decades of the twentieth century had shifted the focus away from the recipient government's own budget process. However, during this period many aid recipient countries experienced unsustainable fiscal and current account deficits, partly due to high levels of debt stock. The 1990s witnessed a globally decreasing trend in official development assistance (ODA) to developing countries,[411] which triggered debates about how to make less aid more effective.[412] As a result, two strategies gained prominence in development assistance: developing new or

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[411] Aleš Bulíř and Timothy Lane (2002): "Aid and Fiscal Management", IMF Working Papers 02/112, Washington, DC: International Monetary Fund; Alberto Alesina and David Dollar (1998): "Who Gives Aid to Whom and Why", NBER Working Paper, Cambridge, MA: National Bureau of Economic Research.

[412] The aid effectiveness debate was sparked by Constantine Michalopoulos and V. Shukatme (1989): "The Impact of Development Assistance: A Review of the Quantitative Evidence", in: Anne Krueger, et al. (eds.), *Aid and Development*. Baltimore: Johns Hopkins University Press; Howard White (1992): "The Macroeconomic Impact of Development Aid: A Critical Survey", in: *Journal of Development Studies*, 28 (2): 163–240; Craig Burnside and David Dollar (1997): "Aid, Policies and Growth", Policy Research Working Paper, No. 1777, Washington, DC: World Bank.

innovative sources of finance for development,[413] and finding new ways to make existing financial assistance more effective.[414]

Budget support aims at making aid more effective by granting greater reform ownership to the recipient government in order to make reforms sustainable in the long run. The idea is that all donors who subscribe to the multi-donor budget support mechanism pay into one single fund. Direct budget support can either take the form of general budget support or sector budget support.[415] 'General budget support' refers to financial assistance that goes into the overall budget with any conditionalities related to overall budget priorities but without earmarked funds for a particular sector. 'Sector budget support' refers to financial assistance that goes directly into the budget of one sector, with conditionalities relating to the particular sector. In principle, the recipient government then has the prerogative to determine which priority areas it wants to spend the funds on, within the realms of its own budgetary process. The argument in favour of budget support is that uncoordinated aid to recipient governments means an extra burden on the already scarce capacities of the cooperating government ministries.[416] Often, these agencies have to respond to different donor priorities, accounting structures and monitoring and evaluation mechanisms. Budget support aims at making the inflow of aid more predictable and continuous. Previously, recipient governments often did not know how much aid to expect and could not formulate their budget plans accordingly. Apparently, the MDBS in Ghana addresses this problem. As one senior government official put it:

> The transaction costs, in terms of each [donor] mission arriving to do their own thing, is minimised by all of them coming now together in agreed mission periods. There is better predictability of the resources when you know in advance what they are pledging.[417]

This chapter is divided into two sections. In the first section, I investigate the case of Ghana. In the second section, I explore the direct budget support initiatives in Bolivia for comparative purposes. While a multi-donor budget support mechanism was set up in Ghana in 2003, Bolivia only received different types of joint support to particular sectors and multi-

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[413] This view is particularly dominant in the discussion around increasing aid to reach the Millennium Development Goals, see Jeffrey Sachs (2004): "Ending Africa's Poverty Trap", in: *Brookings Papers on Economic Activity* (2): 117-216. For a critique, see Michael Clemens, Charles Kenny and Todd Moss (2004): "The Trouble with the MDGs: Confronting Expectations of Aid and Development Success", Working Paper No. 40, May, Washington, DC: Center for Global Development.

[414] For discussions, see Peter Boone (1996): "Politics and the Effectiveness of Foreign Aid", in: *European Economic Review*, 40: 289-329; World Bank (1998): *Assessing Aid: What Works, What Doesn't and Why*. New York: Oxford University Press.

[415] Andrew Lawson and David Booth (2004): "Evaluation Framework for General Budget Support: Report to Management Group for the Joint Evaluation of General Budget Support", February, London: Overseas Development Institute. 20.

[416] See Mick Foster and Adrian Fozzard (2000): "Aid and Public Expenditure: A Guide", ODI Working Paper No. 141, London: Overseas Development Institute.

[417] Interview with a government representative, No. 93, Accra, 29 July 2004.

donor basket funding mechanisms. Within each section, I first analyse the government's means and mechanisms to evaluate development planning, with particular reference to assessing performance of the poverty reduction strategies in both countries. I do so because the poverty reduction strategy paper (PRSP) is the cornerstone on which policy dialogue is centred in both Ghana and Bolivia. In a second step, I elaborate on the idea and implementation of direct budget support. To conclude, I evaluate whether direct budget support initiatives encounter a mismatch between formal arrangements and everyday politics that is similar to the ritualised façade of public management reform and budget accountability measures described in chapter four.

5.1   Development Planning and Budget Support in Ghana

In order to link the analysis of direct budget support with an evaluation as to whether ritualised formal arrangements diverge from everyday politics, an investigation into national development planning and prioritisation is necessary. The Government of Ghana's medium-term development plan, the Ghana Poverty Reduction Strategy (GPRS), was the bedrock on which multi-donor budget support is built. This is interesting since the strategy was already a collaboration between international donors and recipient governments. So already at this stage, formalised arrangements did not always reflect national politicians' strategic priorities, as I have shown in chapter three. Nonetheless, performance assessment of the GPRS indicators and the subsequent revision of the GPRS after its initial three years presented chances to anchor the government's priorities more directly within the strategy. While the main purpose of the initial GPRS was certainly to state the government's good intentions on poverty reduction and provide a document on which Ghana's donors could base debt relief, assessment and revision provided opportunities for different political stakeholders to more closely align the GPRS with their political priorities – as long as they did not endanger continued donor support.

5.1.1   Evaluating Development Planning

According to the World Bank's PRSP sourcebook, recipient governments need to monitor and evaluate the performance of their poverty reduction indicators on a regular basis.[418] In that sense, monitoring and evaluation of the GPRS was also a donor-driven demand, rather

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[418] World Bank (2001): *Poverty Reduction Strategy Sourcebook.* 2 vols., Washington, DC: The World Bank Group.

the result of a national demand for accountability on the GPRS. Similarly, the sourcebook called for a revision of the poverty strategies after more or less three years. In other words, neither the performance assessment nor the revision of the GPRS were measures to respond to locally-driven demands or pressure groups. They were primarily carried out to fulfil donor requirements. It comes as no surprise that donor and government expectations of the GPRS' performance assessment diverged in ways similar to the initial drafting exercise, as I have shown in chapter three. While the donors expected performance assessment to be thorough and content-driven, performance assessment was a formality that was largely disconnected from the everyday workings of the ministries.

5.1.1.1 Performance Assessment of the GPRS

The first GPRS outlined programmes and projects to reduce poverty and foster growth for the timeframe 2003 to 2005. Each of these years, the National Development Planning Commission (NDPC) published an *Annual Progress Report*, based on the government's *Monitoring and Evaluation Plan,*[419] to evaluate the performance of the GPRS.[420] This was a difficult undertaking, especially because time and resource constraints were not explicit in the strategy, as several donor representatives commented:

> One problem that I see with the GPRS is that it did not look at constraints, limited time or limited resources for example.[421]

The GPRS lacked a thorough consideration of these constraints, despite its second volume, which addressed the costing and financing of the GPRS's programmes and projects.[422] It seems that the costing and financing did not primarily aim to distribute resources according to priorities. Rather, it was used to put figures next to aims and objectives in order to allow the government to lobby international donors for funding. From the government's perspective this kind of approach made sense, even though donors had a different understanding of public expenditure planning. It is telling that there was never any effort to reconcile the GPRS's costing and financing with the national budget presented to parliament.

[419] Government of Ghana (2003): "An Agenda for Growth and Prosperity - Ghana's Poverty Reduction Strategy 2003 - 2005: Monitoring and Evaluation Plan", Accra: National Development Planning Commission.
[420] Government of Ghana (2003): "Implementation of the Ghana Poverty Reduction Strategy: 2002 Annual Progress Report", Accra: National Development Planning Commission; Government of Ghana (2004): "Implementation of the Ghana Poverty Reduction Strategy: 2003 Annual Progress Report", Accra: National Development Planning Commission; Government of Ghana (2005): "Implementation of the Ghana Poverty Reduction Strategy: 2004 Annual Progress Report", Accra: National Development Planning Commission.
[421] Interview with a donor representative, No. 128, Accra, 14 July 2004.
[422] Government of Ghana (2003): "Ghana Poverty Reduction Strategy 2003-2005: An Agenda for Growth and Prosperity", Volume 1: Analysis and Policy Statement, Accra: National Development Planning Commission.

These different approaches had a considerable impact on monitoring and evaluation efforts. If the GPRS is viewed as a declaration of intent, it only needs to serve as a guiding framework, with little need for monitoring and evaluation. This seemed to be the viewpoint of many government agents. When asked whether the Government of Ghana was on track with the GPRS, one government representative responded:

> I think that there is an awareness that there is a guiding framework. And we are… when I say that we are on track we are on track on staying within defined parameters. And not just shooting off doing ten different things when our resources are only voted for five things.[423]

This statement reflects many government officials' understanding and use of the GPRS. To them, the GPRS defined the parameters within which governmental action could take place. Yet for the donors, the GPRS was meant to go further. In their understanding, it outlined concrete actions to be taken that could be tracked and monitored. Whenever the implementation of the GPRS fell behind target, donors tended to see the biggest problem in the linkage between cabinet and the operations of the ministries, departments and agencies:

> There is a lot of problems which is flagged in their review of the PRSP, which is that they have difficulty monitoring and getting the PRS to sink down in the government ministries' activities that are responsible.[424]

This problem essentially related to difficulties within Ghana's civil service management:

> Each one of the chief directors and the ministers is supposed to sign onto a work plan, signed officially with a certain centre agency that says that they would be doing this and they will be delivering this. So, if they are not delivering on the monitoring, this is just a civil service management problem. This is hard to do even in the best managed places.[425]

For the donors, monitoring and evaluation was essential because they usually based their policy dialogue with the Ghanaian government on the GPRS.[426] In that context, different types of funds were closely attached to its implementation. Consequentially, frustrations regarding the GPRS built up. Yet most donors did not see an alternative:

> The GPRS is very difficult in some ways to use as a basis for policy dialogue because it was really uneven. Sometimes it was very activity-based, sometimes it was output-based, so in terms of using that… we needed to use

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[423] Interview with a government representative, No. 93, Accra, 29 July 2004.
[424] Interview with a donor representative, No. 4, Accra, 10 August 2004.
[425] Interview with a donor representative, No. 4, Accra, 10 August 2004.
[426] See for example World Bank (2004): "Country Assistance Strategy for Ghana 2004-2007", Washington, DC: World Bank; European Community - Republic of Ghana (2002): "Country Strategy Paper and Indicative Programme for the period 2002 – 2007", DEV/054/202-EN, Accra.

government's own strategy but how that will evolve I think needs to be seen.[427]

If cooperation built on the implementation of every aspect of the GPRS, policy dialogue would evidently have stalled quickly. As a means to continue cooperation despite particular draw-backs, donors usually focused on the document as a whole.

> You just weigh [the objectives]. You weigh whether they have done a critical mass of them. That's all.[428]

In addition, they agreed with the Government of Ghana on particular disbursement triggers:

> What donors try to do now is to pick certain indicators from the GPRS and use that as triggers of conditionality for more money or for policy dialogue. So that's the way we are working with the government.[429]

Furthermore, most bilateral donors relied on the evaluations of the International Monetary Fund (IMF) and the World Bank to review their own cooperation with Ghana. They used the IMF and the World Bank's *Joint Staff Assessment*,[430] which assesses the overall performance of the GPRS, as an indicator for Ghana's performance. In addition, the Fund attached its Poverty Reduction Growth Facility (PRGF) and the World Bank linked its Poverty Reduction Support Credit (PRSC) to the GPRS' performance. In order for these funds to be renewed, the IMF and the World Bank expect a review of the GPRS by the Ghanaian government.[431] By means of these mechanisms, multi- and bilateral donors continued to exert pressure on the Ghanaian government to continue with the GPRS as it primary development plan, even though the government's lack of interest in the implementation of its indicators was apparent. However, at this point the donors' main interest was to uphold the credibility of the PRSP process as such, since most of their cooperation and funding arrangements were based on it. At this stage, the mismatch between everyday politics and wishful thinking about how institutions should be was already apparent to most stakeholders, but there seemed to be no alternative to formalise donor-recipient relationships on alternative grounds.

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[427] Interview with a donor representative, No. 51, Accra, 5 August 2004.
[428] Interview with a donor representative, No. 4, Accra, 10 August 2004.
[429] Interview with a donor representative, No. 123, Accra, 8 July 2004.
[430] International Development Association and International Monetary Fund (2003): "Ghana: Joint Staff Assessment of the Poverty Reduction Strategy Paper", Washington, DC: World Bank Group.
[431] The PRSP are expected to be reviewed every three years with annual progress reports, see World Bank (2001): *Poverty Reduction Strategy Sourcebook*. 2 vols., Washington, DC: The World Bank Group.

5.1.1.2   GPRS Review

In line with international development strategy, the Ghanaian government committed itself to produce an updated GPRS for the period from 2006 to 2008. Again, the NDPC facilitated the process.

> They are aiming to start the revision… the current GPRS covers 2003 to 2005, and the next one will be 2006 to 2008. And it takes a year to redesign one, so they are starting now.[432]

In comparison with Ghana's other long-term development framework, the Vision 2020, the GPRS timeframe of three years each was relatively short. Nonetheless, PRSPs have received criticism for having too large or inflexible timeframes that did not allow for revisions and adaptations by new incoming governments.[433] When asked whether two to three years was a good time length for a PRSP, one government representative responded:

> If it is seen as a continuous improvement, I would say that three years is fine. […] Particular governments, they have specific areas that they want to look at. That's what I call the big wins within three or four years of office. So within eight years, in terms of continuous improvement, I think we need to have a much broader framework which should not change depending on whose government is in power.[434]

This is a more technocratic point of view, favouring a technical, long-term development plan to guide policy-making independently from particular campaigning platforms. Another government representative responded slightly differently, with a view on new political initiatives that the Government of Ghana had signed onto.

> It is opportune that we are revising it next year, so we can bring on board these expected initiatives to become part of that. [Two to three years] is a good length of time.[435]

In 2000, Ghana committed itself to achieving the Millennium Development Goals (MDG) and signed onto the New Partnership for Africa's Development (NEPAD) of the Organisation of African Unity (OAU) in 2001.[436] These commitments contained additional long-term development priorities, parallel to the GPRS. One donor representative commented on the donor discussion at the time:

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[432] Interview with a donor representative, No. 4, Accra, 10 August 2004.
[433] See Laure-Hélène Piron and Alison Evans (2004): "Politics and the PRSP Approach: Synthesis Paper", ODI Working Paper 237, London: Overseas Development Institute.
[434] Interview with a government representative, No. 110, Accra, 23 August 2004.
[435] Interview with a government representative, No. 93, Accra, 29 July 2004.
[436] The government already published a first evaluation of Ghana's progress towards the MDG, see Government of Ghana (2003): "Millennium Development Goals Report for Ghana", Accra: National Development Planning Commission.

> The donors kept saying "No, no, let's leave it as it is. They have worked so hard to get the GPRS to where it is. You know we would be mudding the waters," and that kind of thing. And the Ghanaians to their extreme credit realised that they had to do that themselves. So this initiative, to combine NEPAD and the MDG under the GPRS, that was the government's own initiative. So, they definitely see their wisdom in getting organised.[437]

This speaks of a certain appropriation of the GPRS, at least at the top leadership level. When asked whether combining the three initiatives would require a substantial reorientation of the GPRS, one government representative explained:

> The MDGs are nothing but all taking reducing poverty by half by the year 2015. And therefore, it's not any different from a poverty reduction strategy. The only thing is that it talks about goals. Goals are wishes. Therefore you have to operationalise those goals by developing actual actions, actual strategies. The GPRS was a poverty reduction strategy with actions that can help you achieve those goals. So it is not a question of incorporating them but a question of developing actions that can lead to the goal.[438]

So, as such, the MDG and the NEPAD initiative did not represent a major shift from the GPRS. Nonetheless, a reorientation towards productivity issues was likely and advocated by several proponents in government:

> The social sector focus needs to be complemented by a focus on growth and prosperity. We need to focus more on the productive sector to be able to sustain costs of the social sector. Investment and industrialisation need to be addressed by the new upcoming GPRS.[439]

Overall, people in government were confident that the GPRS review benefit from the lessons learnt of the first GPRS:

> It will even become a stronger document at that time because we now have benefited from the last three years to learn from […], especially as we are shifting from a stabilisation to a growth agenda.[440]

This generally positive attitude towards the poverty reduction strategy in Ghana was very different from the situation in Bolivia, where the PRSP was largely rejected as a 'dead document' by government officials as well as civil society representatives.[441] Differently from Bolivian case, the Ghanaian PRSP review process had received little criticism from Ghanaian

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[437] Interview with a donor representative, No. 4, Accra, 10 August 2004.
[438] Interview with a government representative, No. 106, Accra, 27 August 2004.
[439] Interview with a government representative, No. 30, Accra, 4 August 2004.
[440] Interview with a government representative, No. 93, Accra, 29 July 2004.
[441] For an excellent analysis of the EBRP process and the donors' role in it becoming a 'dead' document, see Institute of Social Studies (2003): "La Estrategia Boliviana de Reducción de Pobreza: ¿"La Nueva Brillante Idea"? - Informe País: Bolivia", Diciembre, La Haya: Proyecto comisionado por la Agencia Sueca de Cooperación Internacional para el Desarrollo.

civil society actors. Indeed, in 2004 there was little public interest or acknowledgment that the review process was taking place. As a result, government officials were relatively free to mend the document in ways that would more closely reflect their actual political strategies. What is more, content-related requirements seemed less crucial for the donors' approval of the revision than they were for the initial drafting. By then, the GPRS had already become the centre piece of policy dialogue with Ghana, so the donors' main interest was to uphold the credibility of the PRSP process, nationally and internationally. As a result, the formalisation of poverty reduction measures did not play the key role that it had had in the initial draft of the GPRS, particularly in the revision of the GPRS. Ghana's donors were more willing to consider other development priorities of the government, as long as the formal procedures of GPRS revision were being upheld.

Indeed, the NDPC had opted to call its GPRS secretariat 'National Capacity Building Programme for Wealth Creation and Social Development'. 'Wealth creation' is a term that appeared often in the government's discourse, even though it was definitely not part of the donor terminology. The annual progress report of the GPRS noted that "the government's policy of providing relief and safety nets to the poor and vulnerable through increased allocation to Social Services has crowded out resources to the economic services sector which supports wealth creation."[442] By means of such slight adaptations, the Ghanaian poverty reduction strategy was being reoriented towards 'wealth creation' where productivity issues gained significance against the donor-demanded pro-poor policies. Because the donors' priority was to uphold the credibility of the PRSP process as such, Ghanaian government official managed to adjust the focus of the revised GPRS to more closely present their own development priorities.

5.1.2 Multi-Donor Budget Support in Ghana

The revised GPRS notwithstanding, the multi-donor budget support was built on the initial GPRS in 2003. According to the donors' country analyses, Ghana's GPRS represented the governments' priorities in development planning. In an ideal world, such priorities would determine public spending. However, as I have argued in chapter four, the budget processes in both countries were often non-transparent and not necessarily determined by the governments' formal agenda. Nonetheless, not least because both bi- and multilateral donors

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[442] Between 2001 and 2003, the share of total discretionary expenditure allocation to social services had increased from 30.18 to 38.67 percent, while the allocation to economic services dropped from 14.99 to 9.06 percent. Government of Ghana (2004): "Implementation of the Ghana Poverty Reduction Strategy: 2003 Annual Progress Report", Accra: National Development Planning Commission. 31-32.

were increasingly attempting to harmonise aid at the country level in order to foster government ownership, budget support was becoming a more and more popular development cooperation tool.[443] Doubts about governments' ownership of the PRSP were cast away by a euphoria about the possibilities of increasing ownership through budget support.

Given the state of affairs of the Ghanaian public financial management and the divergence between expectations and reality of the GPRS, it might surprise that Ghana's major donors decided to embark on multi-donor budgetary support. Yet one could argue that, if international donors only supported governments with an efficient and functioning public administration, there would not be any cooperation with developing countries at all.[444] Initially, donors have to accept that they cooperate with flawed and imperfect systems. Most development partners have recognised this fact. That was why the MDBS contained a matrix of triggers, a list of reform elements that the government had to implement in order for funds to be released:

> We wanted to release the money not on the promise of delivery but release the money after the things that a country has said it is going to do have happened.[445]

This was a softened version of conditional negotiations, where the government can spend aid money at its discretion after showing that it has made its institutions more effective for service delivery. Consequentially, much emphasis was placed on reforming public administration and the civil service. Nevertheless, engaging in MDBS required a leap of faith from the donors. The terrain was unknown and the outcomes were largely out of their hands, while in-country representatives would eventually have to defend the results to their home constituencies. On the other hand, MDBS was a convenient way to spend large amounts of money relatively quickly, without having to design or track numerous small projects with different partners.

5.1.2.1 The Development Partners

The donors that signed the MDBS programme framework memorandum in 2003 were the African Development Bank, Canada, Denmark, the European Union, Germany, the

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[443] On the advantages of budget support mechanisms, see Mick Foster and Jennifer Leavy (2001): "The Choice of Financial Aid Instruments", ODI Working Paper 158, London: Overseas Development Institute.

[444] On improving effectiveness and accountability while giving budget support, see Organisation for Economic Cooperation and Development (2003): "Harmonising Donor Practices For Effective Aid Delivery: Good Practice Papers", Paris: OECD; Mick Foster and Adrian Fozzard (2000): "Aid and Public Expenditure: A Guide", ODI Working Paper No. 141, London: Overseas Development Institute.

[445] Interview with a donor representative, No. 83, Accra, 31 August 2004.

Netherlands, Switzerland, the United Kingdom, and the World Bank.[446] Although almost all major donors in Ghana subscribed to the idea of MDBS, not all participated in the same fashion. The above contributed financially while others were merely 'observers'.

> With the MDBS, you have to be cautious not to create this progressive donor exclusive club… you know, we are writing cheques and we all putting into the budget and are tracking our funds… you want to have a dialogue basically. That's your main objective.[447]

This dialogue that the MDBS aimed to foster took place between government and donors as much as between different donor agencies. France, Japan, and the United States were observers since 2003. They participated in the discussion on the general agenda and on spending priorities but did not contribute financially.[448]

In 2004, France voiced interest in jointing the MDBS. The *Agence Française de Développement* in Ghana had been looking into options under what conditions it would be possible for France to join. A bilateral donor's conditions for co-funding largely depend on the rules and regulations of its headquarters. Indeed, the German Ministry of Development Cooperation had to revise its funding regulations in order to enable multi-donor funding mechanisms at the country level.[449] A donor representative from the contributing MDBS members commented on newcomers:

> You have to think hard on how to accommodate them and their own rules. And of course, they have to show some willingness as well to break their own rules and to adapt their own rules.[450]

Similarly, when the Government of Ghana negotiated with the American Millennium Challenge Corporation (MCC) about how funds could be spent, MDBS partners speculated as to whether it made sense to incorporate its Millennium Challenge Account (MCA) into the MDBS:

> I mean on the one hand you are scared because there is a lot of money coming, so whoever pays is going to set the terms. But in terms of influence and making a case, it is very good to have them on board.[451]

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[446] Government of Ghana and Development Partners (2003): "Framework Memorandum: Multi-Donor Budgetary Support Programme in Support of the Implementation of Ghana Poverty Reduction Strategy Between the Government of Ghana and Development Partners", Accra.

[447] Interview with a donor representative, No. 24, Accra, 18 August 2004.

[448] Interview with a government representative, No. 93, Accra, 29 July 2004.

[449] Interview with a donor representative, No. 28, Accra, 16 July 2004. Originally, the German Ministry of Development Cooperation envisaged co-funding mechanisms with the World Bank but the regulation was soon extended to other bilateral donors. The change followed the Declaration of Rome on donor harmonisation in 2002.

[450] Interview with a donor representative, No. 24, Accra, 18 August 2004.

[451] Interview with a donor representative, No. 24, Accra, 18 August 2004.

However, the MCA remained an independent initiative. This example shows that inter-organisational relationships are a vital component in explaining the dynamics of the MDBS. Donor representatives at the country level were part of a larger development community and acted within a very specific set of rules and regulations defined by their headquarters or ministry. This could make cooperation difficult:

> We made progress in these areas but I think all the development partners felt that it was a much more painful process than it needed to be. And part of that I think relates to institutional constraints that are not always transparent.[452]

The career of donor representatives often depends on how well their achievements are perceived in headquarters. This creates an outward orientation towards principles and values and the commonly referred to 'pressure to spend'.[453] Because actual results are very hard to measure and difficult to relate to a particular donor programme, achievements of individual professionals are often measured by the amount of money that they spend. Because of this, the setting of common goals was often a challenge, even between like-minded donors:

> So while all of the donors at this point in time are espousing harmonisation, etc., not all of the development partners, the representatives are rewarded for that. And specifically in the case of the Bank: I think the people in the Bank are rewarded for getting large amounts of money into the system very, very quickly. And you can't do that if you are consulting.[454]

Not many incentives existed for donor representatives to spend a lot of time deliberating and conceptualising a programme.

Intra-organisational differences were another factor that influenced MDBS negotiations. In any given donor agency, country representatives and headquarter personnel often had different stances on particular issues:

> Here, we cook a lot of things together. Once the mission is there, we always have surprises because people from the headquarters are sometimes not as attached to the dynamics as we are here, which makes it interesting.[455]

For example in 2004, one bilateral donor wanted to link its disbursement through the MDBS with the resolution of an immigration issue – a home affairs condition that was clearly

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452 Interview with a donor representative, No. 51, Accra, 5 August 2004.
453 On the 'pressure to spend', see Elliot Berg (2000): "Why Aren't Aid Organizations Better Learners?" paper discussed at the EGDI seminar 'What Do Aid Agencies and their Co-operating Partners Learn from their Experiences?', 24 August, Stockholm: Expert Group on Development Issues.
454 Interview with a donor representative, No. 51, Accra, 5 August 2004.
455 Interview with a donor representative, No. 24, Accra, 18 August 2004.

outside the jointly established framework. After extended discussions with the Ghanaian government and between the donors, the demand was dropped. Another donor representative commented:

> That is a very clear example on how the MDBS should work: to put some peer pressure on donors that go beyond the nature of the agreement.[456]

Nonetheless, the MDBS deliberation process had to ultimately be justified to the donors' constituencies – parliament and the taxpayers at home, or executive boards in the case of multilateral organisations. This caused concern:

> We are not able yet to demonstrate to our constituencies the benefits of budget support. [...] We are in a extremely vulnerable position. We all believe that it is the right way to go but unless we can demonstrate the benefits to [our] taxpayer...[457]

In that sense, intra-organisational accountability mechanisms played an important role and continued to influence the discussion. This presented problems to the Ghanaian government, for example because different development partners continued to employ different fiscal years. In 2005, this still meant a substantial amount of extra work and coordination for the Ghanaian Ministry of Finance:

> For the MDBS bilateral partners, we run a calendar year whereas the World Bank, they run a fiscal year, which goes from June through July. [...] So now we will have one harmonised matrix that for the World Bank is effective this July through next year June and will overlap with the bilateral partners, which will start January, in their case through to the end of the calendar year 2005.[458]

Indeed, because of their internal accounting structure, both the United States and Japan were unlikely to financially contribute to the MDBS in Ghana. In 2004, their accounting mechanisms still did not allow for their agencies to participate in any kind of multi-donor funding. Both countries' development agencies were required to track the outcomes of their funds separately. These accounting mechanisms resulted from the way in which the agency or ministry operated within their home country's government, to which the agency's country representatives were subordinate. In a way, the World Bank faced similar restrictions, with spending being tied to the PRSC. A Ghanaian government representative commented:

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[456] Interview with a donor representative, No. 24, Accra, 18 August 2004. It was also mentioned that the incident would set an example for bilateral donors' own ministries, so that they would not think of using financial assistance as a means to pressure recipient governments in other negotiation processes.
[457] Interview with a donor representative, No. 96, Accra, 3 August 2004.
[458] Interview with a government representative, No. 93, Accra, 29 July 2004.

> I think it is kind of unavoidable that huge donors, such as America and also the World Bank, they do use their own mechanisms. You can't change the bureaucracies in terms of minds to fit them into the MDBS framework. We see that with the World Bank, the World Bank not being able to have a performance tranche. We also see that with the MCC by their insistence on being able to track the flow of money.[459]

For the case of the World Bank, the Government of Ghana and the development partners accepted a special arrangement within the MDBS to enable them to participate.

5.1.2.2   Operational Structure

In principle, the MDBS framework responded to the priorities established in the GPRS. The participating development partners agreed to channel their funds into the public budget, from where the government of Ghana could use it at their own discretion. In a way, this is similar to the savings gap substitution of financial assistance during the 1950s. However, recent budgetary support was usually tied to public management reform objectives in order to avoid promoting corruption This was also the case in Ghana. The MDBS framework established five initial key reform areas – public finance, the budget process, decentralisation, public sector reform and governance.[460] These public administration areas were aimed at improving the Ghanaian public institutions to improve service delivery, in line with current thinking within the development community about the importance of institutions. The government was not bound to directly use the MDBS funds to support these five areas but, each year, it had to prove that the respective triggers were met in order to receive further funding.

Unlike sectoral assistance, budget support put the Ministry of Finance as the key agency, not only to liaise with the donors but also to monitor the implementation of the triggers. In that respect, MDBS meant a shift away from relatively independent line ministries that had previously established working relationships with individual donors. One government representative commented on this change:

> First, some ministries felt that coming this way meant that they were going to loose out of their personal relationships with the donors in their sectoral/bilateral arrangements. […] But we have gotten them to appreciate

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[459] Interview with a donor representative, No. 24, Accra, 18 August 2004.
[460] Government of Ghana and Development Partners (2003): "Framework Memorandum: Multi-Donor Budgetary Support Programme in Support of the Implementation of Ghana Poverty Reduction Strategy Between the Government of Ghana and Development Partners", Accra. 5.

that unless they deliver, the national budget as a whole suffers and it will not be able to respond to their bigger issues [...].[461]

At the same time, the Ministry of Finance needed to ensure that ministries, departments and agencies as the implementing agencies identify with the MDBS:

So, it is in [the ministries'] interest to ensure that whatever is agreed to here because [...] they implement them. And when we are developing them, we sit with them now to craft the development of what they are saying they want to do. And we meet with them then periodically to see how well they are on track.[462]

It is interesting to note that the MDBS Secretariat in the Ministry of Finance was specifically set up to coordinate the MDBS. At the same time, it also handled processes like the National Economic Dialogue or the Consultative Group discussions with the donors. Despite its key role in coordinating the ministries, departments and agencies, its organisational structure reflected an orientation towards the donors and the issues that they were interested in.[463]

The government and the development partners agreed to focus on public management reform during the first phase of the MDBS, even though this was not a priority area of the GPRS.[464] It was deemed necessary that these issues needed to be tackled first for subsequent reforms to be effective. Again, these issues were a donor requirement for accountability rather than the government's interest. It did not seem that the government was particularly willing to address these issues, even though the GPRS referred to "unacceptably poor conditions" in the public service and concluded that "significant improvements to the latter represent a component without which the government reform programmes and the Ghana Poverty Reduction Strategy are unlikely to succeed."[465] Despite this recognition, some donor representatives were wondering whether there was enough political will to back reform measures:

To be successful, the public sector reform agenda would require the political will of very senior government officials. I wonder whether that will is there.[466]

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[461] Interview with a government representative, No. 93, Accra, 29 July 2004.
[462] Interview with a government representative, No. 93, Accra, 29 July 2004.
[463] It has to be noted, though, that the secretariat works through the staffing system and that the Ministry never meant to create another office. The Secretariat is meant to strengthen the operational system already in place in the Ministry, in support of the Minister's office. Interview with a government representative, No. 93, Accra, 29 July 2004.
[464] The disbursement triggers of the MDBS are roughly structured in line with the GPRS priorities to insure support for the government's development priorities. However, the MDBS disbursement trigger matrix is not directly attached to the priorities of the GPRS.
[465] Government of Ghana (2003): "Ghana Poverty Reduction Strategy 2003-2005: An Agenda for Growth and Prosperity", Volume 1: Analysis and Policy Statement, Accra: National Development Planning Commission. 119.
[466] Interview with a government representative, No. 31, Accra, 16 July 2004.

To coordinate their engagement around the MDBS, the donors established working groups on different issue areas. There were thematic groups on public finance, public sector reform, decentralisation, good governance, and monitoring and evaluation. In addition, sector-specific groups existed on health, education, energy, agriculture, and environment. These working groups between the donors were informal.[467] Prior to the MDBS, development cooperation between donors and government as well as among donors was coordinated in working groups that the World Bank's Comprehensive Development Framework (CDF) had established. These CDF working groups continued to function independently from the MDBS. When asked why the CDF groups and the MDBS thematic groups were different, one donor representative responded:

> It would be nice if they were one and the same things. But we needed to get these teams working so we just went on with it. [Why weren't they streamlined?] I don't know. Laziness on the side of the donors and sitting back on the side of the government. And also perhaps because other things have overtaken. […] It's grown more organically than formally. [468]

Government representatives sat on some of the MDBS thematic groups, though participation varied. Unlike with the CDF working groups, government representatives were not co-chairing. The MDBS working groups were basically a donor coordination mechanism to avoid duplication.

In addition to the MDBS, donors continued to have sector-specific programmes and projects, despite all harmonisation and ownership-strengthening efforts. The fact that funds through the MDBS went directly into the central budget, did "not preclude bilaterals to have separate sector-specific relationships outside of the MDBS."[469] This had several reasons. For one, it often takes several years before programmes and projects run out. Yet most importantly, MDBS continued to be in its experimental phase. A donor representative explained:

> For some time, we could not provide budget support to Ghana because of being off track with IMF for some time. If that happens too often that will interrupt your budget support. So, budget support for us in Ghana is not the main avenue of support. It goes up to probably about 12 percent of our spending.[470]

When asked whether donors should streamline their bilateral programmes with the MDBS, one government representative responded:

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467 Interview with a donor representative, No. 96, Accra, 3 August 2004.
468 Interview with a donor representative, No. 96, Accra, 3 August 2004.
469 Interview with a government representative, No. 93, Accra, 29 July 2004.
470 Interview with a donor representative, No. 136, Accra, 26 August 2004.

It would reinforce the message. It is just that at the sector level, some of them have specific things where they feel that their country has. […] But they also fall within the broad spirit of what the GPRS has been aiming to accomplish. It might not be specifically the things in here but it is value added to the broad picture of what the GPRS is trying to accomplish.[471]

At the early stages of the MDBS, negotiations between the donors centred on choosing a focus. The bilateral donors wanted to use it as a tool to emphasise governance issues. Yet the World Bank could not be involved in governance issues because of its economic mandate. In addition, the World Bank already had a relatively large PRSC in place – their standard instrument to support a PRSP.[472] The PRSC bound the World Bank to a human development and growth agenda. Ultimately, the MDBS framework became slightly different for the World Bank than for the bilateral donors. The World Bank settled with a three pillared approach aligned with the results framework of their PRSC, while bilateral donors focused on governance.[473] One donor representative explained how this affects payment tranches and the disbursement trigger matrix:

The World Bank doesn't have a performance tranche. That's the biggest difference. We use the same matrix, from 2005 onwards. There are still slight differences in 2004 as compared to the PRSC. But for next year, we agreed on a common matrix. So we will always have this session with ourselves and the World Bank is sitting in as well, discussing the performance tranche.[474]

In other words, the operational structure of the MDBS reflected continuing divergences in different donors' institutional structure as well as their priorities. While the MDBS made it easier for donor agencies to harmonise their policy dialogue with the Ghanaian government, donors continued to employ different accountability, planning and disbursement mechanisms as soon as harmonisation requirements conflicted with their organisational requirements. Formal exceptions like the World Bank's three pillared approach or the United States, Japan and France's observatory status show that – even with respect to the donors – harmonisation is a 'wishful thinking institution' that does not serve to mould politics into desirable patterns, as soon as interests diverge.

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[471] Interview with a government representative, No. 93, Accra, 29 July 2004.
[472] Originally, the World Bank had envisioned US $ 75 million but the country office ultimately increased the amount to US $ 125 million, in order to invest in the MDBS approach. Interview with a donor representative, No. 83, Accra, 31 August 2004.
[473] Interview with a donor representative, No. 83, Accra, 31 August 2004.
[474] Interview with a donor representative, No. 24, Accra, 18 August 2004.

5.1.2.3 Disbursement Triggers

The policy matrix that was agreed on between the Government of Ghana and the MDBS donors spelled out specific policy initiatives that trigger the disbursement of funds. All donors agreed to pay a fixed, so-called base tranche at the beginning of each year which was designed to ensure predictability of cash flow to the Ghanaian government All but the World Bank additionally agreed to pay a performance tranche depending on whether the government addresses the annual policy triggers. These triggers were jointly agreed between government and the donors. Government representatives stressed that their adoption was voluntary: "It is not that the partners impose triggers on us. We decide."[475] Both sides stressed that the government of Ghana stood behind each of the triggers, even though the link with the GPRS indicators during the initial phase of the MDBS was only declaratory:

> This year it's eight triggers that the government has to meet. And those triggers were fully agreed with government and many come from the GPRS. The inspiration is the GPRS. We have to evolve to a day, one day soon, where we can just take the targets from the GPRS.[476]

The triggers were defined as unambiguously as possible, granting the government as much leverage as possible:

> Basically, we have a meeting with government, government defines everything so that they achieve the triggers. We try to set the triggers in such a way so that there isn't much ambiguity in it. There shouldn't be any disagreement.[477]

It is for the disbursement of the performance tranche that the trigger matrix becomes relevant. For this purpose, the triggers were split into two groups:

> They are kind of floating triggers, so whenever government has achieved all these triggers, they receive the whole amount. And actually, we split the performance tranche into two, associated with four triggers each. So once government met four triggers, against public financial management, they already get an advancement.[478]

When the matrix was established in 2003, different donors led a heated discussion about what types of triggers to use for the MDBS.[479] Some advocated the use of performance

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[475] Interview with a government representative, No. 84, Accra, 26 August 2004.
[476] Interview with a donor representative, No. 96, Accra, 3 August 2004.
[477] Interview with a donor representative, No. 96, Accra, 3 August 2004.
[478] Interview with a donor representative, No. 96, Accra, 3 August 2004.
[479] The performance versus output based conditionality debate is summed up well in Christopher Adam, Gérard Chambas, et al. (2004): "Performance-Based Conditionality: A European Perspective", in: *World Development*, 32 (6): 1059-1070.

triggers, which had been the custom during the previous few years, while others wanted to introduce outcome triggers to the matrix.[480]

> If the EU wants two or three performance-based indicators and we think is doable, we'll do it. It really doesn't matter that much to us, whether the indicators are process-oriented or performance-based. We'll do what makes sense. To include some performance-based triggers was the only way that Brussels would accept such a programme. To us, it is the management of the programme that matters.[481]

In the end, both sides agreed to a majority of performance-based triggers with a few outcome-oriented elements. The debate sheds an interesting light on government ownership questions. Surely, the MDBS triggers had been mutually agreed on between the government and its development partners. Yet the discussion of what kind of triggers to employ was carried out between different development partners. It is quite likely that the government did not take a proactive role in deciding on the type of triggers because their primary objective was to secure the funding, not to discuss the form.

Each year, the triggers were evaluated during joint MDBS missions in which the World Bank as well as the IMF participate as observers. One donor representative recalled that, during the first round in 2003,

> one trigger […] was not met. We had some discussions on the question: Is it operating or not? Then we had some sort of assessment but it was not very structured, not in the way the World Bank does it. We don't want to get to that level, maybe we can never get to that level. We are still just amateurs, sitting together.[482]

During the first two years of the MDBS, the trigger matrix and the World Bank's PRSC triggers were not completely streamlined. These years were the initial adaptation phase during which donors tried to harmonise their programmes. For the World Bank who does not have a performance tranche

> there is evaluation but it is basically in the prior actions. What they have in the matrix are prior actions for the World Bank disbursements. In the ideal situation, I guess we will be able to evaluate whether they have met the triggers for the performance tranche in June already.[483]

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[480] A performance trigger would be that the government has presented an environmental protection bill to parliament, for example. An outcome trigger is measured by the actual outcome, like an expansion of forest cover from x to y hectares. Advocates of performance triggers argue that the essential thing is to ensure that the government is trying. Critics of this approach say that just because the government says it is doing something does not mean it will put its weight into it.

[481] Interview with a government representative, No. 84, Accra, 26 August 2004.

[482] Interview with a donor representative, No. 24, Accra, 18 August 2004.

[483] Interview with a donor representative, No. 24, Accra, 18 August 2004.

Generally, the MDBS was regarded as a positive step towards greater government ownership by both government and the donors. When asked whether the MDBS was a good mechanism to give the government more independence, one government representative responded:

> Definitely! There is more control of the dialogue if you have a collective set of people around the table rather than having each development partner doing their own thing. Secondly, the transaction costs, in terms of each mission arriving to do their own thing, is minimised by all of them coming now together in agreed mission periods. There is better predictability of the resources when you know in advance what they are pledging.[484]

Particularly with defining priorities, government representatives felt that Ghana will benefit from the MDBS:

> Before the MDBS the donors were dealing directly with the sectors. The priority decisions were not made by government but made by the donors. But now, government will make their choices, in terms of priorities, which may not be the same as the priorities of the donors in the past.[485]

On the donor side, appreciation was similar. One donor representative commented:

> Government is now better able to take an overview over government's portfolio and the reform process. I think the Ministry of Finance has been empowered. Surely, there are a few people in the line ministries that are confused by the whole process. […] I think ministries that have been quite heavily aid-dependent, both from higher level to departmental bureaus, probably share more scepticism. [486]

In sum, both donors and government valued the quality of political dialogue and the increased government ownership that the MDBS had established. Nonetheless, donors were wary about how to justify the use of such substantial sums of money to their constituencies. They feared to loose control over particular reform programmes, even when the reform was a component of the MDBS matrix.

5.1.2.4   An Outsider: The Millennium Challenge Corporation

In terms of government ownership, a comparison between the MDBS initiative and the American MCA offers some interesting insights. The MCA initiative was established by the

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[484] Interview with a government representative, No. 93, Accra, 29 July 2004.
[485] Interview with a government representative, No. 106, Accra, 27 August 2004.
[486] Interview with a donor representative, No. 96, Accra, 3 August 2004.

US government as a "new compact for global development".[487] Interestingly, it is administered by the newly created Millennium Challenge Corporation, outside of the US government's branch responsible for development cooperation, the United States Agency for International Development (USAID).[488] It is still early to evaluate the impact of the MCA at the country level but a few comments can be made on the negotiation process between the Ghanaian government and the MCC. Since the government based the MCC in Washington, the MCC solely relied on missions to negotiate and communicate its approach with the Ghanaian government, instead of coordinating representation of the MCA via the country offices of USAID. One donor representative explained that "they have made it very clear that they don't want to be represented [by USAID]."[489] As a consequence, in 2004 the donors were left uncertain as to whether the MCA was going to be streamlined with the MDBS or whether the MCC would participate in other donor harmonisation efforts.

After having been chosen as a MCA recipient in 2004, the Government of Ghana had to present a proposal on how to use its funds.[490] The Ministry of Finance thus established an MCA desk in the External Finance Mobilisation Division as well as a working group that included members of other ministries and relevant civil society representatives. Even though the criteria for eligibility were fairly comprehensive, almost no restrictions existed as to the purpose of spending, not even a focus on poverty was necessary.[491] Thus, the MCA was a perfect fund through which the government could finance underfunded items on its agenda. In 2004, the Ministry of Finance's working group on the MCA had identified infrastructure development and productivity issues as key areas to be addressed, two items that did not rank highly in the harmonised donor agenda, despite being mentioned by the GPRS.

As problematic as the MCA might be in terms of donor coordination and harmonisation, it is an interesting lens through which a concealed government agenda becomes transparent. Infrastructure had usually been addressed in projects rather than programmes and was not an explicit priority of the newly harmonised efforts. For many

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[487] George Bush called for the 'new compact' at the Monterrey Conference on Finance for International Development in 2002.

[488] The MCC administered nearly US$ 1 billion in initial funding for 16 eligible countries in 2004 and US$ 1.5 billion in 2005. However, disbursement in 2004 and 2005 has been negligible. In 2005, the MCC signed a US$ 3 million pre-compact grant with Ghana. In comparison, USAID's total programme funds for Ghana in 2005 were US$ 47 million. U.S. Agency for International Development (2004): "Financial Year 2005 Budget Justification to the Congress", Washington, DC: USAID.

[489] Interview with a donor representative, No. 128, Accra, 14 July 2004.

[490] Assistance from the MCC only goes "to those countries that rule justly, invest in their people, and encourage economic freedom." Countries that fulfil these criteria are selected on an annual basis. MCA homepage, www.mca.gov, 10 January 2005.

[491] Cynically, one could argue that the MCA is largely unrestricted due to a lack of development cooperation expertise within the MCC – many MCC employees come from the private sector and did not previously work as development professionals.

donors aid to infrastructure was increasingly difficult to justify because recipient governments shied away from subsequent maintenance while new builds quickly deteriorated. Much of the project-based aid of the 1970s had been spent on infrastructural developments, with mixed success rates and often uncertain outcomes.[492] In addition, infrastructure has always been cost-intensive. It was still an item that features on development cooperation agreements but substantially less so than two or three decades ago. Productivity issues were also unfashionable to present to the donor community. This relates to the debate about pro-poor policy. The argument put forward was that subsidising productivity might enhance growth but did not automatically reach the poor.[493] As one donor put it:

> In Ghana, too many resources go to infrastructure or into supporting the relatively inefficient state-owned enterprises. Definitely too many resources go into subsidising fuel…[494]

As a result, productivity issues had been neglected by the donors to the benefit of a pro-poor emphasis on human resource development and social services.[495] The first GPRS was a reflection of this. For example, the costing and financing component of the GPRS estimated the cost of programmes geared towards 'enhancing human resource development and the efficient and equitable provision of basic social services' at around 58 percent, while only 27 percent were allocated for 'enhancing production and gainful employment'.[496] Yet, the MCA proposal demonstrated that infrastructure and productivity were still very relevant for the government's reform agenda. It comes as no surprise that the Ghanaian government, which was refocusing the revised GPRS towards productivity issues, was thus eager to present a funding proposal to the MCA that focused on infrastructure and productivity elements. While the MDBS donors in Ghana were lamenting the lack of coordination and harmonisation between the MDBS and the MCA, the Ghanaian government was happy to use this opportunity in order to present previously neglected priorities for financial support.

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[492] Elliot Berg (1993): *Rethinking Technical Cooperation: Reforms for Capacity Building in Africa*. New York: United Nations Development Programme: Regional Bureau for Africa.

[493] The World Bank argues that, instead, emphasis should be put on promoting economic opportunities for poor people (better access to markets, expanded assets), facilitating empowerment (removing barriers that exclude women, ethnic and racial groups, and the socially disadvantaged), and enhancing security (by providing mechanisms to reduce the sources of vulnerability that poor people face). World Bank (2001): *World Development Report 2000/2001 - Attacking Poverty: Opportunity, Empowerment, and Security*. New York: Oxford University Press.

[494] Interview with a donor representative, No. 28, Accra, 16 July 2004.

[495] This is not an absolute argument. There is no either-or decision to make between production and social services. However, when it comes to prioritising, human resource development and social services feature higher than production issues in current donor thought.

[496] Government of Ghana (2003): "Ghana Poverty Reduction Strategy 2003-2005: An Agenda for Growth and Prosperity", Volume 1: Analysis and Policy Statement, Accra: National Development Planning Commission. 14.

5.2 Development Planning and Budget Support in Bolivia

In Bolivia, the picture looks quite different from Ghana. Indeed, in 2005 the majority of general budget support initiatives had been established in Africa.[497] This is curious since middle income country governments are commonly believed to be more efficient and accountable than heavily indebted poor country governments. When asked why budget support was so popular in poor countries, one donor representative in Ghana suspected that it was because of the pressure to spend:

> It is pretty difficult to get your money through all the normal procedures that we already have. If, in addition you have a host bureaucracy that is also not too efficient then really you cannot get your money moving. And we cannot tell that to politicians and politicians cannot tell that to tax payers, so I think that there is this kind of political imperative to see that we are spending money.[498]

This would imply that budget support actually went to governments that were less able to channel money than others. However, since multi-donor budget support initiatives are a relatively recent phenomenon, systematic research as to how multi-donor budget support recipients are selected is lacking. Nonetheless, statements like the above probably address a key aspect of donor-recipient relationships: willingness to disburse funds on the side of the donors is often confronted with a large and inefficient bureaucracy that is unable to disperse funds quickly. Multi-donor budget support is an easy way for donors to disburse funds quickly without having to deal with the allocation to key target groups. In Bolivia in turn, the polity is complex enough to allow for alternative funding arrangements – like basket support to the national ombudsman or the Mechanism of Social Control of the national dialogue.

5.2.1 Evaluating Development Planning

Just like with the Ghanaian PRSP, international donors attached subsequent funding to the implementation and revision of the Bolivian Poverty Reduction Strategy (EBRP). In Bolivia however, the review of the EBRP and the control of its implementation was also enshrined

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[497] A recent DFID study lists twenty countries where budget support has been granted, of which eleven were in Africa: Ethiopia, Ghana, Kenya, Malawi, Mozambique, Ghana, Rwanda, Sierra Leone, St. Helena, and Zambia. The other countries examined by the study were Afghanistan, East Timor, India, Pakistan, Vietnam, Macedonia, Serbia, Montserrat and Bolivia. Bolivia is listed because the study used Statistics on International Development data for programme aid that also included some sector support and balance of payment support that were not strictly budget support. Department for International Development (2004): "Poverty Reduction Budget Support: A DFID Policy Paper", May, London: DFID. 6.

[498] Interview with a donor representative, No. 136, Accra, 26 August 2004.

in the Law of the National Dialogue that emerged from the National Dialogue 2000.[499] The Law was passed through congress as a result of pressures from civil society organisations – following the closing of the dialogue. The objective of this act was to bind government to its conclusions and to formalise the main agreements of the dialogue:

- to designate the municipal governments as the main mechanism to distribute and administer the Heavily Indebted Poor Country (HIPC) initiative's resources and to channel more resources to the poorest municipalities,

- to create a National Mechanism of Social Control to open up space for civil society in the follow-up of the PRSP, and

- to institutionalise the National Dialogue on a three-year basis as a mechanism to discuss and review the progress of the Bolivian poverty reduction strategy in a participatory way.[500]

For many Bolivians, the law was the actual achievement of the National Dialogue 2000, not the EBRP. Several people interviewed felt that there was ownership of the Law of the National Dialogue, with its transfer of HIPC resources, but not of the PRSP:

> There is ownership of the Law of the Dialogue, of the distribution of resources to the municipalities. […] Yet there is no ownership of formulation of the PRSP, nor in the monitoring of the PRSP. HIPC is one thing and the PRSP is another.[501]

The Mechanism of Social Control that was established by the law produced independent monitoring reports of the EBRP and contributed towards its review process.[502] This arrangement added a civil society component to the Bolivian PRSP review process that was lacking in Ghana. As a result, the performance assessment and the revision of the EBRP were much more widely observed and critiqued than in Ghana.

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[499] The outcome of the National Dialogue is summarised in Secretaría Técnica del Diálogo (2001): "Lucha contra la pobreza: Entre la deliberación y el tinku", Memoria del Diálogo 2000, La Paz: Proyecto Diálogo Nacional.

[500] Compare República de Bolivia (2001): "Ley del Diálogo Nacional 2000", Ley 2235 de 31 julio, Gaceta Oficial de Bolivia, La Paz: Dirección Nacional de Comunicación Social.

[501] Interview with a government representative, No. 18, La Paz, 27 February 2004.

[502] CEDLA, CEPAS Caritas and Mecanismo Nacional de Control Social (2003): "A un Año de Implementación de la Estrategia Boliviana de Reducción de Pobreza", Memoria del Seminario, La Paz: Centro de Estudios para el Desarrollo Laboral y Agrario; Mecanismo Nacional de Control Social, Comité de Defensa de los Derechos del Consumidor en Bolivia, et al. (2003): "Estudio de casos: Seguimiento a la Estrategia Boliviana de Reducción de la Pobreza (EBRP), a la iniciativa HIPC y su impacto en el sector salud", La Paz: AIS - CODECO - IBFAN Bolivia. The government's monitoring report has been produced by the Ministry of Hiome Affairs and the Ministry of Sustainable Development, see Consejo Interinstitucional de Seguimiento y Evaluación de la Estrategia Boliviana de Redución de Pobreza - Gobierno de Bolivia (2002): "Primer Reporte de Seguimiento de la Estrategia Boliviana de Reducción de la Pobreza", La Paz: Ministerio de Hacienda, Ministerio de Desarrollo Sostenible y Planificación.

5.2.1.1   Performance Assessment of the EBRP

Just like in Ghana, the PRSP provided the basis for continued funding to Bolivia. The IMF and the World Bank assessed its performance by means of a yes-no evaluation:

> There is a locally done PRSP, together with national comments that contain feedback for the discussion of the PRSP. Once the Fund and the Bank approve the PRPS, we jointly do what is called a joint staff assessment, which more or less evaluates the PRSP and says "this seems good, this has substance, here we can make progress."[503]

Like in most recipient countries, this recommendation serves as a guide for most bilateral organisations, which usually orient their funding accordingly. Several Bolivian government representatives remained sceptical about this simplified performance assessment:

> I have the impression that it is a very 'Washington' vision, to have "a place where we can put our money". [504]

Just like in Ghana, the PRSC and the PRGF are incentives for the Bolivian government not to abandon the EBRP process since funds would be lacking otherwise. However, the IMF agreed to do a stand-by agreement prior to the EBRP review, recognising that the political crises had further delayed the review process in 2003.[505]

The donors' performance assessment was generally hindered by the fact that they placed more emphasis on the mere elaboration than on the actual implementability of the EBRP. The Bolivian government, civil society organisations and academics criticised this fact:

> The international cooperation obviously plays an important role. […] I believe that their interest was to see the document concluded, the EBRP as such but not the implementation process.[506]

An important result of the donors' engagement in the EBRP formulation was that many of the donors' own priorities entered the EBRP, even when these had not been emphasised by the government or the dialogue process. Neither the government, nor the National Dialogue nor the donors saw the necessity to deliberate on what priorities should come first if resources were scarce. Instead, all stakeholders added their agenda to the EBRP 'wish list':

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[503] Interview with a donor representative, No. 122, La Paz, 8 April 2004.
[504] Interview with a government representative, No. 45, La Paz, 27 January 2004.
[505] See International Monetary Fund (2003): "Bolivia: Request for Stand-By Arrangement - Staff Report; Staff Statement; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Bolivia", IMF Country Report No. 03/179, June, Washington, DC: IMF.
[506] Interview with a government representative, No. 79, La Paz, 29 March 2004.

> If one wants to have many priorities, he ends up having few priorities, in the sense that he is not prioritising well.[507]

This lack of priorities made it hard to implement the strategy, particularly against the background of scarce resources, an emerging economic decline and increasing social unrest. Several studies concluded that the original EBRP will be difficult to implement without significant adaptations.[508] In that sense, the Bolivian PRSP performance assessment experience was very similar to the one in Ghana. What was different was constant critique that the EBRP process received from the participants of the national dialogue and from the Mechanism of Social Control. While civil servants dealing with the evaluation of the GPRS in Ghana were generally happy with the process, Bolivian civil servants viewed the EBRP process much more critically, not least because of all the criticism they had received by civil society organisation for the limitations of the process.

5.2.1.2   Review of the EBRP

Civil societies' demand for revision of the EBRP fitted in neatly with the international requirements of the PRSP process, which called for a revision of the original PRSP after three years. Yet, social unrest in February and October 2003 meant that the third national dialogue did not start in 2003 as foreseen. In October 2003, the Bolivian government took a preliminary revised EBRP to the Consultative Group meeting in Paris.

> Last year, a PRSP was presented to the Consultative Group in Paris but it was said that the PRSP didn't have any consultative links with the people, like at the beginning of the PRSP processes. And now we are in the development process of this new dialogue, let's hope this time to implement the past experience, attempt to input the dialogue into the formulation of the PRSP.[509]

Shortly thereafter, the third dialogue was initiated in September 2003. However, many voices in government continued to question whether a PRPS was the right approach towards development planning for Bolivia:

> We are discussing not to do a EBRP anymore but to simply do what the constitution requires, a socio-economic plan, the PGD, which is done by the

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[507] Interview with a donor representative, No. 122, La Paz, 8 April 2004.

[508] Aside from the EBRP studies mentioned before, Spranger and Wolff highlight an important link between the Bolivian PRSP process and increasing political instability. Hans-Joachim Spranger and Jonas Wolff (2003): "Poverty Reduction through Democratisation? PRSP: Challenges of a New Development Assistance Strategy", PRIF Reports No. 66, Frankfurt: Peace Research Institute Frankfurt.

[509] Interview with a government representative, No. 18, La Paz, 27 February 2004.

planning ministry. And the planning ministry exists from the bottom up through the municipalities and top-down through the strategy proposals.[510]

Despite these doubts, the government eventually backed the PRSP process and continued to organise the National Dialogue 2003/04.

As an innovation, a National Directorate was formed between civil society organisations and government in order to secure a more inclusive and participatory preparation of the process at the national level. Furthermore, the National Dialogue 2003/04 greatly enlarged the scope of participation – instead of about 15 000 participants like in 2000, about 60 000 people participated in the roundtables. Contentwise, a shift emerged away from the pro-poor focus that had defined the first EBRP:

> If one looks at the previous poverty reduction strategy [...] whatever one does is pro-poor. So 90 percent of the Bolivian public budget are within this pro-poor focus.[511]

The poverty label did not appeal to 'the poor' as much as international donors had assumed. One government representative explained:

> If you listen to the small-scale producers or the indigenous original farmers organisations from the North of Potosí, they will tell you: "We are not poor, we are producers!"[512]

Instead of poverty reduction, the preliminary discussions within the directorate, a pre-dialogue and the subsequent roundtables stressed an emphasis on productivity issues.[513]

> The civil society organisations today don't like the EBRP "because the EBRP is from Washington. It's from Tuto Quiroga. We don't want it. It doesn't interest us. We want to do something called productive strategies." This is the new proposal by civil society.[514]

This shift in discourse is curiously similar to the one that occurred in Ghana, despite the different circumstances. Both countries matured from the initial PRPS document that was formulated under the HIPC initiative, with the primary aim of securing as much debt relief as possible. Even though subsequent funding was still dependent on the continuity of the PRSP process, both the Bolivian and the Ghanaian government had become more

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[510] Interview with a government representative, No. 45, La Paz, 27 January 2004.
[511] Interview with a donor representative, No. 122, La Paz, 8 April 2004.
[512] Interview with a government representative, No. 27, La Paz, 12 March 2004. The North of Potosí is one of the poorest regions in Bolivia.
[513] For the results, see Secretaría Técnica del Diálogo Nacional Bolivia Productiva (2004): "Compromiso Nacional por una Bolivia Productiva", La Paz.
[514] Interview with a government representative, No. 45, La Paz, 27 January 2004.

confident in defining their agenda independently from external expectations. In Bolivia, this change of emphasis was moreover a response to a broad-based call for a productivity focus.

5.2.2   Budget Support In Bolivia

In Bolivia, general budget support had been discussed since 2004.[515] As discussed in chapter three, the Vice-Ministry of Public Investment and External Financing had established a round table between the donors and government to discuss matters of harmonisation. The participants of this round table established a task team to design a national action plan on harmonisation and alignment.[516] Yet until 2005 donors have not started budget support, primarily because of the political instability in Bolivia. Nonetheless, different forms of basket funding initiatives continued to exist, where several donors pooled their resources to fund one particular sector or initiative.

5.2.2.1   Contemplating Multi-Donor Budget Support

Similarly to Ghana, the discussion around starting a multi-donor budget support initiative in Bolivia centred around establishing a conditionality framework that could address public sector reform:

> There are many budget support initiatives. […] I believe what has to be done here is to give budgetary support but as part of a process to improve the transparency of public administration, and to start with the EBRP having some priorities that are reflected in the future budget. That's the idea.[517]

Clearly, this idea was favoured by donors rather than government who worried about delivering to the donors' expectations:

> In reality, it is a process where some donors are united around an idea. I believe that it's a good idea but the government is under a lot of pressure because they are like the accountant. […] What initiative are they going to take for the implementation, distribution, controlling and auditing of the budget so that it improves? […] Also, we cannot give budget support if it's not part of a wider framework.[518]

The existing budget support flows were not coordinated under a comprehensive, wider framework. Until 2005, the Bolivian government had a multi-annual framework in place to

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[515] International Monetary Fund (2005): "Bolivia: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding", March 24, Washington, DC: IMF.

[516] Organisation for Economic Cooperation and Development (2005): "Survey on Harmonisation and Alignment", Paris: OECD.

[517] Interview with a donor representative, No. 88, La Paz, 6 April 2004.

[518] Interview with a donor representative, No. 88, La Paz, 6 April 2004.

coordinate budget support, which was primarily used as a short-term fiscal gap-filling measure.[519] This meant that monies where not provided on a continuous basis, nor were they earmarked:

> What needs to be done is that donor projects become more flexible. The need to harmonise, the donors need to realign their cooperation. If you asked them, they'd tell you "yes, we are all aligned" […] but aligned on what? 25 percent, almost 30 percent of all budgetary projects are earmarked for administration, institutional strengthening.[520]

The reason for this lack of coordination was certainly the political instability that characterised Bolivian politics since 2003.

In 2004, several donors established a memorandum of understanding agreeing to a common framework for multi-annual budget support. In 2005, this mechanism was yet to be established. A framework similar to the MDBS in Ghana would require a relatively good predictability of public administration. Since frequent political changes in Bolivia usually entailed a turn-over in bureaucratic personnel, such predictability was unlikely, at least until after a new election. Another reason for scepticism among donors was that donors perceived politicians as too patronage-oriented for effective disbursements of funds. They were worried that politicians might spend the money to service their patronage networks:

> What the politicians are interested in is that they are getting a bridge financed in the area where they live. […] There is too much discretion and a great lack of control and auditing.[521]

In essence, there was a lack of trust between donors and government. The donors did not perceive the budget process as transparent enough to entrust all their funds to it. Even though the government was arguing for a transparent budget process, several donor representatives remained sceptical:

> Yes, I believe it is a problem that there is not transparency in the budget in the sense that… I don't believe that the politicians understand the budget.[522]

Peculiarly, this was also the case in Ghana. What was different was that in Ghana spending alternatives were rare, whereas the political landscape of Bolivia offered a multitude of recipients. Donors who preferred to support civil society instead of government could

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[519] For example, when political crisis severely worsened the economic crisis in October 2003, several donors provided emergency budgetary support to help reduce the deficit. Organisation for Economic Cooperation and Development (2005): "Survey on Harmonisation and Alignment", Paris: OECD.
[520] Interview with a government representative, No. 112, La Paz, 30 April 2004.
[521] Interview with a donor representative, No. 88, La Paz, 6 April 2004.
[522] Interview with a donor representative, No. 88, La Paz, 6 April 2004.

choose among a variety of traditional social movements and newly emerging non-governmental organisations (NGOs). This choice did not exist in Ghana. Even within the state, there were autonomous agencies like the Office of the Ombudsman or the Mechanism of Social Control to support. Basket funding initiatives in Bolivia focused on these organisation and programmes.

5.2.2.2   Joint Funding Initiatives

In 2003/04, the three major joint funding initiatives in Bolivia were for decentralisation, the Office of the Ombudsman and most recently the National Dialogue 2003/04.[523] All of these initiatives had been established fairly recently, so donors were reluctant to judge their performance:

> It's still unclear. There is not much to say. In the Institutional Reform Program, there was one for the Office of the Ombudsman, one for decentralisation policies. I think that this is the most interesting of it all.[524]

While the basket fund for decentralisation was established through the World Bank initiated Institutional Reform Programme, the basket for the Office of the Ombudsman was an independent initiative by several bilateral donors in 1996. This newly established office has an interesting status within the Bolivian state:

> The Office of the Ombudsman is not outside of the budget like the Mechanism of Social Control. Both are structurally independent, of the government, of the legislative and judicative, but the Ombudsman is nevertheless part of the budget.[525]

The Mechanism of Social Control, which was established by the Law of the National Dialogue in 2000, received funding through the basket for the National Dialogue 2003/04, along with the Technical Secretariat of the National Dialogue and the other organisations that participate in the Directorate. Yet, its status was less favourable than that of the Ombudsman, particularly because of the lack of budgetary funding.

When asked whether basket funding was working, one responded said that the donors had much to learn in terms of granting ownership. With respect to a recent initiative by one ministry, he commented:

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[523] Interview with a government representative, No. 27. La Paz, 12 March 2004. Donors were also discussed a basket fund in support of the Coordination Unit for the Constituent Assembly, when the government established it in 2004.
[524] Interview with a donor representative, No. 88, La Paz, 6 April 2004.
[525] Interview with a donor representative, No. 17, La Paz, 22 April 2004.

> They are saying, "we want basket funding and we have already defined the priorities for the donors." That's much more interesting. This is what we would like to trigger. […] What we need now is to confront ourselves step by step. It's not because the donors are bad. It's because they too have national bases and they have to respond to them.[526]

Just as much as they have to respond to national bases, donors have to respond to internal requirements and mechanisms. This might get in the way of consultation or cooperation. Many of the problems of joint funding agreements related to difficulties between different actors on the donor side. A donor representative cited one example:

> There is a large basket for decentralisation […] And the World Bank, in the style of lord of the manor, has partially disregarded the bilateral donors. They decided that the benchmarks have been reached without even consulting the others. The World Bank always talks about Comprehensive Development Framework as long as it so pleases and in the decisive moments decides on its own. Many are upset by this.[527]

It comes as no surprise that joint funding mechanisms – be they budgetary support or specific basket funds – are often initiated by bilateral rather than multilateral donors. Bilateral donors usually have less resources and more influence to gain from increased harmonisation, while the added benefit for large multilateral donors is marginal.

5.3   Conclusion of Chapter Five

Multi-donor budget support mechanisms are currently the predominant tool in development cooperation to achieve greater government ownership. They are heralded for granting greater autonomy to the recipient government and for increasing its discretion to spend the public budget. Here, 'government' ownership is understood in the narrow sense, where appropriation by society at large is not a necessary condition. To this end, budget support mechanisms certainly achieve this goal. What is questionable is whether they can be used as a mechanism to influence governments' development planning to reflect donors' priority areas, like public sector reform. The MDBS in Ghana was closely tied to a public sector reform agenda that was hoped to increase the transparency and accountability of the Ghanaian government expenditure. It remains to be seen whether it can actually achieve this goal.

The examples of the Ghanaian and the Bolivian PRSP process show very clearly that both GPRS and EBRP were primarily formulated with a view of pleasing the donors in order

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[526] Interview with a donor representative, No. 88, La Paz, 6 April 2004.
[527] Interview with a donor representative, No. 34, La Paz, 4 February 2004.

to be eligible for debt relief under HIPC II. This is true even in the Bolivian case where an extensive national dialogue was organised prior to the EBRP formulation, which could have defined the agenda for Bolivia's poverty reduction strategy. Despite these efforts, the EBRP team was very careful to primarily respond to the donors wishes and demands, not to the recommendations of the dialogue. The origin of financial flows weighted more than the input provided by participatory processes or even than the government's own development. It is questionable whether the original poverty reduction strategies accurately reflect the governments' development priorities. Yet, both country cases display an interesting shift away from social sector spending towards productivity issues during the PRSP review process. This happened without a similar shift of focus within donor thinking. In Bolivia, this paradigm even stemmed from the national dialogue deliberations with civil society. The shift indicates a lack of government ownership of the original strategy, where social sector issues were prioritised in order to receive debt relief, without necessarily being a government priority as such. While the review of the PRSP was still important for continued funding, it attracted considerably less funds than the original PRSP. This opened up the space for the governments to enshrine their own agenda.

In addition, contrasting the MDBS with the MCA shows the façade of formally declared strategies, reforms and procedures of the original PRSP for the case of Ghana. Although most donors are aware of gaps between declared and actual priorities, they seemed to not realise the consequences of such a situation. If formal arrangements are partly a façade, change cannot be easily achieved by reforming them, which was what the MDBS disbursement triggers attempted to do. That is why donor-supported reform attempts of the public administration and the civil service are doomed to failure, so long as they do not take actual patterns of everyday politics into account. The whole renewed focus on political institutions to foster economic development is likely to fail if only formal institutions are considered in practice. Yet, it is likely that a focus on informal political processes would reveal that they are too strongly rooted in society to be easily influenced or changed by external donors. Their complexity is probably the reason why donors shy away from analysing the issues at hand at a more profound level.

On a different note, the MDBS in Ghana has certainly contributed to increased donor harmonisation, as have budget funding mechanisms in Bolivia. The intention to harmonise donor intervention at the country level was particularly beneficial when it came to administrative structures and financial management. However, up until 2005, attempts of donor harmonisation had only simplified the agenda, not the procedures. It was certainly

much easier to agree on a harmonised agenda between Western development partners, who have relatively similar values and base their development cooperation on a common foundation of academic writing. On the other hand, accounting structures have not been harmonised. Until 2005, only small improvements had been made in terms of reporting, monitoring and evaluation mechanisms. The joint reporting on the MDBS triggers is a good starting point. Yet, it is telling that the MDBS development partners continue to operate according to different fiscal years, depending on the financial system of their home country. If donors were to take harmonisation seriously, they would orient their accounting procedures according to the regulations of the recipient government. Similarly, the fact that multi-donor budget support recipients are not selected on the basis of their efficient bureaucracy but rather according to donors' pressure to spend reveals that increasing harmonisation and ownership are only secondary concerns of multi-donor budget support initiatives.

It should not be forgotten why harmonisation ostensibly appeared on the development agenda: to free scarce human resources within the recipient government from administering donor programmes. To do that, donors need to tackle harmonisation of procedures as their primary goal. Yet, this is something very difficult to achieve for agencies that represent sovereign states and independent international organisations, where competition exists between different development partners about degrees of influence. In reaction to these obstacles, donor agencies preferred to turn towards harmonisation of agendas, which was much easier to do among like-minded Western donors. Yet, a harmonised agenda does not contribute to greater recipient ownership, on the contrary. Harmonising agendas reduces the plurality of opinions and leaves the recipient with no choice to pick the most suitable development partner. The result is an externally defined agenda and, consequentially, reduced government ownership. It is ironic that development partners who reform political institutions to make them more democratic have yet to realise that any system benefits from a plurality of opinions about how to solve the problems at hand. In a scenario where donors' agendas compete with each other – like opinions do in any plural system – Ghana has the advantage of playing to the highest bidder willing to support reform programmes that are genuinely owned by the government.

PART III

PROMOTION OF CIVIL SOCIETY PARTICIPATION

CHAPTER 6 – STATE-SOCIETY RELATIONSHIPS IN A REPRESENTATIVE DEMOCRACY

Part two of this thesis has shown that government ownership of multi-donor funded programmes depends on the degree to which donors address the interplay between political realities and wishful thinking of how institutions should be. In part three, I want to discuss in how far formalised agendas and informal political processes of state-society interaction affect the fourth dimension of ownership – the degree to which government made efforts towards consensus-building among various societal constituencies. To do so, this chapter establishes an overview of state-society relationships in Bolivia and Ghana. I pick up the political sociology perspective developed in chapter two to discuss how the political realm in both countries is a result of the way in which society interacts at the state level.

Bolivia is often cited for its exemplary and innovative forms of civil society participation in national policy-making.[528] In 1994, the government of Gonzalo Sánchez de Lozada passed the Law of Popular Participation, heralded by international practitioners and academics alike. Together with the Law of Administrative Decentralisation passed in 1995, the law established a decentralised system of policy-making at the municipal level. Many scholars of civil society participation mechanisms have attempted to evaluate these reforms.[529] In addition, the succeeding government – with Bolivia's ex-dictator General Hugo Banzer as president – established the first National Dialogue in 1997 to consult with civil society representatives on national policy-making. Initially, this might have simply been an attempt to legitimise Banzer's government as genuinely democratic. Yet, it became one of the most well known examples of civil society consultation at the national level, further strengthening Bolivia's image as a participatory democracy. This first national dialogue was later used as a model to devise civil society participation mechanisms required for the poverty reduction strategy paper (PRSP). In 2000, Law of the National Dialogue institutionalised

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[528] For an overview of the literature on local participation, see Günther Schönleitner (2004): *Deliberative Health Councils and Local Democracy in Brazil: Politics, Civicness, and Institutions.* PhD Thesis, Development Studies Institute, London: London School of Economics and Political Science.

[529] For an overview, see John Crabtree and Laurence Whitehead (eds.) (2001): *Towards Democratic Viability: The Bolivian Experience.* Basingstoke: Palgrave; Friedrich-Ebert-Stiftung - Instituto Latinoamericano de Investigaciones Sociales (2003): *La descentralización que se viene: Propuestas para la (re)constitución del nivel estatal intermedio.* La Paz: Plural; James Blackburn (2000): *Popular Participation in Prebendal Societies: A Case Study of Participatory Municipal Planning in Sucre, Bolivia.* DPhil Thesis, Institute of Development Studies, Brighton: University of Sussex.

national dialogues as national policy consultation processes on a regular basis.[530] Nonetheless, social protest was on the rise in Bolivia, with different social groups claiming that they were excluded from political decision-making. To understand the extent to which exclusion took place in Bolivia, it is necessary to discuss how civil society and civil society participation were perceived and valued by different parts of society and government. It is also worth looking at different channels of inclusion and participation, formal as well as informal ones.

In Ghana, the picture looks quite different. The only forms of direct participation were consultative processes to pass the PRSP requirements. Unlike Bolivia, Ghana did not have much experience with participatory processes, but it also did not have a history of social protest. Social divisions along economic and class cleavages were less marked in Ghana than in Bolivia. In chapter four of this thesis, I discussed Ghana's neo-patrimonial state as an important factor in Ghanaian politics. The patronage networks that underpin political leverage of Ghana's top leadership are multi-facetted and reach deep into different parts of society. They cut across ethnic or social divisions and create less of a sense of social exclusion then do 'prebendal' clientelistic networks in Bolivia, which rely more on direct favours than collective identities. Hence, state-society relationships in Ghana appear to be different than in Bolivia, even though both countries are representative democracies and both entertain similar types of cooperation programmes that include civil society participation elements. Comparing the two cases provides an interesting context in which to evaluate donors' attempts to promote civil society participation in national policy-making.

This chapter is divided into two sections. In the first section, I investigate the 'role model' case of Bolivia. In the second section, I explore state-society relationships in Ghana for comparative purposes. Within each section, I first discuss how perceptions on the role of civil society differ between the government and civil society organisations. In a second step, I discuss informal channels of societal participation in the national policy-making processes. I analyse what informal channels exist for different societal groups to influence policy-making, paying particular attention to collective action, participation in community affairs, and different forms of social protest. In a third step, I present formal consultative processes that have been established in Bolivia and Ghana in order to directly consult with civil society on national policy-making. I conclude that there are distinct differences in the way the concept of civil society is understood. These diverging perceptions on what constitutes civil society and civil society participation can have decisive effects on policy-making at the national level, to the point of destabilising representative democratic institutions. Donors' attempts to foster

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[530] For a discussion of the national dialogues, see Vladimir Ameller Terrazas (2002): *Diálogo para la descentralización: Provocaciones, avances y desengaños.* La Paz: Plural.

civil society participation in national policy-making that employs an normative civil society concept instead of building on existing forms of state-society interaction further contributes to this destabilisation.

6.1 State-Society Relationships in Bolivia

In the Bolivian context, the definition of what organisations constitute civil society is of particular importance. Bolivia's history has long been characterised by the conflicting powers of the militarily ruled state and the union-led social movements. Indeed, traditional concepts of a state as having successfully monopolised power are not very apt to explain the Bolivian state.[531] Rather, Bolivian sociologists speak of *poder dual* – dual rule or dual power. The Bolivian sociologist Zavaleta Mercado has coined this term to describe the co-existence of political and social organisation.[532] He particularly refers to the union-led social movements that continue to challenge state domination in Bolivia, as I have shown in chapter four. An interviewee confirmed the applicability of the concept:

> This idea [of dual rule] seems very important to me to define state and society in Bolivia because it is not like we are consolidating towards something. We are very consolidated in something that is dual rule. It's very strong, it's a very large bequest.[533]

The term denotes the fact that the state in Bolivia is weak and its domination is continuously challenged by social movements – before and after democratisation. In such a situation, are the social movements not part of Bolivian civil society? Perception as to who constitutes society or civil society differ very much between different actors in Bolivia. Even beyond academic perspectives, government and societal organisations have diverging definitions of civil society and of participation. These understandings can even be conflicting and are partly at odds with each other.

6.1.1 Perceptions of Civil Society in Bolivia

To evaluate government's perception of civil society, I rely on public statements and policy papers. Yet, although popular participation was a prominent feature of government's approach towards inclusion, it is not very clear what Bolivian governments have understood

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[531] The theory of state domination and the monopoly of power goes back to Max Weber, see Max Weber (1922): *Wirtschaft und Gesellschaft*. Grundriß der Sozialökonomik, Abteilung III, Tübingen: J. C. B. Mohr (Paul Siebeck).

[532] René Zavaleta Mercado (1974): *El Poder Dual*. Cochabamba: Los Amigos del Libro.

[533] Interview with a government representative, No. 45, La Paz, 27 January 2004.

by civil society. State-society relations have definitely had a long tradition in Bolivia, but one could argue that government began to use the term 'civil society' only when it became a priority on the international donor agenda.[534] Even though business associations have been existing in Bolivia since the beginning of this century, labour movements and church organisations are more commonly referred to when discussing Bolivia's societal organisations. Bolivian state-society relationships have a vibrant history, marked by deep social inequality. Because of these divisions, governments have usually formed alliances with strong social movements, such as the mining labour movement after the National Revolution in 1952. Nonetheless, the division between the ruling elite and the rest of the population has been sharp and noticeable until today. Neglecting Bolivia's history makes it impossible to understand the particular relationship between state and society.

6.1.1.1 Government's Perceptions

The unions and social movements of the nineteenth century evolved from an antagonistic opposition against the militarily ruled state. Because of their struggle against dictatorship governments have tended to equate their conception of society with all groups in opposition to the government.[535] Union movements stood out among Bolivia's social movements, led by the traditionally influential miners. Both systems of power continued to exist side by side in Bolivia: state power dominated by the European-descended upper class on the one hand, and union and *ayllu* community power organised by the largely indigenous rural population on the other. In many rural areas, everyday life is still governed by traditional forms of administration that is independently of the Bolivian state, as one interviewee remarked:

> [Especially before popular participation] the government was somehow not existing in people's heads. You could come to relatively large villages, 1000 inhabitants, where only three men spoke Spanish. They have their own indigenous Quechua or Aymará traditions of administration.[536]

The concept of dual power has been reformulated by others as the division between the *país legal* and *país real*.[537] In other words, the political system enshrined in the constitution does not adequately reflect the power relations that determine policy-making on an everyday basis.

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[534] Even though Bolivia's flagship reform in 1994 was called popular participation, not civil society participation, and the societal organisations addressed by the law are referred to as territorial grassroots organisations. Compare República de Bolivia (1994): "Ley de Participación Popular", Ley 1551 de 20 abril, Gaceta Oficial de Bolivia, La Paz: Dirección Nacional de Comunicación Social.

[535] Christian Aid (2002): "Participating in Dialogue? The Estrategia Boliviana de Reducción de Pobreza", Christian Aid Policy Briefing, January, La Paz.

[536] Interview with a donor representative, No. 34, La Paz, 4 February 2004.

[537] George Gray Molina (2001): "Exclusion, Participation and Democratic State-Building", in: Crabtree and Laurence Whitehead (eds.), *Towards Democratic Viability: The Bolivian Experience.* Oxford: Palgrave: 63-82: 63.

> I told the president that this is not a state […]. We'll have to see… he'll have to see to it that we reach 2006 without killing each other […]. He should realise that the only thing he can do is to avoid a catastrophe and that this implosion be a controlled implosion […]. This is not a racially mixed country. There are two things here, two heavy things and I don't know what they are because I was always of the opinion that there are two civilisations here: the indigenous civilisation and the Western civilisation.[538]

In 1952, the National Revolution in Bolivia resulted in a so-called *co-gobierno*, where the governing party *Movimiento Nacionalista Revolucionario* (MNR) agreed to involve worker unions into government policy-making. This history of corporatism has left its mark on Bolivia's collective memory. With respect to the current discussion around participation, one interviewee commented:

> It is important that this analysis emphasise the risks, which are that this might turn into corporatism. We all know the history that has led to these strong corporatist movements. […] In other words, they are navigating on the edge and it is really easy that this gets out of control. Really, the discussion should be what kind of country we should have, that is to say to see whether these participatory mechanisms are the one we should or shouldn't use. […] All these concepts that they use of state capture, etc, etc, they can equally be applied to civil society and the political parties.[539]

Because of this, participation in Bolivia did not necessarily lend itself to the academic understanding of a broad-based consultation process. Rather it recalled collective memories of *co-gobierno* and corporatist policy-making. One tends to forget that it was in this context, that Bolivia's democracy was re-established in 1982. However, the economic adjustment of the last few decades significantly altered the constellation of social movements and destabilised traditional strongholds.[540] For a long time, even the democratic governments continued to perceive social movements as oppositional and antagonistic, because of their history, but also because of their tendency to oppose working inside of formal government structures. Social movements are still capable of mobilising large numbers of people into forceful street protests. This was evident in October 2003, when social protests in the streets forced the incumbent president to resign.

Despite all the tensions, there were several political efforts since 1982 to improve the relationship between state and society in Bolivia. Immediately after democratisation, first attempts were the parliamentary reform and the electoral reform in 1989. They reorganised

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[538] Interview with a government representative, No. 58, La Paz, 6 April 2004.
[539] Interview with a government representative, No. 27, La Paz, 12 March 2004.
[540] John McNeish (1999): "Betwixt and Between: Globalisation and the Politics of Participation in Highland Bolivia", presented at the conference "Tradition and Reform in Bolivia", June, Institute for Latin American Studies, University of London.

the *Corte National Electoral* and the parliamentary voting system was restructured. The governments sought to distance themselves from the former dictatorships with these measures and improve democratic representation. In 1993, the Bolivian government's judicial reform programme began setting up new procedures for appointing judges. As part of the same agenda, the government created several new state organisations such as a National Judiciary Council, a Constitutional Tribunal and a Ministry of Justice. An independent Office of the Public Defender was created in 1998. Complementary key judicial reforms included a revision of the Bolivian code of criminal procedures, which was still largely inquisitorial.[541] These measures sought to improve the human rights situation in Bolivia and establish trust in the state and its justice system. Another important cabinet reorganisation included the creation of a Ministry for Indigenous Affairs in order to better respond to the large indigenous population. With regard to direct civil society participation, the Sánchez de Lozada government introduced popular participation in 1994 and administrative decentralisation in 1995. For the first time, these measures gave civil society the opportunity to participate in policy-making at the municipal level. The National Dialogue 1997 was the first genuinely government-initiated attempt to include civil society into policy-making at the national level – although this initiative might have been prompted by the necessity to increase the legitimacy of the incumbent government with the ex-dictator Banzer as president.

After Bolivia's experience with the Heavily Indebted Poor Country (HIPC) initiative and with the PRSP, the concept of civil society participation became central to government rhetoric in Bolivia, as the three dialogue processes of 1997, 2000 and 2003/04 clearly show. Yet, this was accompanied by increasing civil society fatigue and doubts about its representativeness:

> I believe that civil society is spoiled. They have really shaped the discourse and they believe they have the right to comment on everything. That's how it is. We ourselves have done this. Civil society thinks they have the right to influence. They have to be in all dialogue round tables. Whether or not they have a vision is another issue.[542]

There is a general belief in the value of dialogue with civil society but the means are increasingly questioned. When asked about the usefulness of including civil society representatives in the directorate of the National Dialogue, one interviewee responded:

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[541] In an inquisitorial system, the judge both conducts the investigation and then rules in all cases brought before the court. In addition, in Bolivia, all phases of trial were recorded only in documents whose flow and distribution was controlled by the court secretaries.

[542] Interview with a government representative, No. 41, La Paz, 4 February 2004.

> I believe that it has its positive and its negative sides, to have it established. If we are talking to the valid speakers, it is possible. If they are really representing a particular group, it can be positive. But just because they claim they are… It's also implicitly a kind of ignorance of formal representation in this body, isn't it?[543]

From this point of view, representative and participatory means of policy-making can contradict each other.

6.1.1.2   Civil Society Perceptions

Before societal restructuring by the Spanish conquest, large parts of Bolivia's indigenous society were organised in *ayllus*. An *ayllu* is a community of families that share recourses according to need.[544] With the Spanish came a new European urban upper class who largely monopolised political power as well as land rights within Bolivia. In 1952 and in 1953, the National Revolution and the Agrarian Reform partly distributed vast stretches of land to the indigenous *campesinos*. These new landowners organised themselves in unions to organise economic and social life within their rural communities. In some communities, they were organised alongside traditional *ayllus* and operated parallel to them.[545] Some argue that the *ayllus* and the workers unions provide the basis for a 'democracy of consensus' at the rural level in Bolivia, where issues are discussed until a consensus is reached to which their leaders are obliged to adhere. These traditional forms of social organisation continued to exist and effectively present a forceful counterbalance to government influence in Bolivia. They were complemented by the mining and workers' unions, which were composed of similar groupings.

However, social movements were strongly divided, both within and between groups. This division inhibited their joining forces and interests to constructively engage in dialogue, preventing them from realising their full potential power. Nevertheless, some authors argue that some progress has been made in joining forces, for example through the formation of the *Comité de Enlace* in 1999.[546] Yet, the relationship between government and societal groups was as diverse as the groups themselves. Rooted in Bolivia's history of societal opposition to

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[543] Interview with a government representative, No. 113, La Paz, 30 April 2004.

[544] A. M. Ejdesgaard-Jeppesen (2002): "Reading the Bolivian Landscape of Exclusion and Inclusion: The Law of Popular Participation", in: N. Webster and L. Pedersen (eds.), *In the Name of the Poor: Contesting Political Space for Poverty Reduction*. London: Zed Books.

[545] Julia Gabriela Toranzo Gutiérrez (2003): *Did the Bolivian Poverty Reduction Strategy Paper 1 Process Treat Participants as Citizens?*, Dissertation, M.A. Governance and Development, Brighton: University of Sussex.

[546] Christian Aid (2002): "Participating in Dialogue? The Estrategia Boliviana de Reducción de Pobreza", Christian Aid Policy Briefing, January, La Paz. The *Comité de Enlace* is an organisation composed of associations representing self-employed workers in the informal economy, many of whom had formerly been employees in the previously state-owned formal economy before they were set off by privatisation.

government policies, non-governmental organisations generally mistrusted government action as well as government representatives. The degree of this distrust varied from organisation to organisation and extended to an opposition to organisations that were perceived as close to government. The Catholic Church was traditionally perceived by other members of society as closely aligned with government. For that reason, the Church-led *Jubilee 2000* dialogue faced similar problems as the government-initiated dialogue process in overcoming the suspicion of particular organisations towards the process. In general, civil society groups continued to be sceptical of government's willingness to permit civil society participation in local and national policy formulation.

It has become customary to speak of non-governmental organisations (NGOs) as almost synonymous to civil society organisations. In Bolivia, recently founded organisations with a developmental mission are commonly referred to as NGOs. Yet, in Laurence Whitehead's words, "NGOs tend to lack the surrounding ethos, the sense of authenticity, the spirit of autonomy celebrated by theorists of civil society."[547]

> NGOs get resources. They come, do a project in a rural community, and when the project is done, they go and look for another project. But the mechanisms of accountability, of interaction, of representativeness, they haven't been employed.[548]

As the 'voice of the poor' becomes an increasingly valuable asset – certainly in terms of funding – further division within civil society has emerged between NGOs and social movements. NGOs tend to be run by highly educated, non-indigenous middle class staff or by foreigners. Social movements tend to be more broad based interest groups around a certain issue – such as mining, coca, indigenous issues – that generally represent and are run by indigenous people. Even though they largely work in rural areas, social movements attack NGOs for imposing external values and judgements on discussions of rural causes of poverty and inequality. It is estimated that about 80 percent of all NGOs registered in Bolivia are based in the three biggest cities La Paz, Cochabamba and Santa Cruz. In contrast, social movements claim to be the only genuine representatives of the people and society, arguing that NGOs lack such a societal base.

> [Social movements] totally reject NGOs and the Church. Within these organisations, there is a strong rejection of this interference.[549]

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[547] Laurence Whitehead (2002): *Democratization: Theory and Experience*. Oxford: Oxford University Press: 68.
[548] Interview with a government representative, No. 79, La Paz, 29 March 2004.
[549] Interview with a government representative, No. 27, La Paz, 12 March 2004.

In short, NGO, social movements, trade unions and political parties alike have severe fights among themselves as to who most legitimately represents Bolivian society, in opposition and critique of the government. Donor perceptions that view civil society as organised interest groups that purposefully engage with government policy in order to further developmental goals do not capture the reality of the struggle for power and influence in Bolivian society.

6.1.2   Channels of Participation

Democratic theory often presumes that democratisation can build on a high degree of homogeneity – in terms of space and in terms of ethnic and social divisions – of the state and of the country's society.[550] However, in Bolivia the state is not able to guarantee the rule of law, effective policy-making and nation-state unity.[551] Gray argues that, due to Bolivia's cultural and territorial diversity, the Bolivian state can be visualised as enforcing its legal and bureaucratic presence in 'pockets' that often privilege the urban and the well-off over the rural and the poor.[552] This means that the formal channels of representative democracy tend to privilege the urban middle and upper classes, while marginalising large parts of the rural population. Although everyone was technically able to vote since democratisation in 1982, the right to be elected at the national level continued to be exercised by only a few, who had the means and the networks to run campaigns. In 2005, this changed for the first time with the election of the populist *cocalero* leader Evo Morales to the presidency. His election with a majority vote followed the collapse of Carlos Mesa's and Sánchez de Lozada's governments that were unable to appease heated political protest by large parts of the population. Indeed, until 2005 formal channels of participation had provided little means of improving dialogue between the Bolivian governments and large parts of society.

6.1.2.1   Formal Channels

Although Bolivia has had constitutional governments for over 250 years, it has only experienced brief periods of democratic governance prior to its democratic transition in 1985.[553] Under the constitution of 1967 executive power resides in a president, elected by popular vote, who serves a five year term and is not eligible for immediate re-election.

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[550] Guillermo O'Donnell (1993): "On the State, Democratization and Some Conceptual Problems: A Latin American View with Glances at Some Post-Communist Countries", in: *World Development*, 21 (8): 1355-1370.

[551] The picture is similar in other Latin American countries. Compare R. Andrew Nickson (1995): *Local Government in Latin America*. London: Lienne Rienner.

[552] George Gray Molina (2001): "Exclusion, Participation and Democratic State-Building", in: Crabtree and Laurence Whitehead (eds.), *Towards Democratic Viability: The Bolivian Experience*. Oxford: Palgrave: 63-82.

[553] John Crabtree and Laurence Whitehead (eds.) (2001): *Towards Democratic Viability: The Bolivian Experience*. Basingstoke: Palgrave.

Congress consists of two chambers: the Congress and the Senate, made up of three elected from each of nine *departamentos*. Members of both houses are elected for four years. The President has the power to appoint members of the cabinet, diplomatic representatives, archbishops and bishops from a panel proposed by the Senate. In 2004, the President still had the power to appoint *prefectos* in each of the nine departments who then hold supreme administrative, political and military authority in their respective regions.[554] In contrast, the mayor of each municipality, the *alcalde*, was elected by popular vote. With the Law of Popular Participation passed in 1994, the *alcaldía* was complemented by a *comité de vigilancia* – anoversight committee composed of grassroots organisations that provides a checks and balance function to the workings of the municipal government.

6.1.2.2   Informal Channels

An analysis of Bolivian politics thus requires a closer look at informal channels of political participation, especially because they have had such a decisive impact on political change after 2000. In the following subsections, I discuss these informal channels of political participation according to the channels that private actors use to influence policy-making. These channels differ with respect to the degree to which they are integrated into the political system. Lobbyists work quite often in close direct contact with government officials and sometimes even maintain institutionalised positions through political consultation. Protest movements, in turn, have little direct contact and try to influence political issues by means of public opinion or through a general threat of falling voter support. Both of these forms, which have been called insider and outsider lobbying, evolve in response to the political institutions that they try to address.[555] In addition, primordial social institutions exist in Bolivia and have become more integrated into the political system through Popular Participation, even though they existed outside and before its creation.

6.1.2.2.1   Insider Lobbying: Interest Groups

Academic writing on interest group relationships with the state in Bolivia has usually highlighted two areas: the union movement and the peasant and agrarian *campesino* associations. As I have argued in chapter four, both managed to form strategic alliances with governmental institutions and influence policy-making through *pactos* and so-called *co-gobierno* after the National Revolution in 1952. The alliances between the MNR and the *Central Obrera*

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[554] In fact, departmental elections were hotly debated in Bolivia in 2005. For the district of Santa Cruz, departmental elections are stepping stones towards increased autonomy from the national state, while critics argue that it is a way of avoiding a reallocation of power and territory to be debated by the upcoming constituent assembly.

[555] Ken Kollman (1998): *Outside Lobbying: Public Opinion and Interest Group Strategies*. Princeton: Princeton University Press.

Boliviana (COB) as well as between Banzer's military dictatorship and the *campesino* movements were the most prominent examples of insider lobbying in Bolivia. However, one important area of interest group associations remains under-researched: the influence of private entrepreneurial associations on the Bolivian state. There are close links and overlaps between the Confederation of Private Entrepreneurs of Bolivia – the *Confederación de Epresarios Privados de Bolivia* – and the MNR governments of Sánchez de Lozada. The confederation was founded in 1962 and has since then had a broader base of members than the traditional landowner or mine owner associations. While the latter have always maintained close links with the political elite on an inter-personal basis, the confederation has always expressed its desire for institutional mediation between the state and the confederation. It can be argued that the neo-liberal turn of governmental politics in the 1980s and 1990s was largely due to these linkages – together with external pressures from international development agencies.[556]

In sum, different governments have forged alliances with different parts of society. While the corporatist governments of the 1960s and 1970s relayed more on organised groupings, economic interest groups' association with liberal democratic governments was largely based on inter-personal ties of the ruling elite. By means of these alliances, interest groups were able to influence policy-making according to their interests and preferences, while different governments managed to co-opt political opposition in order to secure political stability or to gain access to economic resources.

6.1.2.2.2 *In the Middle: Institutions of Primordial Collective Action*

In the Bolivian highlands, the traditional Aymará communities are organised in so-called *ayllus*. *Ayllus* are not defined by territory, but by belonging. Because of this, it has been hard to integrate the *ayllus* into the Bolivian state, because the communities cannot be easily equated or subsumed under a territorially bound municipality:

> How to you make the Pocuata community feel that it is part of the Pocuata municipality? Today, a person from the Pocuata community doesn't think that the mayor is representative [...]. And how do you make this reality – which is very democratic, in a different logic of democracy – how do you unite these two realities, beyond parallel existence?[557]

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[556] Felipe Mancilla (1995): "La Confederación de Empresarios Privados de Bolivia (CEPB) y el Estado Boliviano", in: *Revista de Ciencia Política*, 17 (1-2): 103-119. He argues that this area is under-researched due to ideological preconceptions of the largely marxist influenced Bolivian social science authors.

[557] Interview with a government representative, No. 27, La Paz, 12 March 2004.

This continues to be a challenge from above as well as from below. Traditional communities organised themselves into several national bodies aimed at representing the interests of the communities to government. The *Consejo Nacional de Ayllus y Marcas del Collasuyu* (National Council of Indigenous Leaders) is such an example. The government made attempts to integrate such organisations into national policy-making, by creating a directorate to organise the National Dialogue 2003/04. By doing so, the government was trying to reconcile traditional forms of political organisation with its current mechanisms of consultation and policy-making. Yet, social protest between 2003 and 2005 has increasingly mobilised ethnic identities to further political objectives by protesting in the streets. On the other hand, the Bolivian constituent assembly is supposed to integrate the *ayllus* into the political system. As one interviewee put it:

> [Bolivia] isn't a mixed country. There are two things here. I have always argued that two civilisations exist here: an indigenous civilisation and a Western civilisation. … That is how Bolivia works and the new constitution will need to reflect this.[558]

Indigenous forms of collective action in Bolivia were thus caught in the middle between insider and outsider lobbying until 2005, where the election platform of Evo Morales gave them a more prominent place in the political system of Bolivia.

6.1.2.2.3   *Outsider Lobbying: Social Protest*

Social protests dominated the political landscape in Bolivia, in effect since February 2003. In October 2003, they led the then president Sánchez de Lozada to resign and in June 2005, his vice-president and successor Carlos Mesa also resigned as a result of civil unrest. Mesa said that the country had become ungovernable. Early elections were called for December 2005. One of the issues that sparked protest was a call for nationalisation of Bolivia's natural gas reserves and a demand for a constituent assembly. At the heart of the protest lay fundamentally different opinions on Bolivia's economic and political organisation – between the economic elite, who are largely from the Santa Cruz region, and the indigenous populations of the Western highlands. When Carlos Mesa responded to many of the demands of the protesters in La Paz, he had to realise that the district of Santa Cruz was unwilling to back his concessions. In essence, social protest in Bolivia was not issue or policy based. Rather it was a fundamental struggle around what kind of political system should govern the country. This culminated in the election of the protest leader Evo Morales to the presidency. Interestingly, the result of this outsider movement was thus the integration of

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[558] Interview with a civil society representative, No. 58, La Paz, 6 April 2004.

previously marginalised societal groupings into the political system. Before Morales' election, the protesters had little direct contact with government officials. Beyond influencing political issues by means of public opinion, the Bolivian protests managed to overhaul the political system by providing a platform for previously marginalised groups to be included.

6.1.3   Direct Participation in National Policy-Making

Since the Law of Popular Participation was passed in 1994, Bolivia has remained a prominent example for institutionalised participatory interaction between the state and civil society organisations. More recently, the National Dialogue processes – which were formalised in the Law of the National Dialogue – have been heralded by the international development community as a model for participatory processes in other countries.[559] In 2004, the Bolivian government conducted its third national dialogue process. Similarly, civil society itself organised several national dialogues, of which the Jubilee 2000 Forum is considered the most important. The first National Dialogue, which took place in 1997, was a participatory process at the national level, prior to the participation conditionality of the PRSP.

The following national dialogue, the National Dialogue 2000, was created in fulfilment of the participatory element of the PRSP. However, the National Dialogue 1997 had already created doubts about how sincere the government had actually been in listening to societal needs:

> The first dialogue […] was Banzer with 50 friends.[560]

As a consequence, civil society organisations were sceptical when the government called for the National Dialogue 2000.[561] To facilitate the National Dialogue 2000, the government created an independent secretariat, as it had done in 1997. The Catholic Church – a key player in the civil society movement for debt relief – also declared its interest in filling this role, but could not come to an agreement with government. Consequently, the Church created the Jubilee 2000 dialogue in parallel to the government-initiated process.[562] It intended to provide a counterweight to the government-initiated National Dialogue 2000. The Jubilee 2000 Forum finished just before the National Dialogue 2000 started. Around

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[559] For a synthesis of these points of view, see David Booth and Laure-Hélène Piron (2004): "Politics and the PRSP Approach: Bolivia Case Study", February, London: PRSP Monitoring and Synthesis Project, Overseas Development Institute.

[560] Interview with a government representative, No. 27, La Paz, 12 March 2004.

[561] United Nations Development Programme (2001): "Participation and the PRSP: Bolivia's National Dialogue", La Paz: Human Development Report Office.

[562] Julia Gabriela Toranzo Gutiérrez (2003): *Did the Bolivian Poverty Reduction Strategy Paper 1 Process Treat Participants as Citizens?*, Dissertation, M.A. Governance and Development, Brighton: University of Sussex.

March that year, the Church finally agreed to integrate part of its dialogue into the National Dialogue 2000 by sending representatives to the departmental and national tables.

Once the National Dialogue 2000 was concluded, the elaboration of the PRSP began – led by an independent external consultant together with a team from the government think-tank *Unidad de Análisis de Políticas Sociales y Económicas* (UDAPE). Critics claim that the input from the National Dialogue 2000 was not influential in elaborating the PRSP. They argue that the Law of the National Dialogue is the only genuinely Bolivian outcome of the National Dialogue 2000, whereas the PRSP was much rather a donor-driven exercise.[563] A donor representative explained this disconnect between the National Dialogue and the EBRP with the donors' substantial involvement:

> Every donor wanted to include something: the British gender issues, ourselves indigenous issues, and so on. We all managed to get something specific included but it wasn't a national consultation process. It was included because the donors wanted it. It was something imposed from outside.[564]

Yet, the international requirements of the PRSP process, which called for a revision of the original PRSP after a few years, fitted in neatly with civil societies' demand for revision enshrined in the Law of the National Dialogue. In September 2003, the third dialogue was initiated. As an innovation, a National Directorate was formed between civil society organisations and government, in order to secure a more inclusive and participatory process at the national level. The National Dialogue 2003/04 greatly enlarged the scope of participation – instead of about 15 000 participants like in 2000, about 60 000 people participated in the roundtables. As such, the national dialogues have become an institutionalised element of direct participation in national policy-making. According to the Law of the National Dialogue, its conclusions are binding and government is supposed to take its recommendations on board when designing national policies. However, the reality differs from this idealised picture. Civil society has few means of sanctioning the government if it chooses to ignore a dialogue's recommendations. A currently popular saying in Bolivian society goes, "I participate, you participate, he participates, we participate, they decide." Despite relatively frequent consultations, governments often ended up not implementing the resulting policy recommendation and civil society had few means to enforce coherence with the outcome of consultative processes.

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[563] Mecanismo Nacional de Control Social, Comité de Defensa de los Derechos del Consumidor en Bolivia, et al. (2003): "Estudio de casos: Seguimiento a la Estrategia Boliviana de Reducción de la Pobreza (EBRP), a la iniciativa HIPC y su impacto en el sector salud", La Paz: AIS - CODECO - IBFAN Bolivia. 71-75.
[564] Interview with a donor representative, No. 88, La Paz, 6 April 2004.

6.2 State-Society Relationships in Ghana

Unlike Bolivia, Ghana has not had a history marked by social movements' antagonism to the state. Professional associations and voluntary organisations have existed since British colonial times. They played a role in shaping state-society relationships, albeit in different ways than in Bolivia. What is comparable is that ruling governments in Ghana also tried to forge strategic alliances with voluntary associations to strengthen and legitimise their rule. Nonetheless, other forms of social organisation continue to play an important role, and patronage networks based on social identity are more influential in Ghana then they are in Bolivia. These patronage networks rely less on the exchange of favours and gifts than they do in Bolivia. Instead they are upheld by different social identities and create dependencies based on professional, regional, religious, or ethnic ties.

6.2.1 Perceptions of Civil Society in Ghana

Political constellations are much less volatile in Ghana than they are in Bolivia where coalitions and governments change almost every term. In Ghana, changes of government or a reshuffling of party fractions in parliament are much rarer. For the first time since Ghana's transition to democracy, there was a government change-over in 2000, with the New Patriotic Party (NPP) taking over from the National Democratic Congress (NDC). Against this background, how does government perceive civil society? What understandings do voluntary organisations have of their role in the political process? The answers to these questions shed light on the forms in which state-society relationships take place in Ghana.

6.2.1.1 Government's Perceptions

The governments of Ghana have not conceived of civil society organisations as relevant stakeholders in national policy-making, although they acknowledge that society is the main beneficiary. Public access to official information is still severely restricted. Public officials continued to be suspicious of civil society organisations and were reluctant to engage in dialogue with them.[565]

> I have a personal ideology which is different from what people think but I respect it. Who is civil society? Civil society to me are parliamentarians. Beyond that, think tanks are people who have an academic interest in an area, they get some funding. They make a lot of noise and they get heard.

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[565] Tony Killick and Charles Abugre (2001): "Institutionalising the PRSP Approach in Ghana", PRSP Institutionalisation Study: Final Report - Chapter 3, September: submitted to the Strategic Partnership with Africa.

> But I don't think that they have any mandate to demand government to do
> what they think should be done.[566]

The government has implemented only few mitigation measures and deliberated very little with civil society representatives, apart from donor-driven initiatives. Examples of those were the Structural Adjustment Participatory Review Initiative, which engaged donors, government and civil society representatives, or the National Economic Dialogue with civil society through which the government fulfilled the participation conditionality of the PRSP. However, even in these initiatives, questions of representativeness persist:

> Well, the government faces the same dilemmas as we do. What is consultation? And what is the difference between consultation and participation? And who does civil society represent?[567]

In tripartite initiatives between the donors, the government and civil society, negotiations tended to break up in pairs, where the donors negotiated with the government or with civil society independently from one another.[568]

Out of all government ministries, departments and agencies, the National Development Planning Commission (NDPC) has been at the forefront of initiating consultative processes with civil society stakeholders. This was probably due to the fact that the NDPC coordinated and evaluated long-term planning efforts – such as the Ghana Poverty Reduction Strategy (GPRS) or the Millennium Development Goals – which were usually conducted in cooperation with international aid agencies that pressed for participatory measures. The Ministry of Finance also consulted with civil society and private sector representatives on different issues – again, usually initiatives that were donor-driven. The proposal for the Millennium Challenge Account was such an example.[569] Because of the external sources of finance for governance-related issues that privilege participatory approaches, civil society and private sector representatives increasingly enjoyed formal membership in consultative committees and forums. Yet, while this had undoubtedly led to more inclusive spaces for decision-making, political power brokerage still took place outside of these forums. Civil society organisations were consulted rather than being included into the policy-making process:

> What you see now is what you saw with this GPRS. It is just talk and
> ceremonies where the drafts are presented and civil society is invited to

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[566] Interview with government representative, No. 93, Accra, 29 July 2004.

[567] Interview with a donor representative, No. 24, Accra, 18 August 2004.

[568] SGTS & Associates (2000): "Civil Society Participation in Poverty Reduction Strategy Papers (PRSPs): Report to the Department for International Development", Vol. 1: Overview and Recommendations, London: SGTS & Associates.

[569] Interview with government representative, No. 69, Accra, 2 September 2004.

comment on it and so on, but no involvement at all of civil society in the making of the draft.[570]

Most civil servants continued to view participation as donor-driven and considered its benefits to be limited. When asked whether there was a lot of pressure from donors to have civil society participate, one government representative responded:

> Yes, there is but we manage it carefully. To the extent that they want it, I let them do it. But I am not going to spend my time.[571]

Killick concludes that well established participatory frameworks "sit uncomfortably along a seemingly entrenched top-down culture which in the past has, at best, accommodated only such 'consultation' as can be managed, and preferably be manipulated and dominated."[572] In reaction to donor requirements, the Ghanaian government today appeared to seek participatory input and consultations with civil society, while civil society organisations' actual decision-making continued to take place behind closed doors. Within the political system of Ghana, the executive – in particular the president – still played a dominant role that continued to limit the realm of deliberative institutions and processes.

6.2.1.2   Civil Society Perceptions

Even though colonial rule under the British was autocratic, it did not prevent the establishment of a variety of voluntary organisations.[573] Unlike previously existing forms of organisation in the social sphere, these organisations made use of the resources of the civil public realm in order to promote the welfare of the civil public and their members. Until today, they pursued a variety of professional, economic, social, religious, and political interests and goals *vis-à-vis* the colonial, and later post-colonial state. Examples are the Ghana Bar Association, the Ghana Medical Association, the Ghana National Association of Teachers, the Chamber of Commerce and Mines, Ghana Manufacturers' Association, the Trade Unions, the United Ghana Farmers' Council, as well as the Christian Council of Churches, National Catholic Secretariat, Pentecostal Council of Churches and the Ghana Muslim Council. Additionally, there were sports clubs, self-help associations and recreational

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[570] Interview with a donor representative, No. 24, Accra, 18 August 2004.
[571] Interview with a government representative, No. 93, Accra, 29 July 2004.
[572] Tony Killick (2001): "Poverty-Reducing Institutional Change and the PRSP Process: The Ghana Case", Discussion Paper No. 2001/70, August, Helsinki: United Nations University - World Institute for Development Economics Research. 28.
[573] Immanuel M. Wallerstein (1964): *The Road to Independence: Ghana and the Ivory Coast.* Paris: Mouton; Immanuel M. Wallerstein (1964): "Voluntary Associations", in: J. S. Coleman and Carl G. Rosberg (eds.), *Political Parties and National Integration in Tropical Africa.* Los Angeles: University of California Press.

clubs.[574] These organisations were part of the civil public sphere and could generally be connected with the concept of civil society identified in developed societies. They also perceived themselves as such. These voluntary organisations chose to use the civic public space to engage in dialogue with the government or between themselves on the particular issues that mattered to them.

Over the past few years, the number of civil society organisations in Ghana increased dramatically. They take various forms, from grassroots organisations, intermediate level associations, specialised research organisations, to networks, coalitions and platforms – such as the Civil Society Coordinating Council, the Coalition of Domestic Election Observers, and the Education Campaign Coalition, to name a few. Aside from the traditional voluntary organisations, these groupings were increasingly influencing public debates and policy-making, by liaising with parliament and its committees.[575] These organisations tended to be issue-led, cutting across different social identities. Generally, they were aware that government did not take the engagement with them as serious as external donors would like to see. With respect to the National Economic Dialogue, one civil society representative commented:

> In a sense, the consultations were being done because the government had
> to do that, not because they wanted to take on board civil society as a whole.
> Yet, personally I still think the process is good, as a dialogue.[576]

Civil society organisations welcomed the opportunities of participation in national policy-making, although they acknowledged that their knowledge on policy issues was often scant. Civil society organisations criticised government for not taking their advice seriously enough and called for more acceptable frameworks of consultation.[577]

Several scholars have rightly pointed out that a "grotesquely unequal distribution of economic power" existed in most African societies.[578] This was also the case in Ghana. It had an adverse effect on the growth of many grassroots organisations originating from lower income levels and clearly favoured an increase in the number of civil society organisations of the wealthy urban middle class. The newly created civil society organisations generally faced

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[574] F. K. Drah (1996): "The Concept of Civil Society in Africa: A Viewpoint", in: F. K. Drah and M. Oquaye (eds.), *Civil Society in Ghana*. Accra: Friedrich Ebert Foundation: 1-25.

[575] Tony Killick (2001): "Poverty-Reducing Institutional Change and the PRSP Process: The Ghana Case", Discussion Paper No. 2001/70, August, Helsinki: United Nations University - World Institute for Development Economics Research.

[576] Interview with a civil society representative, No. 33, Accra, 6 July 2004.

[577] For example, a recent report mentions that civil society organisations were happy to participate in consultations on the PRSP formulations, although only a few people had heard of it. SGTS & Associates (2000): "Civil Society Participation in Poverty Reduction Strategy Papers (PRSPs): Report to the Department for International Development", Vol. 1: Overview and Recommendations, London: SGTS & Associates. 2-15.

[578] F. K. Drah (1996): "The Concept of Civil Society in Africa: A Viewpoint", in: F. K. Drah and M. Oquaye (eds.), *Civil Society in Ghana*. Accra: Friedrich Ebert Foundation: 1-25: 6.

severe resource constraints and were usually entirely dependent on external sources of funding. In that sense, it was the international environment that made possible the breadth of coverage of these organisations, rather than internal demands or collective action of their members. Usually, members perceived these new civil society organisations as an alternative source of income or career path. They did not have the same collective action origin that some of the traditional voluntary organisations were founded for nor the activist character that a comparable organisation would have had in a developed country.

6.2.2 Channels of Participation

Ghana similarly is a heterogeneous country like Bolivia, but social divisions are less sharp. The state might not be able to enforce its legal and bureaucratic presence in the way that it does in established democracies. Nonetheless, the Ghanaian nation-state unity is not so much challenged by opposing fractions of society. Allegiances to particular social identities – be they regional, professional, religious or ethnic – exist but are often cross-cutting. Voting patterns are relatively constant in Ghana and political constellations are much less volatile than they are in Bolivia. Party allegiances often play a more important role than issue-based electoral competition. This is due to the neo-patrimonial structure of the state. Allegiances depend on social identities and patronage networks. Ghanaian citizens depend on other channels to influence policy-making and voice their opinion. Formalised channels of democratic participation like electoral politics only play a minor role.

6.2.2.1 Formal Channels

Representative democracy faces different challenges in Ghana. Ghana's transition to democracy took place in 1992 with the introduction of a multi-party system. Yet, electoral competition is not as important to Ghanaians as might be assumed. A recent survey of public opinion in Africa concluded that the Ghanaians surveyed conceive of democracy primarily as free speech and direct participation rather than in terms of electoral choice and representative government. In line with this view, voter turnout in African post-transition elections has generally been lower in new democracies in Africa than in Eastern Europe, and especially than in Latin America.[579] There are several reasons for this. In order to be eligible to vote, Ghanaians have to register with the electoral commission. This can be an obstacle, where

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[579] See Michael Bratton, Robert B. Mattes and Emmanuel Gyimah-Boadi (2005): *Public Opinion, Democracy, and Market Reform in Africa.* Cambridge: Cambridge University Press: 130-159.

registration centres are far away or information on registration is not disseminated in time.[580] Voting behaviour in a country like Ghana is a difficult subject to study since official figures are very unreliable. For example, the electoral register for the 1996 election in Ghana was obviously inflated with phantom voters, to the point that proportion of those voting is higher among eligible than among registered voters.[581]

6.2.2.2   Informal Channels

However, as I have argued in chapter four, it is not the formal democratic institutions that usually count in neo-patrimonial regimes. If the essence of neo-patrimonialism is the private appropriation of the state's powers, the distribution of state-generated benefits to political followers becomes a primary concern. Informal channels of participation then are a vital means of forging allegiances with power holders or of opposing a ruler's politics outside of the constitutionally-mandated institutions of the political system.

6.2.2.2.1   Insider Lobbying: Interest Groups

In Ghana, one of the greatest problems that all civil associations faced was the hegemonic claims and ambitions of various governments, most importantly the civilian single-party dictatorship of the Convention People's Party (CPP) and the military dictatorships that followed. Most of the voluntary associations were harassed, intimidated and ridiculed on public platforms and in the state-owned media. Notably the professional and the orthodox Christian churches fiercely resisted the attacks.[582] The first attempt to co-opt civil society organisations was by the CPP government under Nkrumah that succeeded at incorporating the trade unions, farmers' associations, co-operatives, women's and youth organisations in the CPP as 'integral wings'. The Acheampong military government attempted something similar with the creation of a 'Union Government' that would take the form of a 'no-party' national government comprising representatives of the armed forces, police and civilians. The Union Government incorporated several civic organisations, but most of the professional associations and others rejected the idea. The Provisional National Defence Council's (PNCD) attempts to control civil organisations were the most extensive. For example, it passed the Religious Bodies Law in 1989, which gave the government the right to

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[580] The Afribarometer survey asked eligible citizens who had not registered as voters, why they had not done so. In Ghana, 41 percent responded that they did not know about the registration procedure. Michael Bratton, Robert B. Mattes and Emmanuel Gyimah-Boadi (2005): *Public Opinion, Democracy, and Market Reform in Africa*. Cambridge: Cambridge University Press: 147.

[581] Michael Bratton, Robert B. Mattes and Emmanuel Gyimah-Boadi (2005): *Public Opinion, Democracy, and Market Reform in Africa*. Cambridge: Cambridge University Press: 143-155.

[582] The Muslim council was preoccupied by leadership struggles over long periods of time. See F. K. Drah (1996): "The Concept of Civil Society in Africa: A Viewpoint", in: F. K. Drah and M. Oquaye (eds.), *Civil Society in Ghana*. Accra: Friedrich Ebert Foundation: 1-25.

prohibit particular religious organisations if it thought that they could lead to civil disobedience, public nuisance or be contrary to public order. Nonetheless, new voluntary organisations emerged during that time, including professional organisations, trade associations, and business cooperatives. Ghana is characterised by a "tug-of-war between patrimonial and inclusive models of politics", where a strong tradition of top-down politics continues to dominate the political system.[583]

6.2.2.2.2 *In the Middle: Institutions of Primordial Collective Action*

The traditional chieftaincies of the Akan play a similar role in Ghana than the *ayllus* do in Bolivia. They claim to represent traditional political organisation that existed before the colonial and post-colonial Ghanaian state. The chieftaincies fulfil several socio-political functions and are traditionally responsible for allocating resources within the community. Increasingly, the chiefs are organising on the national level to influence policy-making. The house of chiefs is the most important national body. Besides collective lobbying and interest group work, the chiefs have continued to influence national politics through allegiances with different politicians on the national level. Politicians know about the opinion-shaping power of the chiefs and generally campaign under the patronage of particular influential chiefs.

However, traditional institutions and leaders in Ghana vary enormously across the different cultures and localities of the country, which made it difficult for governments to formulate general policies or approaches to better integrate traditional authorities into the political system. In addition, chieftaincy remained a contested and highly political institutions, because of its associations with different authorities and its politisation by successive governments and parties, as I have argued in chapter four. The chieftaincies' right to local authority was most uncontested with respect to land administration.[584] Beyond administrative authority however, some Asante chiefs even managed to influence national policy debates. Yet, close alliances between chiefs and national parties were quickly regarded as ethnic ties. This puts a limit on the extent to which politicians could allow themselves to be closely linked to major traditional leaders as well as to the extent to which traditional institutions could be integrated into the formalised channels of political participation.

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[583] Tony Killick (2001): "Poverty-Reducing Institutional Change and the PRSP Process: The Ghana Case", Discussion Paper No. 2001/70, August, Helsinki: United Nations University - World Institute for Development Economics Research. 36.

[584] Richard Crook (2005): "The Role of Traditional Institutions in Political Change and Development", CDD/ODI Policy Brief No. 4, November, Accra: Center for Democratic Development.

6.2.2.2.3   Outsider Lobbying: Social Protest

Social protest is much less pronounced in Ghana. Until 2005, it did not have such a devastating effect on political stability as it does in Bolivia. One factor to explain this is that social divisions are less deep and that allegiances are often cross-cutting. An interesting exception were the protests around the end of petrol subsidies in 2000. Under pressure from the International Monetary Fund (IMF), the government had agreed to drop petrol subsidies, which in turn led to an increase in petrol prices. Within a very short time, the taxi and *tro-tro* drivers in Accra organised street protests and were demonstrating in front of the presidential palace. The protests ended when the government reinitiated the petrol subsidies to keep prices constant.

6.2.3   Direct Participation in National Policy-Making

Unlike Bolivia, Ghana has not been at the forefront of decentralisation and civil society participation initiatives. Since 1983, the Government of Ghana had largely employed a top-down economic policy-making process, giving priority to economic growth rather than participatory pro-poor policy-making.[585] The government engaged with people who were marginalized by this policy agenda with a mixture of containment and police repression of public dissent. Engagement initiatives tended to be top down and mitigation measures were largely donor-driven.[586]

> Under pressure, they have committed to provide better information to civil society, with respect to the Annual Progress Report, etc. It's all not very easy-going and, especially with critical NGOs, the attitude could be more welcoming. I also don't always know who gets invited to an event. I can imagine that often the good friends get invited and the evil foes are not informed. […] Discussion and criticism is still taken as a personal offence, even when it comes from Ghanaians.[587]

Nonetheless, the government has been implementing a decentralisation and local government reform programme since 1988. The aim was to establish efficient decentralised government structures as a means to providing opportunities for participatory development. In addition, constitutional reform in 1992 initiated a process of administrative decentralisation which aimed at administrative and technical de-concentration of key service

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[585] Compare Tony Killick (2001): "Poverty-Reducing Institutional Change and the PRSP Process: The Ghana Case", Discussion Paper No. 2001/70, August, Helsinki: United Nations University - World Institute for Development Economics Research. Based on preparatory notes by Emmanuel Gyimah-Boadi and Esther Ofei-Aboagye.

[586] Emmanuel Gyimah-Boadi (2001): "A Peaceful Turnover in Ghana", in: *Journal of Democracy*, 12 (2): 103-117; Lynne Brydon and Karen Legge (1996): *Adjusting Society: The World Bank, the IMF, and Ghana*. London: Tauris.

[587] Interview with a donor representative, No. 28, Accra, 16 July 2004.

delivery organisations. This initiative established the District Assemblies at the municipal level and the District Assembly Common Fund. The constitution commits the government to allocate at least five percent of total revenues of Ghana to District Assemblies for development, by means of the Common Fund.[588] However, the government's National Decentralisation Action Plan notes that "support to deepen and institutionalise the decentralisation efforts of Government have been incoherent."[589] Even though the resource transfer to the District Assembly is constitutionally entrenched, government has in the past been criticised for not making these transfers in a timely and reliable fashion.

Yet, beyond administrative de-concentration, participatory processes at the national level were relatively uncommon and a very recent phenomenon. Ghana's Interim PRSP was developed in an entirely non-participatory manner, despite international advocacy for a participatory process.[590] In 1997, the first National Economic Forum took place as the government's first attempt to consult civil society on national economic policy-making issues. This was the first formal opportunity for the public, including opposition parties, independent research institutions and civil society organisations to provide input into national policy-making.[591] A further step towards participatory politics was a World Bank exercise with government and civil society organisations to evaluate the impacts of structural adjustment policy reforms through the Structural Adjustment Participatory Review Initiative in 1998.

In early 2000, the preparation of the GPRS started with a national forum of stakeholders. They comprised representatives of government, the private sector, non-governmental organisations and donor representatives. In July 2000, a wider cross-section of stakeholders was consulted when the GPRS was formally launched. From August 2000 onwards, five core teams were established to work in the areas of the macro economy, production and gainful employment, human resource development and basic services, vulnerability and exclusion, and governance. Each of these seven-person teams were chaired by a ministry official and had a donor-sponsored Ghanaian consultant to assist then in their analytical work.[592] In addition to this, the GPRS process also involved community-level

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[588] Section 252 (1), Constitution of Ghana, 1992.
[589] Decentralisation Secretariat - Ministry of Local Government and Rural Development (2003): "National Decentralisation Action Plan (NDAP): Towards a Sector Wide Approach for Decentralisation Implementation in Ghana (2003-2005)", September, Accra: Government of Ghana. iii.
[590] See Government of Ghana (2000): "Interim Poverty Reduction Strategy Paper, 2000-2002", June, Accra: Ministry of Finance.
[591] Tony Killick and Charles Abugre (2001): "Institutionalising the PRSP Approach in Ghana", PRSP Institutionalisation Study: Final Report - Chapter 3, September: submitted to the Strategic Partnership with Africa.
[592] Government of Ghana (2003): "Ghana Poverty Reduction Strategy 2003-2005: An Agenda for Growth and Prosperity", Volume 1: Analysis and Policy Statement, Accra: National Development Planning Commission. Killick mentions that the original idea to co-chair each team by a donor representative was quickly dropped. Tony Killick (2001): "Poverty-

consultations in the form of focus group discussions within 36 districts. They were followed by wrap-up sessions with the District Assembly and by regional consultation workshops.[593] Finally, the draft GPRS was presented to civil society by means of a National Economic Dialogue, held in May 2001. The National Economic Dialogues was the offspring of the early National Economic Forums that were organised since 1997. It had become institutionalised to discuss matters of economic reform with civil society that took place every year.[594]

> [The Minister of Finance] decided to use the National Economic Dialogue, which has happened for many years, as the platform to discuss: What were the issues with the GPRS? Were the GPRS goals appropriate, reasonable, realistic, achievable? Are the GPRS activities being implemented correctly? He decided to use the National Economic Dialogue this year to reach out and have discussions with stakeholders.[595]

Yet, differently from the Bolivian arrangement, the Ghanaian dialogues were not institutionalised by law, nor did they establish an obligation for government to take their recommendations on board. The National Economic Dialogue was simply a forum for consultation with civil society, comparable to Bolivia's first dialogue in 1997.

6.3   Conclusion of Chapter Six

In Bolivia, a severe problem of state-society relations is that different social groups have fundamentally different concepts of the political and the economic sphere. The entrepreneurially underpinned political elite has a conception of representative democracy and a liberal economic system that has failed to include large parts of the population that have been marginalized for centuries. On the other hand, the political and economic reforms proposed by the social movements do not present an inclusive alternative either. Although they claim to represent a more direct, and therefore just, version of democracy, they do not foresee a way through which non-indigenous, non-peasant and non-union citizens can participate in policy-making. As a result, there is an antagonism between both sides' ideals of a political and economic system that is not easily reconcilable. Because dialogue between these different sides has not taken place for a long time, inclusive politics have not been the

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Reducing Institutional Change and the PRSP Process: The Ghana Case", Discussion Paper No. 2001/70, August, Helsinki: United Nations University - World Institute for Development Economics Research. 11.

[593] Tony Killick (2001): "Poverty-Reducing Institutional Change and the PRSP Process: The Ghana Case", Discussion Paper No. 2001/70, August, Helsinki: United Nations University - World Institute for Development Economics Research.

[594] Compare Government of Ghana (2001): *National Economic Dialogue: Action Plan.* May 14-15, Accra: G.P.C. Assembly Press; Government of Ghana (2002): *National Economic Dialogue: Action Plan 2002.* May 29, Accra: Buck Press; Government of Ghana (2003): *National Economic Dialogue: Report on Proceedings 2003.* Accra: Tema Printing Press.

[595] Interview with a civil society representative, No. 1, Accra, 26 July 2004.

subject of debate. The fact that the subject has sprung to the forefront of politics is in itself a sign of improvement in this regard. Yet, it significantly destabilises the political system to the point of paralysis. External actors that are aiming to promote participatory mechanisms in Bolivian policy-making have to be very knowledgeable about the destabilising effects that this can have.

In Ghana, the political situation looks less alarming, political instability is not immanent as it is in Bolivia. On the other hand, Ghana has never been the donor's premier example of participatory mechanisms like Bolivia has been since the Law of Popular Participation. Participatory mechanisms in Ghana are a relatively recent phenomenon. It is noteworthy that initiatives to include civil society in national policy-making in Ghana are consultative rather than participatory. The Ghanaian National Economic Dialogue does not claim to have civil society organisations participate in national policy-making like the Bolivian National Dialogue suggests. It is clearly a consultative tool that came after the elaboration of the Ghanaian Poverty Reduction Strategy, whereas the National Dialogue 2000 was a deliberative process designed to provide inputs into the elaboration of the Bolivian Poverty Reduction Strategy. This communicates a very different message to participating organisations. While their influence might have been limited from the beginning, so were their expectations.

This chapter has shown that the political realm in Bolivia and Ghana is profoundly defined by a multitude of formal and informal institutions that result from and impact on the way in which different sections of society participate in politics. In both cases, formal institutions of the state do not necessarily reflect the informal political processes that underpin political interaction with and within society. Social movements, pressure groups and traditional authorities in both Bolivia and Ghana have established long-standing links with different parts of the state that continue to influence policy-making. Whether or not these links are conducive to democratic policy-making is not necessarily related to the degree to which they participate. Participation can take the shape of patronage and clientelism, where privileged parts of society co-opt the state to further their own ends. Policy-makers who aim at making politics more democratic by means of participatory processes need to be aware of these pitfalls. This is even more true for external aid donors who might not be as familiar with the national context as national politicians. Policies that aim at strengthening democratic accountability by means of participatory processes must keep issues of representativeness in mind. Participatory processes can only improve democratic accountability if the participating members of society can legitimately claim to represent a particular section of society. In the

next chapter, I investigate how these considerations come in to play in international aid donors attempts to foster civil society participation at the national level in Bolivia and Ghana.

CHAPTER 7 – FOSTERING CIVIL SOCIETY PARTICIPATION IN NATIONAL POLICY-MAKING

I used part two of this thesis to discuss donor initiatives to foster government ownership. Part three investigates donors' attempts to foster national ownership by means of fostering participatory processes at the national level. In chapter five, I argued that donors try to foster government ownership by employing multi-donor budget support mechanisms as a means to strengthen government decision-making authority while attempting to maintain control over performance assessment. I have done this against the background of governance reforms in the socio-political context of the recipient country, an argument I developed in chapter four. Similarly, I have divided part three into chapter six, where I investigate state-society relationships in both Bolivia and Ghana, and this chapter, where I evaluate donor initiatives to foster national ownership by means of civil society support. Bolivia is a particularly good case to evaluate donor support to civil society participation in national policy-making because it is one of the few countries that had a nation-wide dialogue process prior to the formulation of the poverty reduction strategy paper (PRSP). This chapter thus discusses the Bolivian experience with participatory dialogue, while using the case of Ghana for comparative purposes.

As I have shown in chapter three, sustainable poverty reduction has become the core task of the World Bank and the International Monetary Fund (IMF) since September 1999. The *Voices of the Poor* study developed and stressed the proposition that civil society participation in national policy formulation helps to achieve better pro-poor policies for development.[596] The key point of this argument is that civil society should be involved in drawing up and monitoring economic policies to ensure a pro-poor focus. In short, the ideal is that recipient governments decide upon economic policies, following broad participation from society at large to ensure their pro-poor character. This concept of ownership is larger than 'government ownership' discussed in chapter five. In terms of definitions of ownership,

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[596] Deepa Narayan, Raj Patel, et al. (eds.) (2000): *Can Anyone Hear Us?* Voices of the Poor, Vol. 1, New York: Oxford University Press., Robert Chambers, Deepa Narayan, et al. (eds.) (2000): *Crying Out for Change.* Voices of the Poor, Vol. 2, New York: Oxford University Press., and Deepa Narayan and Patti Petesch (eds.) (2000): *From Many Lands.* Voices of the Poor, Vol. 3, New York: Oxford University Press.

broad-based participation is a component of 'national ownership', while government ownership merely refers to appropriation by the government.[597]

In its sourcebook for PRSP formulation, the World Bank has avoided to specify "broad-based civil society participation".[598] It simply requires the individual recipient government to come up with a definition for its own country context within the framework of the PRSP. This seems to be in line with the donors paradigm to emphasise 'national' ownership.[599] The formal position adopted by the World Bank is therefore that the PRSP includes a description of which civil society organisations have participated. Neither the type of civil society organisations that should participate is defined nor the nature of their participation. This vagueness of definition indicates that civil society participation is a means to an end. Fostering civil society participation helps to legitimate donor intervention in national policy-making. It underpins development cooperation with an air of accountability and democratic governance. It does so because civil society participation fulfils two functions from the donors' perspective. For one, it aims at making development planning more pro-poor by giving 'voice to the people'. This function is a vital paradigm for the World Bank and the IMF who have to choose cooperation tools in accordance with their economic mandate. In addition, civil society participation is considered to improve democratic governance by making government policy more responsive to citizens' demands. This function nicely concurs with many bilateral donors' attempts to improve democratic governance in recipient countries. As a result, the two functions are often used interchangeably without much consideration as to whether they are actually compatible.

Yet, if civil society participation is a means of democratic politics, it touches upon very foundational issues of democratic representation. As discussed in chapter two and six, the fundamental question that every representative democracy has to respond to is how to choose societal representatives. The same applies to participatory mechanisms: who gets to represent different sections of society in a deliberative process? Particularly in national policy-making, civil society participation mechanisms affect the relationship between the state and society. By doing so, they alter the role of government. Randomly including 'civil society representatives' in national policy-making marginalises other possibly more legitimate representatives in the political process. The way in which society is represented in political decision-making evidently defines state-society relationships. Donors' attempts to foster civil

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[597] The definitions of national and government ownership have been discussed in chapter three.

[598] See the chapter on participation, World Bank (2001): *Poverty Reduction Strategy Sourcebook.* 2 vols., Washington, DC: The World Bank Group: 237-248.

[599] SGTS & Associates (2000): "Civil Society Participation in Poverty Reduction Strategy Papers (PRSPs): Report to the Department for International Development", Vol. 1: Overview and Recommendations, London: SGTS & Associates.

society participation thus inevitably have a political dimension to it. They affect the way in which governmental and societal representatives perceive each other and ultimately alter patterns of power in a state-society relationship. Often, this effect is little understood or insufficiently analysed when donors design new programmes and initiatives.

This chapter is divided into two sections. In the first section, I investigate the case of Bolivia. In the second section, I explore mechanisms to foster civil society participation in Ghana for comparative purposes. While Bolivia came to be the role model country to foster civil society participation in national policy-making, the Ghanaian government has consulted little with civil society at the national level. In each section, I first explore the conditionalities of the PRSP with respect to civil society participation in national decision making processes. I a second step, I build on the concepts of participation to discuss how participatory mechanisms have altered concepts of representative democracy. In a third step, I evaluate the effects that external support for participatory processes have on state-society relationships in Bolivia and Ghana. I discuss this with a view to the political system on the one hand, and to civil society organisations on the other. I conclude that donor efforts to foster civil society participation potentially run the risk of delegitimising representative democracy whenever they are not based on existing state-society interaction in the recipient country.

7.1 Civil Society Participation in Bolivia

As I have argued in chapter three, political reforms towards more participatory public administration turned Bolivia into a model recipient during the 1990s. Two processes stand out: the Law of Popular Participation and the Law of Administrative Decentralisation in 1994 and 1995 that established participatory policy-making at the municipal level on the one hand, and the first national dialogue in 1997 that sought civil society input on developmental planning at the national level. Both processes were heralded for being genuinely government-owned, although both have very different origins and were realised by different governments.

7.1.1 Participatory Antecedents

Implemented by the Sánchez de Lozada administration, the ambitious and innovative Law of Popular Participation aimed at devolving fiscal and political powers to municipal governments and institutionalised citizen participation in municipal decision-making procedures. International observers heralded the enlightened institutional design of the law,

applauding its ability to facilitate a transition to more democratic politics.[600] As one donor put it:

> Popular participation has changed Bolivia, substantially. […] Before, the municipalities didn't even have their own money, they didn't have budgetary funds. Some people from the Vice-Ministry travelled across the country and distributed money like lords. [601]

However, it can also be argued that it is best described as a process of political construction. Instead of marking the transition from informal to formal politics or the consolidation of democratic institutions,[602] it is characterized by different layers of politics: participatory democratic politics upon corporatist politics, upon peasant and indigenous mobilisation.[603] By the 1990s, Bolivia's politics were characterised by increasing political fragmentation, political discontent with neoliberal reform during the 1980s, and electoral dispersion that favoured territorial over corporatist politics.[604] In this light, it was a timely response by the Bolivian government to engage with societal pressures.

Even though the intention was not to please international donors, international appreciation was a welcome side effect. The World Bank as well as bilateral donors were quick in responding to the government's reform initiatives by establishing funding measures to support the process. Popular participation received financial support but little technical intervention. One of the Bolivians responsible at the time comments:

> I was involved in things where the donors had their best projects but it was precisely because we didn't do what they thought. We didn't even ask them.[605]

Popular Participation strengthened the standing of the Bolivian government, both internationally and internally.[606] At the international level, it was the first step towards the image of a participatory Bolivia where the government is responsive to citizens needs and open to have everybody participate in political decision-making.

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[600] See for example Donna Lee Van Cott (2000): *The Friendly Liquidation of the Past: The Politics of Diversity in Latin America*. Pittsburgh: University of Pittsburgh Press; Allan Rosenbaum (1998): "Strengthening Civil Society and Local Democracy through National Initiatives: The Case of Bolivia's 'Popular Participation Law'", in: *International Review of Administrative Sciences*, 64 (1): 133-136.

[601] Interview with a donor representative, No. 34, La Paz, 4 February 2004.

[602] Larry Diamond (1999): *Developing Democracy: Toward Consolidation*. Baltimore: Johns Hopkins University Press.

[603] George Gray Molina (2004): *The Politics of Popular Participation in Bolivia, 1994-1999*. DPhil Thesis, Department of Politics and International Relations, Nuffield College, Oxford: University of Oxford.

[604] Xavier Albó (1999): "Ojotas en el poder local: Cuatro años despues", Cuadernos de Investigación No. 53, La Paz: CIPCA y PADER.

[605] Interview with a government representative, No. 58, La Paz, 6 April 2004.

[606] Some authors argue that the territorial orientation of popular participation has indeed weakened the traditional corporatist mobilisation in Bolivia's rural areas, see John-Andrew McNeish (2001): *Pueblo chico, infierno grande: Globalisation and the politics of participation in highland Bolivia*. PhD Thesis, Department of Anthropology, Goldsmith College, London: University of London.

After popular participation, it was the first dialogue of 1997 that continued to impress the international donor community. The Banzer administration initiated this first dialogue to seek input for the government's long-term development plan. The Bolivian government hugely gained from this exercise, as it appeared to genuinely seek input from its citizens.

> The people who observed it said that the government organised this dialogue because it didn't have a genuine development plan […]. Others said that apart from what it looks like it's a good idea to resort to civil society to ask what kinds of things need to be done.[607]

General Banzer had been one of Bolivia's authoritarian rulers between 1971 and 1979. His election as president in 1997 came as a shock to many Bolivians. His government was thus clearly in need of establishing its democratic legitimacy. A dialogue with civil society representatives neatly fulfilled that function.

Unlike Bolivia's later dialogues, the first one only took place at the national level. About 200 representatives of non-governmental organisations were invited to discuss development planning.[608] Yet the government was not bound to the conclusions of the dialogue. It could merely use it as a forum to collect input.[609] These two aspects, its limited scope and its non-binding character were the main points of criticism:

> The first [dialogue] was a disaster because at the end it was a meeting of the big shots to discuss among themselves, to speak of very ethereal things, nothing concrete. So this dialogue failed. The results were very general.[610]

Yet to the donors, these were secondary concerns. The question for them was not whether the Dialogue 1997 had succeeded in making government and society communicate or whether desired aims had actually been achieved. The fact that the Bolivian government had already sought civil society input alone gave grounds enough for their appreciation. One government representative in Bolivia criticised:

> I believe that from one moment onwards, the donors saw civil society participation a bit too romantically, this attempt to be participatory.[611]

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[607] Interview with a government representative, No. 70, La Paz, 26 April 2004.

[608] Fundación Hanns-Seidel and Fundación Boliviana para la Capacitación Democrática de la Investigación (1998): *Diálogo nacional: Bolivia hacia el siglo XXI*. Opiniones y Analysis, La Paz: FUNDEMOS.

[609] For the conclusions, see Secretaría Técnica del Diálogo (1997): "Diálogo nacional: Bolivia hacia el siglo XXI. Informe y conclusiones", octubre, La Paz.

[610] Interview with a government representative, No. 134, La Paz, 22 January 2004.

[611] Interview with a government representative, No. 70, La Paz, 26 April 2004.

Particularly against the background of increasing interest in participatory mechanisms, donors quickly labelled Bolivia as a forerunner on that front. Within the Bolivian government, some voices became much more critical:

> This a very personal opinion… the problem of HIPC is that the people who did it turned towards the grand participation of the people. In all of this, the people have to participate… […] that doesn't always work.[612]

Nonetheless, the tradition of popular participation and national dialogue had already set the stage for Bolivia's 'broad-based consultation' in order to formulate a Bolivian Poverty Reduction Strategy (EBRP).

7.1.2   Participatory Conditionalities of the EBRP

While the recipient government could prepare the Interim PRSPs without involving civil society, the PRSP itself necessarily needed to be formulated according to a 'broad-based consensus' between the government and all parts of civil society. As much as the World Bank and the IMF avoided a clear definition of what constitutes civil society, they did not prescribe what form the consultation should take. The particular type could be chosen by each recipient government. This meant that each recipient government was free to consult nationally or locally, with corporatist or with territorial representatives, with grassroots organisations or with think tanks. More significantly, it was free to decide at what stage of the PRSP elaboration it wanted to engage with societal representatives.

7.1.2.1   Pre- versus Post-Consultation

Bolivia was one of the very few countries that opted for a consultation process prior to the formulation of the draft PRSP. This was a result of Bolivia's past experiences with participation and dialogue. 'Tuto' Quiroga, vice-president and later president during the PRSP elaboration, was known as a 'yuppie' who spoke the donor language and was very apt at accommodating their concerns. It was under his auspices that Bolivia opted for a nationwide consultation process *prior* to the elaboration of the PRSP, combining elements of both the National Dialogue 1997 and popular participation. Bolivia's donors were delighted about this approach.

For one, the newly created Technical Secretariat for the National Dialogue had to decide who to invite to the dialogue's round tables. Since the first dialogue had received

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[612] Interview with a government representative, No. 41, La Paz, 4 February 2004.

criticism for not being inclusive enough, the secretariat opted for a series of roundtables at the municipal, departmental and national level. The actors at the municipal tables were recruited from the institutions that popular participation had created, while the departmental and national ones included representatives of the Church and other non-governmental organisations. As a result, prevailing animosities between corporatist social movements and non-governmental organisations (NGOs) re-emerged:

> …the original indigenous peasant organisations, the artisans and all these social movements… [among them] there is a strong resentment that relates first of all to the results of the dialogue where they perceived a capture of the process by these [non-governmental and church] organisations. It's debatable whether that is true or not but […] they are making it public.[613]

These cleavages within Bolivian society were one of the aspects that the secretariat had to grapple with.

Another point of uncertainty was the purpose of the dialogue. In most people's minds, the dialogue took place to discuss the utilisation of Heavily Indebted Poor Country (HIPC) initiative's debt relief funds. In the eyes of the proponents of the National Dialogue 2000, this was one of its most important achievements: the dedication of HIPC funds to the municipalities that was later enshrined in the Law of the National Dialogue:

> The HIPC funds are mathematically distributed to the municipalities, in principle according to the criteria of popular participation in order to assign a determined bit of the funds to everyone.[614]

Channelling the HIPC funds to the municipalities was a definite achievement in terms of addressing poverty issues, while strengthening the existing administrative structure that popular participation had created:

> The [HIPC] funds goes to the municipal level and is administered along with the popular participation funds. It's administered by the municipal governments and distributed according to poverty criteria. The control mechanism at the municipal level is the *comité de vigilancia*. That is being consolidated.[615]

Yet the participants of the National Dialogue 2000 were not sufficiently aware of the PRSP formulation. This became a problem when the results had to be translated into an actual strategy. Later, many people in government complained that the donors did not give enough thought to the difficulties of such a process:

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[613] Interview with a government representative, No. 27, La Paz, 12 March 2004.
[614] Interview with a government representative, No. 18, La Paz, 27 February 2004.
[615] Interview with a government representative, No. 134, La Paz, 22 January 2004.

> They have never asked themselves: "From the dialogue to the PRSP, what has to be done?" […] What needs to be done here is to code the processes of the dialogue well, translate what has happened into a policy.[616]

Indeed, this task was partly made difficult by prior agreements between the Bolivian government and its international donors:

> I would say that HIPC contains two important elements: for one that the elaboration of the strategy be participatory […], the other is that Bolivia maintain a stable macroeconomic framework. This means that it asks of Bolivia to make an effort and to consider its budget restrictions when developing the strategy. The problem was that what originated from the sum of demands of what civil society came up with was not linked to the medium and long term measures that Bolivia had agreed on with the donors. It was going to result in something that wasn't compatible![617]

So, even though the EBRP was propagated as arising from the National Dialogue 2000, it had to take the above restrictions into account. A member of the EBRP elaboration team recalls:

> The fundamental thing was to take the restrictions that the donors had imposed […] into account. It was difficult to make civil society and the government understand this.[618]

Apart from the formal restrictions imposed by bi- and multilateral agreements, donor representatives in La Paz got actively involved in the drafting of the EBRP. The elaboration team made sure to circulate draft versions in order to ensure the donors' approval of the final document. A government representative recalled:

> There were many forums but the truth is that there had been many, many more meetings between government and the donors than between government and civil society.[619]

Retrospectively, even the donor representative recognised that this had gotten in the way of genuine government ownership of the process:

> We had a heated discussion about what role the donors had played because some where greater protagonists than national actors and the process de-nationalised. The ministers didn't know anything about a EBRP but we were experts.[620]

[616] Interview with a government representative, No. 18, La Paz, 27 February 2004.
[617] Interview with a government representative, No. 70, La Paz, 26 April 2004.
[618] Interview with a government representative, No. 70, La Paz, 26 April 2004.
[619] Interview with a government representative, No. 45, La Paz, 27 January 2004.
[620] Interview with a donor representative, No. 88, La Paz, 6 April 2004.

Indeed, some Bolivians went as far as arguing that the EBRP elaboration was solely the result of donor engagement in conjunction with the work of paid consultants:

> If the government had made the political decision to curb this kind of intervention, we would have suddenly stopped with the poverty reduction strategy that was basically elaborated by four or five experts from the World Bank and four or five others from the bilaterals.[621]

The team that elaborated the EBRP had to respond to both sides' demands: respond to the recommendations of the national dialogue while incorporating Bolivia's existing obligations to its external creditors:

> [We] had to decide that the dialogue would be one input into the strategy, not the only one because Bolivia was already in the middle of other very advanced development programmes. It was evolved in thousands of projects with the donors. So it wasn't that we decided not to work with civil society anymore but we also included what we were already working with, what Bolivia was already doing to reduce poverty. [622]

It was this decision that fundamentally flawed the EBRP in the eyes of the Bolivians that had participated in the dialogue. They felt that the expectations were betrayed.

7.1.2.2   EBRP Revision

The PRSP handbook recommended that nationally-owned PRSP were to be revised after a three year period.[623] To ensure this, the World Bank and the IMF established participatory revision of the PRSPs as a requirement for further funds, such as the Poverty Reduction Support Credit (PRSC) and the Poverty Reduction Growth Facility (PRGF). Through these mechanisms participation as a conditionality continued after the PRSP. *Unidad de Análisis de Políticas Sociales y Económicas* (UDAPE) presented a Revised EBRP to the Consultative Group in October 2003, but the international donor community had tied their approval of this version to the National Dialogue 2003/04. In fact, church-related civil society organisations within the Mechanism of Social Control opposed the Revised EBRP that UDAPE had prepared for the Consultative Group meeting and boycotted the process. Since many Bolivian civil society organisations rejected the EBRP and questioned government ownership of the document, they were not interested in revising the EBRP. Instead, the organisations present in the newly created Directorate of the National Dialogue preferred to discuss issues like productivity but rejected a document revised by a government entity. Nonetheless, this

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[621] Interview with a government representative, No. 79, La Paz, 29 March 2004.
[622] Interview with a government representative, No. 70, La Paz, 26 April 2004.
[623] World Bank (2001): *Poverty Reduction Strategy Sourcebook*. 2 vols., Washington, DC: The World Bank Group.

was still a precondition for further funds, even though donor approaches had become much more flexible after the events of October 2003 – realising that the government was under great pressure to respond to demands of its citizens. One donor commented on the revised EBRP that was submitted to the Consultative Group in October 2003:

> It's a good document because of the clarity of the priorities that manages to reconcile the MDG and that is more social with a productive focus. I think it is better in that sense. I think it is a better document but it's a document that didn't go through the dialogue process.[624]

Clearly it was a good technocratic document because it had been produced by technocrats. If it had gone through a dialogue process like the last one it would not be as technically precise anymore.

In order to ensure the civil society participation that could make the revised EBRP passable to the donors, the government was using the National Dialogue 2003/04, which was required by the Law of the National Dialogue. However, even the officials that were organising the process were very sceptical as to the usefulness of yet another participatory process. When asked whether the National Dialogue 2003/04 was a good idea, most government representatives responded in ways similar to this one:

> Not at all. I am a person who believes that it's something we have to get rid of, or at least it is not something that will save us from the constituent assembly. Honestly. It is happening at a moment in Bolivia with very heavy political processes. Very heavy, very important political processes are occurring. The political discussion is very heated, the referendum on natural gas is coming up, the constituent assembly is coming up, municipal elections are coming up, but there is no room for an economic discussion. And the main problem of this crisis has to do with inequality, has to do with poverty.[625]

Although the donors present in Bolivia recognised these pressures on the Bolivian government, they were anxious to have the revised EBRP be legitimised by yet another participatory process. A government representative complained:

> Yet again the government is oriented towards these foundational issues. And the donors are a bit upset, frustrated. They are saying, "they should already have a PRSP!" So, I get these letters all day saying "I don't know why the government still doesn't have the PRSP validated [by civil society] if the only thing missing are a few workshops over the course of several months." And

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[624] Interview with a donor representative, No. 88, La Paz, 6 April 2004.
[625] Interview with a government representative, No. 27, La Paz, 12 March 2004.

we are resisting and saying, "no, we don't want to hear this again." So, again it's a vicious cycle. So that's what it is. We are captured by this topic.[626]

It continued to seem like a security to them that the government's development policy be approved by society at large. Bolivians were frustrated by this stance:

Now [the donors] are asking for securities because [...] they want the government to perform the task. They don't understand that the task was already performed by the past consultative government but the dialogue process is being extended because of the referendum, the constituent assembly, the municipal elections.[627]

So, while the government was caught up in juggling all sorts of pressures and ongoing political processes, it continued to organise the national dialogue, despite one year delay. Interestingly, societal organisations – who were more engaged in the facilitation then before by means of the Directorate of the National Dialogue – were emphasising several issues that were not exactly what the donors expected:

They don't want the logic of poverty, [...] they want to put social policies to the background. For them, the priority has to be production.[628]

This put the government in an uncomfortable position when negotiating with the donors:

[The original indigenous peasant organisations] are not interested in gender issues. So, well, you don't want to say that the government doesn't put emphasis on these kinds of issues. I think that it is the responsibility of the government to put them on the agenda but I have to tell you that the actors [of the social movements] strongly dismiss this general discourse.[629]

This was indeed a difficult position to be in. For example, when asked what the government should do if the donors wanted gender issues on the agenda, even if it was not the government's nor the dialogue's priority, one donor recommended "they should just be pragmatic and adopt a gender approach" anyway.[630] Another donor representative was more complaisant:

It would be good to get straight what the EBRP really is, because the international cooperation wants to support it. And if the EBRP is not the government's national development plan then possibly we should be

[626] Interview with a government representative, No. 45, La Paz, 27 January 2004.
[627] Interview with a government representative, No. 18, La Paz, 27 February 2004.
[628] Interview with a government representative, No. 27, La Paz, 12 March 2004.
[629] Interview with a government representative, No. 27, La Paz, 12 March 2004.
[630] Interview with a donor representative, No. 88, La Paz, 6 April 2004.

supporting something else. It doesn't really matter what the name is, we just
need to understand.[631]

However, even with such an accommodating attitude, international donors failed to realise
that the government was not concerned with a development plan at all. They were
desperately trying to hold on to political stability, as much as was left of it.

7.1.3   Representing Society: Participatory Bolivia

In the eyes of external donors, Bolivia became a showcase for democratic politics, particularly
since the government's introduction of popular participation. It comes thus as no surprise
that the donors were keen to support the consolidation of emerging democratic structures by
means of fostering civil society participation in policy-making. Much more than other heavily
indebted poor countries, Bolivia came to experience the dual objectives of participatory
mechanisms. Beyond ensuring pro-poor poverty reduction, donors in Bolivia were interested
to strengthen democratic politics by means of participation.

In the Bolivian case, two particular representative questions arose that policy makers
continue to grapple with. For one, popular participation established mechanisms of societal
representation in questions of municipal management, while the national dialogues sought
input into national policy-making. The question is: at what level can citizens effectively
participate in the decision-making process? In addition, participatory processes have to
establish principles as to how society can best be represented. Bolivia's history of corporatist
movements presents a tension with the territorial structure of representation that popular
participation has established. The two will be discussed in turn.

7.1.3.1   Local versus National Level

The Bolivian popular participation continues to be a bold and innovative mechanism of
citizens' participation in local policy-making. It certainly had a positive effect on
strengthening municipal governments and societal input at the local level via the *Comités de
Vigilancia*. However, some argue that it has also undermined national channels of societal
mobilisation of organisations which are not organised territorially. On a different note, recent
studies on civil society control of state institutions at the municipal level in Bolivia conclude
that in several cases these instances of control have been co-opted by the system and display

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[631] Interview with a donor representative, No. 100, La Paz, 2 April 2004.

similar problems of clientelism and nepotism.[632] This runs counter to common understandings of the role of civil society in current development debates. In these discussions, civil society is perceived as an integral part of the socio-political context, which acts as a check and balance to government policy formulation. In Bolivia, however, one can argue that the intention of several civil society organizations was not only to provide input for policy change, but often also to change the political system as a whole. This made the interaction between government and civil society particularly confrontational. Interaction between the state and civil society organisations can be said to be a mix of confrontational civil society protest and policy input through existing channels.

> This in and of itself already contained elements that made management complex because civil society saw this in an active way, to be able to participate. They are seeing this more in a way to demand something back.[633]

It is no secret that political parties in Bolivia have generally lost their credibility and are considered as corrupt and rent-seeking.[634] Opinions differ as to why this has happened. Several people argue that a culture of clientelism and *prebendalismo* exists that forces party members in office to attend to political allies first. Given this political culture, one wonders why civil society organisations are not expected to behave in similar ways. Political parties and civil society organisation are relatively comparable entities. They represent the collective interests of a certain fraction of society and are composed of individuals that are expected to work towards the realisation of these interests. Donors in Bolivia have made the mistake to contribute to the clientelistic relationships in Bolivia:

> Sometimes they were interested in the quality of civil society but that civil society included their clients – because every bilateral has its client, every bilateral has its poor person.[635]

Once in power it is as likely for members of civil society organisations as it is for members of political parties to become corrupted by the opportunities and means of influence they have acquired. The parallel is even more striking since the government's decision in February 2004 when it allowed civil society organisations to compete alongside political parties in municipal elections. Now, if the political culture applies to civil society organisations just as well as to

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632 See for example, James Blackburn (2003): "La participación popular en una sociedad de prebendas: Una análisis de la planificación municipal participativa en Sucre", in: Programa de las Nationas Unidas para el Desarrollo (ed.), *Nuevos actores sociales*. Vol. II. La Paz: Plural: 9-56; Benjamin Kohl (2003): "Democratizing Decentralization in Bolivia", in: *Journal of Planning Education and Research*, 23 (2): 153-164.

633 Interview with a government representative, No. 70, La Paz, 26 April 2004.

634 According to a recent survey, political parties in Bolivia figure as the most distrusted of national institutions. See Luis Tapia and Carlos Toranzo (2000): "Retos y dilemas de la representación política", Bolivia Cuadernos de Futuro No. 8, La Paz: United Nations Development Programme.

635 Interview with a government representative, No. 18, La Paz, 27 February 2004.

political parties, it is no solution to neglect the institutions of representative democracy for the sake of creating new participatory institutions. Competition around who gets to represent society is getting increasingly fierce in Bolivia:

> We never knew who really represented civil society. They didn't even agree among each other, they were speaking different languages.[636]

At the national level, civil society participation is appealing to donors and to many recipient government officials because it appears to consolidate democratisation and make development more equitable. Yet, to achieve both democratic consolidation and equitable development is – although not impossible – incredibly difficult. There are several obstacles that have to be tackled. Like in the National Dialogue 2000 and 2004, the government might not be interested or capable to react to the demands evolving out of the dialogue. This can lead to great suspicions within society about the credibility of government. Disappointed and disillusioned civil society organisations will be much less willing to re-engage in dialogue and a delegitimised government is much less stable than before. On the other hand, increased participation means that particular civil society organisations will gain power and influence, some more than others:

> At the departmental level, this whole horrible structure of social control and Jubilee mechanisms was created. Do you remember that Jubilee was a lot along this line to achieve that debt was forgiven for the poorest countries? This whole current of the Catholic Church of these countries to forgive debt was a little bit to justify these antecedents that have served as a mediator so that it wasn't forgiven. The Jubilee was an expression of the Catholic Church here.[637]

This competition between different organizations is getting more and more commonplace in Bolivia. In addition, there is often a misleading implicit understanding that civil society organisations will not abuse power like corrupt governments do. It is illustrative that the organisations represented in the directorate of the National Dialogue 2003/04 tried to deny access to further civil society organisations. Beyond their own inclusion, these civil society representatives did not make the political process more inclusive.

Some authors argue that the Bolivian governments used the national dialogues to their own interest. The dialogues were not spaces to empower society, instead they were instruments that officials tried to use in their favour, with the objective to legitimise their rule

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[636] Interview with a government representative, No. 70, La Paz, 26 April 2004.
[637] Interview with a government representative, No. 134, La Paz, 22 January 2004.

towards the political and social opposition, and later towards the international community.[638] Such a view would explain why the dialogues did not originally foresee any space for concrete resolutions that the government had to subjugate itself to. Only through international pressure, the government was forced to formulate specific next steps, such as the EBRP.

Strengthened by such demands, corporative civil society organisations – which include the traditionally strong social movements – are the most vocal in demanding participation in policy formulation at the national level. Yet, critics attack the few civil society organisations that have gained an institutionalised channel of input through processes like the national dialogue for their self-centred agenda. And even when influence is not formalised, the representativeness of particular organisations and movements is increasingly questioned. The appearing division between the High Lands and the Low Lands on matters of civil unrest shows that not all Bolivians feel that protests in the streets of La Paz in February and October 2003 were in their name.

7.1.3.2   Corporative versus Territorial Participation

Popular participation and national dialogues are the most prominent examples of civil society participation in Bolivia. Yet, there is an important distinction between the two. Popular participation has promoted civil society participation in policy formulation at the *local* level, while the national dialogues required such participation at the *national* level. On the local, municipal level the form of participation was by nature territorial. By means of the *Comités de vigilancia*, territorial grassroots organisations were asked to provide policy input within certain territorial boundaries – the municipality. On a national level, the form of participation is not naturally a given and continues to be experimented with.

The National Dialogue 1997, which aimed to facilitate public input to the government's national development plan and to strengthen the legitimacy of the incumbent government, invited civil society organisations on a *corporative* basis. Basically, they were all representatives of particular sectors, complemented by participants form the national political system. This dialogue did not incorporate a way to represent society territorially, for example through the actors that emerged from the Law of Popular Participation.[639] In sum, it was organised on a functional rather than on a territorial basis. In 2000, the Chruch organised its own consultation process called Jubilee 2000:

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[638] Carlos Toranzo Roca (2002): "La experiencia boliviana de los diálogos nacionales", octubre, Bolivia. 14-21.

[639] Carlos Toranzo Roca (2002): "La experiencia boliviana de los diálogos nacionales", octubre, Bolivia.

> The Church does its consultations with its church parish structure. Then the government took over and realised that if the Church had already done these consultations it couldn't do one for the country. From there, the idea was born to do a municipal dialogue.[640]

As a result of all the received criticism, the government's National Dialogue 2000 differed very much from this design, partly as a response to the received criticism:

> The second dialogue was a transfer of the municipality promoters […]. They said that we should do a dialogue but not with the same people as always. […] "Let's go to the field, let's talk to other sectors. […] In Bolivia, almost 60 percent of public investment is decentralised to departmental and municipal funds. Everything is implemented downwards, so let's listen what the people down there have to say."[641]

It was implemented through the formal governance structure – through organising municipal, departmental and national roundtables.

> Many instances within civil society said that the municipalities were not representative but the government had good arguments to say that they were. It's not worth explaining the whole dialogue process but, yes, in essence the decision was to consider the means of going through the municipalities as efficient and to have to add an element of the law of popular participation, which was to divide the resources according to the number of inhabitants, while whoever was poorer got more resources.[642]

This made the dialogue more territorially based and reinforced the existing administrative system of municipalities, prefectures and national government. This organisational structure encountered the criticism of corporative organisations who felt overlooked:

> Last time in 2000, the dialogue had a strong municipal focus and other important actor didn't get into the discussion much – actors like the unions, there were only some from their grassroots.[643]

Even newly emerged non-governmental organisations were marginalized by the municipal design:

> There were problems with the dialogue because civil society didn't feel that it was represented by the municipalities.[644]

As a result, the balance between corporative and territorial representation shifted again with the National Dialogue 2003/04. The Mechanism for Social Control, which

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[640] Interview with a government representative, No. 134, La Paz, 22 January 2004.
[641] Interview with a government representative, No. 134, La Paz, 22 January 2004.
[642] Interview with a government representative, No. 70, La Paz, 26 April 2004.
[643] Interview with a donor representative, No. 88, La Paz, 6 April 2004.
[644] Interview with a government representative, No. 70, La Paz, 26 April 2004.

resulted from the Law of the National Dialogue and is comprised of particular corporative organisations on the national level, had the task to monitor and evaluate the progress of the EBRP and of the dialogue process. Yet, because of the criticism it received by left-out civil society organisations for its lack of representativeness, the Directorate of the National Dialogue 2003/04 was created as an innovation to further ensure the inclusion of corporate civil society organisations in the management of the dialogue on the national level. However, the organisations represented in the directorate also had an interest to exclude non-present organisations from this process. They were interested in using this newly gained sphere of influence to further their own sector-specific agenda instead of representing society at large. To counterbalance this increase in corporative representation, the Technical Secretariat of the National Dialogue 2003/04 aimed at a much larger number of representatives to participate in the municipal and departmental roundtables in order to increase the territorial weight of societal input. Another problem with the corporate Directorate of the National Dialogue was that the organisations in the directorate have tended to confuse deliberation within the directorate with deliberation within the dialogue itself. They did not see their role as facilitating the best possible input of society into national policy-making. Rather, they wanted to use their influence in the directorate to directly determine where government policy should be heading.

The tension between corporative and territorial representation is key to understanding the evolution of the dialogue processes:

> The limitation is that there is still no close encounter between the corporative and the territorial. It's very difficult. […] Yet the country is the sum of all of these societies, a corporative civil society and a territorial society. [...] You can't just do a scheme that covers neither of the two types of civil society.[645]

In Bolivia, just as much as in other countries, someone has to be chosen who can participate as a representative for the rest of society. Because a 'trauma of governance'[646] exists in Bolivia and because of hugely discredited political parties, party representation is no longer considered legitimate by the majority of the population. For that reason, many people claim that only participatory democracy can function in Bolivia. Nonetheless, since not all eight million Bolivians can contribute to every political decision, ways have to be found how a few can best represent the interests of many.

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[645] Interview with a government representative, No. 18, La Paz, 27 February 2004.
[646] René Mayorga (1992): "Democracia y gobernabilidad: América Latina", in: *Nueva Sociedad.*

7.1.4 Effects on State-Society Relationships

While donors have paid considerable thought to the relationship of society and the state as such, they have never paid much attention to the tripartite relationship that gets created when donors establish cooperation with the state on the one hand and support for civil society organisations on the other hand:

> The contributors, the ones who pay taxes [in the donor country] have a great love of civil society. But the donors have never managed to further the relationship between civil society and the state. Either they cooperate with the state or they only fall in love with civil society. They fail to join them.[647]

The problem with this lacking inter-linkage is that societal organisations will blame the government for the limits and failures of civil society participation, not the donors that might have influenced the process. If civil society participation is not a clear success, the government has much to loose while the donors' situation is almost unchanged.

7.1.4.1 Disappointed Expectations

After the National Dialogue 2000, societal organisations grew disappointed with the government when they realised that their expectations were not met. Disappointed expectations can become a major obstacle to political stability.[648] A donor representative observed:

> In this country, we never talk about what unites us. For example, the country today is better off than twenty years ago but nobody talks about that. People only talk about failures.[649]

In a climate of perceived failure and mistrust, participatory processes started under difficult conditions. Above all, the fact that the EBRP was not closely tied to the results of the National Dialogue 2000 created much disillusionment among civil society actors. In particular, the donor requirements that shaped the proceedings of the EBRP elaboration were perceived very unfavourably by societal organisations, while blaming the government for this:

> First, we did a poverty diagnosis, [...] simply a descriptive piece of work. We didn't want to develop a proposal. When we presented it, the donors also

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[647] Interview with a government representative, No. 18, La Paz, 27 February 2004.

[648] Indeed, sociological theorists of revolutions have proposed that social unrest occurs, not when people are worst off, but when their expectations about improvement get disappointed. For this relative deprivation theory, see Ted Robert Gurr (1970): *Why Men Rebel.* Princeton, NJ: Princeton University Press.

[649] Interview with a donor representative, No. 52, La Paz, 22 April 2004.

> voiced their opinions. […] Later we put a proposal [on what had to be done] to serve as questions for the dialogue. [...] So during this process, a document slipped through and the media made it public. People said, "The government has everything cooked up already! They're inviting us to participate in a dialogue for nothing! They will screw us over, they already know what they will do!" Oh! It was a bush fire. It was horrible, horrible.[650]

Instead of being remembered as a genuine attempt to collect people's input into policy-making, it left the government with the image of having ignored the people's voices.

> From there, the story became difficult because civil society organisations always remember that the poverty reduction strategies were not developed during the dialogue. In 2002, that was the first issue of complaint, that this poverty reduction strategy […] is really a fraud, it's a farce because "we have not participated in anything! What is more, we don't know it and we don't want to get to know it!" In other words, an impressive rejection.[651]

Whether or not civil society organisations are right in this perception partly depends on how much a government can actually deliver. The PRSP formulation started off with the difficult claim that it would reflect the people's priorities. Even without prior commitments of the international community, this would have only been achievable in a country where everyone concurs on the same policy action. However, this was a utopian situation in Bolivia:

The term 'broad-based' consensus is highly misleading because it demonises healthy disagreement between different societal groups that exist in any deliberative democracy. A government representative sums up the difficulties:

> All these participatory processes create expectations that the elected government cannot meet. It can discuss with the representatives of civil society. But here, the leaders of each sector demand, not ask.[652]

Given that the relationship between the state and social movements has traditionally been tense in Bolivia, it was not surprising that policy dialogue is difficult to create.

7.1.4.2   Little Willingness to Participate

Bolivia has been a showcase for participatory democracy during the last decade. It has made more efforts than most countries to institutionalise popular participation and national dialogue between state and society. Yet, many claim that these efforts to institutionalise

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[650] Interview with a government representative, No. 113, La Paz, 30 April 2004.
[651] Interview with a government representative, No. 45, La Paz, 27 January 2004.
[652] Interview with a donor representative, No. 52, La Paz, 22 April 2004.

participation in Bolivia have been far too limited, were often politically motivated, and did not always achieve the desired results.[653]

> The government of this country needs to communicate to the people that a citizen doesn't only have rights but also duties. For sure, there are inequalities in the system but the problem is more serious. There is a lack of national consciousness.[654]

Comprehensive participation by civil society organisations – apart from the selected few which participate in institutionalised national processes – was still lacking. However, this lack was also a result of a profound scepticism within civil society organisations towards the political system, which made them hesitate to effectively participate within formalised governmental structures. Some claim that there was a tendency in Bolivian politics to reject everything that has previously been achieved:

> There is an attitude in Bolivian politics to reject everything that has been done before. […] If we cannot be systematic in our advancement and learn from your mistakes, how can we ever move forward? I am surprised to see the same attitude among some civil society groups. "The previous one is useless!", disqualifying a process that had such wide-spread participation. I think that at least some things are worth rescuing form the last strategy, some points will be relevant…[655]

Critics say that Bolivia has neither the bureaucratic structures nor the resources to effectively manage such participation.

On the other hand, many proponents of participatory democracy argue that Bolivia needed to deepen and improve participation to adequately incorporate all its diverse social groups. For this matter, the latest national dialogue continued to improve the means of participation through which societal representatives were engaged. However, these newly established institutions also affected previously established democratic relationships between the state and the people:

> The actors of the dialogue, the ones that are in the directorate, think that they are better than congress. That cannot be. Bolivia is democratic. Congress is democratically elected to represent the people.[656]

[653] See the diverse criticism compiled in Christian Aid (2002): "Participating in Dialogue? The Estrategia Boliviana de Reducción de Pobreza", Christian Aid Policy Briefing, January, La Paz.
[654] Interview with a donor representative, No. 52, La Paz, 22 April 2004.
[655] Interview with a government representative, No. 113, La Paz, 30 April 2004.
[656] Interview with a donor representative, No. 52, La Paz, 22 April 2004.

In other words, Bolivian government representatives realised that the rules of the game of representative democracy were at stake. They were worried that representativeness was not a given, while non-legitimated actors might derail national policy-making:

> When you open the doors for civil society, you don't know who you are opening the door for.[657]

Once a government has promised to include the opinions of civil society into its politics and is not able to do so for various reasons – that might also include power struggles, competing fractions of government and a lack of mitigation strategies – society will be disappointed and the government will further loose its credibility. Thus, while not achieving participatory democracy, representative democracy is weakened through the process.

7.1.4.3   Redefining the Political System

Since October 2003, Bolivia's political system has been under considerable strain because street protests continued to be an imminent threat to the incumbent governments. Indeed, creating new participatory processes were a way to appease the general mood. However, the political administration seemed overburdened:

> It's too much for Bolivia because there are too many process now that are happening at the same time – the dialogue, the constituent assembly, the referendum, the demonstrations, etc.[658]

State-society relationships had come under considerable tension since 2003 and, even though participatory processes seemed to be an acceptable way to deal with societal demands, public administration was increasingly unable to keep up with all of them. As a result, processes that appeared incidental to political stability like the national dialogue 2003/04 were neglected for the sake of processes that responded to protest demands, like the referendum on natural gas. Heightened political protest forced the government to withdraw attention from donor demands towards demands from street protests.

In terms of participation, the participatory processes that evolved in 2003/04 were quite distinct from one another:

> Each one has a very distinct modality. The national dialogue has a very 'assembly' modality. The modality for natural gas is the referendum, which is

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[657] Interview with a government representative, No. 70, La Paz, 26 April 2004.
[658] Interview with a donor representative, No. 52, La Paz, 22 April 2004.

very distinct. The logic of the referendum is a vote, a question - one person, one vote. The constituent assembly is captured between the two.[659]

While the national dialogue was a left-over of donor-recipient negotiations of the PRSP, the referendum on natural gas and the constituent assembly got created to respond to the demands of street protesters. Carlos Mesa promised the two when he took over Sánchez de Lozada's administration after the latter had resigned in October 2003.

The donors viewed the referendum on natural gas primarily as a mechanism to reach an agreement on the use of natural resources.

> The referendum on natural gas is a mechanism to reach an agreement on how to use the most important resources of the country. That's what I think is important, that we can reach an agreement for a new law. The basis for a referendum has been created and let's hope a national agreement can be reached how natural gas can be used.[660]

The government, on the other had to find a way to balance genuinely seeking societal input with guaranteeing property rights and continuing a market oriented economy. One government representative explained why property rights cannot simply be discarded with respect to donor-recipient relationships:

> What the donors are interested in is that hopefully the referendum won't eliminate the legal security that the international company of their countries have.[661]

At the same time, the government was reluctant to enable a nationalisation of Bolivia's natural gas as one possible result of a referendum because that would curb public revenue. This argument was also upheld with reference to donor pressure:

> If I put myself in the shoes of the donors: "You! I continue to pass on resources to you but you don't make any effort to for example strike a deal to sell the natural gas or to collect taxes!" So, I think that the donors are worried about it but there isn't much that they can do because in the end it's linked to political processes that are often extremely ideologised.[662]

When the referendum finally took place in July 2004, the questions were ambiguous enough to uphold the government's liberty in the reformulation of the Law on Hydrocarbons.[663] In

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[659] Interview with a government representative, No. 45, La Paz, 27 January 2004.
[660] Interview with a donor representative, No. 88. La Paz, 6 April 2004.
[661] Interview with a donor representative, No. 88. La Paz, 6 April 2004.
[662] Interview with a government representative, No. 79, La Paz, 29 March 2004.
[663] The questions were: (1) Do you agree that the Hydrocarbons Law (No 1689) approved by Gonzalo Sánchez de Lozada should be repealed?, (2) Do you agree that the state should recover ownership of all hydrocarbons at the wellhead?, (3) Do you agree that the YPFB (the state oil company) should be re-founded, recovering the state's ownership of stakes held

the end, the referendum served as a modus to seek consensus while predetermining the results.[664]

The constituent assembly, which is supposed to change Bolivia's political system, has been scheduled for 2006 by the Mesa administration. Differently from the referendum or the national dialogue, it was destined to deliberate on a fundamental aspect of Bolivia's democratic system. Again, issues of how to represent society come to the fore:

> The key question is: how can we assure the representation of all? There will be demands to represent the country according to sectors, ethnic and other groups. This way the process will be representative but maybe these representatives don't have the capacity to discuss very specific constitutional changes.[665]

In early 2003, the government established a Coordination Unit of the Constituent Assembly that was supposed to collect ideas and proposals on representation and content. Different proposals for representation were being discussed:

> There are proposals that say that it should be via assembly members and other that say there should be elected constituent delegates that form a congress [while experts] elaborate the constitution. […] In any case, these two tendencies have always coexisted in Bolivia: a very constitutional, institutionalist tendency […] that coexists with long-established social movements and indigenous rebellions – politics in the streets and politics in congress.[666]

In 2005, discussion on the constituent assembly were delayed by further political unrest and Mesa's resignation. The subsequent interim government called early elections for December 2005.

As redefining the political system of Bolivia has to be a nationally owned process, the government felt very strongly about not letting the donors define the content of the Constituent Assembly. A government representative explained:

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in the part-privatised oil companies, so that it can take part in all stages of the hydrocarbon production chain?, (4) Do you agree with President Carlos Mesa's policy of using as as a strategic resource to recover sovereign and viable access to the sea?, (5) Do you agree that Bolivia should export gas under a national policy framework that ensures supplies for Bolivians; encourages the industrialisation of gas on national territory; levies taxes and/or royalties on oil companies up to 50 percent of the production value of oil and gas; and earmarks resources from the export and industrialisation of gas mainly for education, health, roads and jobs?

[664] Many Bolivians later criticised this 'trap' of the referendum, see Centro de Documentación e Información - Bolivia (2004): "El Referendúm del 18 de julio: Cualquier respuesta favorece a los dueños del gas boliviano: los empresarios extranjeros", La Paz: CEDIB.

[665] Interview with a donor representative, No. 52, La Paz, 22 April 2004.

[666] Interview with a government representative, No. 45, La Paz, 27 January 2004.

> The donors have nothing to do with the constituent assembly. They are lost in ordinance. It's not their subject. They are worried but they don't know what it is.[667]

Donors seemed to concur that they should not get involved, apart from financial support to facilitate the process:

> It's the country that decides about its destiny, not the donors. That would be like the 'it' of national consciousness.[668]

During the first year of organising the constituent assembly, cooperation in Bolivia has been supporting the constituent assembly process without content-related conditionalities.

> No, we wouldn't say that the donors present us with reports on this. And to start: the constituent assembly is something the donors had sufficient fear of, there is a type of exercising citizenship within the assembly. Certainly, under no circumstances would we allow that the donors come and impose criteria that are not within our interests.[669]

Both sides recognised that participatory processes had become foundational issues in Bolivia and that the political system of the Bolivian state was at stake.

> Yes, they are interested. I think that they are interested to see the whole sequence: constituent assembly, referendum. In a sense, it's an interest that Bolivia, the formal state, survives. That's a fact..[670]

In sum, while participatory processes can deepen democratic responsiveness, the transition period can have very destabilising effects on the political system as a whole. In 2005, the Bolivian government with all its good-will to be more inclusive has to juggle disappointed expectations of societal organisations, engage with organisations that show little willingness to participate in the existing system that they reject, and redefine the political system without letting the state succumb to chaos.[671]

7.2 Civil Society Participation in Ghana

In Ghana, the picture looks much different. Although civil organisation have existed in Ghana for quite a while, its politics have not been marked by a history of *co-gestión, co-gobierno*

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[667] Interview with a government representative, No. 18, La Paz, 27 February 2004.
[668] Interview with a donor representative, No. 52, La Paz, 22 April 2004.
[669] Interview with a government representative, No. 109, La Paz, 12 April 2004.
[670] Interview with a government representative, No. 45, La Paz, 27 January 2004.
[671] Jonas Wolff (2004): "Demokratisierung als Risiko der Demokratie? Die Krise der Politik in Bolivien und Ecuador und die Rolle der indigenen Bewegungen", HSFK-Report 6, Frankfurt am Main: Hessische Stiftung Friedens- und Konfliktforschung.

and *poder dual* that every Bolivian government had to juggle with. Societal pressure to respond to citizens demands were much less present in Ghana. What was similar was the government's need to establish the legitimacy of it's rule, particularly after the Provisional National Defence Council (PNDC) had transformed into National Democratic Congress (NDC) following multi-party elections in 1992. One way of doing this was through administrative decentralisation:

> The decision to decentralise was largely political. The government felt the need to show that they are inclusive.[672]

Even before, during the late 1980s, opposition to the PNDC rule was ripe. This was not only a result of the PNDC's socially costly structural adjustment programme. Early opposition to the regime came from civil associations, which perceived the regime as endangering human life, liberty and property.[673]

> In 1988, […] people were dissatisfied with the system, and therefore the government that came in 1982 started to say: "Well, we are giving power to the people!" So that issue appeared and they thought about how to best set up the district assembly with councillors, where local councillors would be able to manage things on their own and they are responsible to their electorate.[674]

Decentralisation became the government's primary means to present itself more responsive to its citizenry.

7.2.1 Participatory Antecedents

The government of Ghana embarked upon the implementation of a comprehensive decentralisation policy and local government reform programme in 1988, still under PNDC rule. This policy was later enshrined in the 1992 constitution and supplemented by the Local Government Act of 1993 (Act 462). A donor representative sums up its progress:

> Decentralisation since 1988 - that was when the first local government elections were held - moved on well. And then in 1993 the local government law was amended. Act 462 came into being. Before it was PNDC Law 37 of 1988. Things started well but along the line from 1996 till now, it just stalled.[675]

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[672] Interview with a donor representative, No. 128, Accra, 14 July 2004.
[673] See Dan-Bright S. Dzorgbo (2000): *Ghana in Search of Development: The Challenge of Governance, Economic Management and Institution Building.* The Making Of Modern Africa, Aldershot: Ashgate.
[674] Interview with a donor representative, No. 123, Accra, 8 July 2004.
[675] Interview with a donor representative, No. 123, Accra, 8 July 2004.

The reforms had established District Assemblies to implement the government's development programmes and Regional Co-ordinating Councils to coordinate and monitor these programmes. A District Common Fund has been established through which five percent of the public budget are channelled to the district level. However, Ghana was far from having devoluted political and administrative powers to the district level.[676] A commonly voiced argument was that capacity at the district level was still insufficient for effective administration:

> One of the key areas of reform is the building of capacity at the district level, so we do acknowledge that there is a need for capacity building. Unless we do that, we are not going to go very far.[677]

Yet this was not the only problem. While the district assemblies were the institutions where local level decision-making takes place, the local civil service was still under the authority of the central government. Even though the district departments – such as health or education, for example – were to be integrated into the district assemblies according to Act 462, they still responded to their respective line ministry in the central government in 2004. A donor representative complained that the government lacked the will to change this:

> Political will from the government to cut off that and let the district department be responsible is not coming up clearly. Most of the time, there is a resistance from the central government… not government but the ministries… to let go – because of money, power, influence. […] The ministries still want to hold on to all these budgets and all kinds of things.[678]

Several years past the tenth anniversary of Ghana's decentralisation policy, ministries, departments and agencies still managed to hold on to their dominant position in decision-making processes without substantial protest from societal groups. The point here is not to evaluate whether central or decentralised public administration renders the delivery of public service more effective. Ghana's reluctant implementation of decentralisation law simply illustrates that, to the government, decentralisation was a means to legitimate its rule rather than an end in its own right. In this situation, the basis for civil society participation in the formulation of the Ghana Poverty Reduction Strategy (GPRS) was much different than in Bolivia.

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[676] Decentralisation Secretariat - Ministry of Local Government and Rural Development (2003): "National Decentralisation Action Plan (NDAP): Towards a Sector Wide Approach for Decentralisation Implementation in Ghana (2003-2005)", September, Accra: Government of Ghana.

[677] Interview with a government representative, No. 110, Accra, 23 August 2004.

[678] Interview with a donor representative, No. 123, Accra, 8 July 2004.

7.2.2   Participatory Conditionalities of the GPRS

In Ghana, the broad-based consultation took place in a very different manner. Although there were consultations prior to the elaboration of the GPRP, they did not take place at the same scale as in Bolivia. Sample consultations were conducted in thirty-six communities to enquire about perceptions of poverty and collect ideas on its reduction. Since this was not a nation-wide process like in Bolivia, the impact on public opinion was much more limited. In addition, the government organised a so-called National Economic Dialogue, which was organized in a similar fashion to the Bolivian National Dialogue 1997, at the national level with a relatively small number of civil society representatives. Once a first draft of the GPRS had been formulated, several forums and workshops took place where it was presented. Participants included the National Association of Local Authorities, NGOs in service delivery and religious groups, women's groups, the workers' unions, as well as research institutions and think tanks.[679]

7.2.2.1   Pre- versus Post-Consultation

While these consultations served as inputs into the GPRS formulation, they did not address the allocation of funds made available through HIPC debt relief. In 2000, the only transfer of resources from the central to the local level was the District Assemblies Common Fund, which transferred five percent of the national budget to the District Assemblies.[680] However, HIPC resources were not directly channelled through to the local level, like they were in Bolivia. Yet, indirectly the HIPC funds strengthened decentralisation:

> The local governments are considered to have spend a certain section. There is a project called HIPC Watch observing dispersal. Through the agreements, local governments are also expected to monitor the dispersal of HIPC monies. I have heard the complaint that the government uses the HIPC money as a political tool, especially now as elections come close.[681]

In terms of GPRS implementation at the local level, some civil society representatives advocated that it should be coordinated at the district level. The argument for this was that basic communities could better articulate their concerns to towards district level authorities than national ones.[682] However, the insufficient degree of implementation of Ghana's decentralisation policy meant that participation at the local level remained low, in terms of

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[679] Government of Ghana (2003): "An Agenda for Growth and Prosperity - Ghana's Poverty Reduction Strategy 2003 - 2005: Monitoring and Evaluation Plan", Accra: National Development Planning Commission.
[680] According to Section 252 (1) of the Ghana's 1992 Constitution.
[681] Interview with a donor representative, No. 128, Accra, 14 July 2004.
[682] Interview with a civil society representative, No. 120, Accra, 28 June 2004.

both consultation and implementation of the poverty reduction strategy. In 2004, a new local government service act was passed to strengthen the delivery of public services at the local level, a response to GPRS goals. A donor representative commented:

> If you look at this act, act 462, the 1993 law of decentralisation: if it had been implemented to the fullest maximum, a lot would have been achieved. There would not have been a need for the local government service bill.[683]

What was oddly similar in the Ghanaian and the Bolivian case was that both country's grassroots organisations had difficulties to comprehend the whole concept of a poverty reduction strategy. The main problem that many grassroots organisations had with the GPRS was that it did not contain any meaning for them. Several interviewees recalled that grassroots organisations were confused as to what poverty reduction actually meant.[684] In both countries, the PRSP was bound to be a far to technical document for small societal associations to provide meaningful input to the process.

7.2.2.2 GPRS Revision

While street protests and political turmoil reached a height during the revision of the Bolivian EBRP, substantially delaying and affecting the process, Ghana's PRSP revision was taking place in a stable political climate. Even though elections were held in December 2004, National Development Planning Commission (NDPC) was already preparing the revision of the GPRS in near certainty of a continuity of government. They were proven right. As a whole, the GPRS revision seemed utterly unaffected by political processes and its appropriation was as uncontroversial as the appropriation of the original GPRS.

Nonetheless in 2004, NDPC was planning to alter several aspects of its participatory mechanism to make it more representative of society. For one, they were going to present the draft document to parliament as they had done before:

> Different [versions]: Maybe halfway through we'll present it to parliament. But then the final one we'll give it to them for their approval.[685]

In addition, NDPC was thinking of doing more thorough consultation processes in rural areas. There was a general fatigue with the term 'civil society', whenever it referred to urban, middle class organisations that claimed to speak on behalf of the people. A government representative explained about the planned consultation in the rural areas:

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683 Interview with a donor representative, No. 123, Accra, 8 July 2004.
684 Interview with a civil society representative, No. 120, Accra, 28 June 2004.
685 Interview with a government representative, No. 106, Accra, 27 August 2004.

> It will not only be in government services but market women, hawkers, farmers…[686]

In sum, while the government's GPRS ownership was little disputed or questioned, NDPC was working to make consultations more representative, yet without raising doubts about the executive's prerogative to take policy decisions independently.

7.2.3   Representing Society: Consultative Ghana

First and foremost, Ghana had become a donor darling because of structural adjustment, not because of innovative democratic politics like Bolivia. When donors started to support participatory mechanisms in Ghanaian policy-making, the focus was thus much more on pro-poor policy formulation than on the improvement of democratic politics. Rather than have society participate in the decision-making process, the Ghanaian PRSP elaboration consulted with societal representatives on the decision. Participation and consultation are two very different ways of engaging with society. Juxtaposing the consultative processes in Ghana with the participatory mechanisms in Bolivia enables a better judgement of societal expectations and appreciation of such processes.

In Ghana, consultation with civil society representatives was a means to get approval and to legitimise policy-making.

> Yes, we shared it with [the donors] and I think they were quite ok with that. We have also shared that with quite a number of stakeholders, so we are quite comfortable.[687]

Civil society representatives in Ghana were more aware about the limitations of consultative processes, in terms of getting technical policy-making input. A difficulty in discussing with grassroots organisations was that they were very articulate about the problems that they encounter but they did not talk much about possible solutions.[688]

Indeed, while the government regularly consulted with civil society organisations to ensure approval of particular policies, government representatives were sufficiently reflected on issues of representativeness:

> This civil society thing is a bunch of interest groups which do not necessarily represent the whole of society. So, in addition to them we will go to society itself, I mean everybody. We will travel the country and talk to them, the

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[686] Interview with a government representative, No. 106, Accra, 27 August 2004.
[687] Interview with a government representative, No. 69, Accra, 2 September 2004.
[688] Interview with a civil society representative, No. 120, Accra, 28 June 2004.

people who are otherwise are not in any formal civil society organisations to express their concerns.[689]

Nonetheless, donors continued to criticise the depth of consultative processes even in Ghana:

> They had consultations. But the issue was… How deep was that consultation?[690]

However, Ghanaians as well as most donor representatives preferred to engage parliament when it came to issues of accountability rather than organising another mechanism to directly engage with society.

7.2.4 Effects on State-Society Relationships

Ghana never experienced the ups and downs of participatory processes in the way that Bolivia did. Ghana's history of state-society interaction was much different and Ghana never became a new donor darling for participatory mechanisms. At the same time, it also never had to experience a similar instability to the one that followed Bolivia's participatory experiences. Nonetheless, elements of Bolivia's experience were mirrored in the Ghanaian case, albeit to a lesser degree. The Ghanaian government was similarly unable or unwilling to incorporate all of societal input into its policy-making decisions. At the same time, managing society's expectations of participatory processes was an equally sensitive subject in Ghana.

7.2.4.1   Consultation versus Input

The Ghanaian government never pretended that it would use consultative processes to let civil society representatives formulate government policy. Throughout the GPRS process, it was clear that consultations and dialogue forums were designed to get ideas and to seek the stakeholders' approval for the process. Consultative processes had a legitimising function for governmental initiatives.

In particular, government made a point out of being as open and transparent as possible when money was already earmarked for a particular issue area, as is often the case with donor projects. A government representative explained the proceedings of a proposal development for a particular donor fund:

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[689] Interview with a government representative, No. 106, Accra, 27 August 2004.
[690] Interview with a donor representative, No. 123, Accra, 8 July 2004.

> This is the concept stage when we would still go along to stakeholder associations by organising forums. Already, [we have] been on the radio stations, [we] have had a lot of interviews and callings. You know we have had some press discussions, we also appear in the papers. We are quite open. At the end, we might have an opening forum as well.[691]

Gaining legitimacy through openness when spending patterns were already well defined was relatively straightforward and effective, especially and when the proposal development took place in close contact with the donors.

Interestingly,. donor representatives in Ghana were supportive of the idea of state-society relationships where civil society organisations merely lobby policy-makers by providing information and resources. A donor representative commented:

> I very much would like to see more involvement of civil society […] in the budget process itself and much stronger relations with parliament. […] Civil society should come up with reports and inform the parliamentary committees on what questions we should ask the government. I mean that is very optimistic because it is just that the capacity of civil society is not there.[692]

In a way, this type of interaction could lead towards a more engaged society and responsive politicians without destabilising the existing political system.

7.2.4.2   Engaging Society

Even though expectations about participation were never as high in Ghana as in Bolivia, some civil society representatives warned that large participatory programmes could misdirect people's expectations. One representative cited one example where people in a rural area where hoping that the government would come and insure their children's discipline about going to school.[693] In Ghana as much as in Bolivia, the government had to carefully introduce and broadcast the aims and objectives of each consultative process in order to not disappoint built-up expectations.

Similarly to governmental agencies, civil society organisations often exhibited flaws of non-transparency and patronage. A donor representative explained:

> When they go back, they don't brief the organisation, so they don't know that they were there […]. At least, write a status report! So you ask some other members but if you happen to meet the person who was attending the

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[691] Interview with a government representative, No. 69, Accra, 2 September 2004.
[692] Interview with a donor representative, No. 24, Accra, 18 August 2004.
[693] Interview with a civil society representative, No. 120, Accra, 28 June 2004.

> meetings he says. "Yes, we were consulted." But you meet others who say "no". That is the problem.[694]

Such confusion could hinder an effective engagement of these organisations in participatory and consultative processes.

7.3   Conclusion of Chapter Seven

The participatory conditionality of the PRSPs fulfils a double purpose, which explains why the concept is so popular in international development cooperation. Civil society participation is believed to 1) make economic policy more equitable and to 2) consolidate democratisation. Yet, there is neither empirical proof nor theoretical indications that these two goals converge. It is questionable whether the participatory processes of the PRSP formulation have improved the pro-poor focus of public policy in Bolivia and in Ghana. What is more, it is even questionable whether these processes have achieved more inclusive policy-making processes. Against this lack of evidence, the current hype around civil society participation at the international level – in the academic world as well as among practitioners – is puzzling. Why is civil society participation in national policy-making such a popular concept?

The answer can be found in the recent shift from structural adjustment to governance issues. This was a process which occurred simultaneously to the worldwide 'third wave of democratisation' and the end of the Cold War. International and bilateral support for processes of democratisation ranked high on the political agenda of many established democracies, while the improvement of structural adjustment policies required an incorporation of institutional issues. International and bilateral actors felt that they had to act quickly to support democratisation before the reversal of the 'third wave' hit in.[695] The international finance institutions, who have an economic mandate and can thus not directly support processes of democratisation, focused on civil society participation instead. It was a convenient way to support democratic consolidation, while sticking to the economic mandate: fostering pro-poor economic policies. The bilateral agencies, who do not have the same restriction, openly argued in favour of civil society participation to the end of democratic deepening.

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[694] Interview with a donor representative, No. 123, Accra, 8 July 2004.

[695] In his famous book, Huntington argues that each wave of democratisation is followed by a wave of reversals back to authoritarian regimes. See Samuel P. Huntington (1991): *The Third Wave: Democratization in the Late Twentieth Century.* Norman: University of Oklahoma Press.

It is a wide-spread belief that dialogue with civil society is "a promising mechanism for promoting broad social participation and fostering the sense of citizen ownership in the definition and operation of public policies and institutions."[696] Without dialogue, "democracy loses its meaning."[697] If that was true, why are there hardly any dialogue processes on national policy-making in long-established democracies? Where dialogue processes exist in traditional democracies – for example, between trade unions and business associations – they usually touch upon very specific issues or are territorially limited. Yet, which government of an established democracy is holding a national dialogue on such a broad-based issue as macro-economic policies, as was required in the PRSP process. International donors who require consultation with civil society on particular issues – despite the fact that the Bolivian government is democratically elected to represent the interest of its citizens - ignore the sovereignty of the recipient government on national policy-making. International donors are employing Bolivia, with the consent of the Bolivian government, as a unique experiment in which new forms of participatory democracy are put to the test.

One wonders whether civil society participation in national policy-making is really the best way to make government policy more responsive to societal demands. In Bolivia, has past government policy not been responsive to societal demands because the government did not know what society demanded? Or just because they did not feel the need to respond, despite an awareness of the issues? If the answer is the latter, then participatory processes will not achieve greater responsiveness because participation is not underpinned by effective means to influence policy-makers. With a view on power and politics, societal groups will need to develop means to pressure the government into following up on its promises. Participatory processes alone cannot guarantee that. Particularly in Bolivia, donors were demanding a blueprint of idealised forms of participation that did not respond to the political reality on the ground – indeed, it would not even fit in with the political reality in donor countries. By putting political and financial pressure on Bolivia, international donors contributed to creating forms of participation that were no adequate means to respond to heightened societal protest and to consolidate democratic politics in Bolivia.

One of the biggest challenges of the participatory experiment is how to connect progressive methods of democracy like a national dialogue with traditional means such as deliberation in parliament. There is an apparent threat of national dialogue processes to

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[696] World Bank and International Institute for Democratic and Electoral Assistance (2000): "Experiences with National Dialogue in Latin America: Main Lessons from a Roundtable Discussion", Conference Proceedings, November 20-21, San Salvador, El Salvador. 1.

[697] World Bank and International Institute for Democratic and Electoral Assistance (2000): "Experiences with National Dialogue in Latin America: Main Lessons from a Roundtable Discussion", Conference Proceedings, November 20-21, San Salvador, El Salvador. 4.

further delegitimise parliament and the existing political parties and to destabilise democratisation. This is particularly true in newly established democracies where the legitimacy of congress and the political parties are relatively weak. For the case of Bolivia, many argue that a traditional representative democracy will not work for historical reasons and because of the ethnic and social fragmentation of society. Such voices claim that participatory democracy is the only way forward to democratic consolidation for Bolivia. Others argue that the phenomenon of consensus-building through dialogue arises as a result of the crisis of representation and of the problems of governance in Bolivia and more broadly in Latin America in general.[698] This might be true. It can certainly be argued that dialogues have a catalysing effect in such a situation. One has to be aware, though, that such a democratic strengthening might entail an instability, at least in the short term.[699] If dialogue is used as a method for different groups within the state and society to deliberate, it must produce some tangible results. Without results, the participants will become disillusioned with the process. This endangers the legitimacy not only of the process but also of the political system as a whole. If a government does not or cannot take deliberated conclusions into account, it will loose its credibility. The line to walk between delegitimising or strengthening representative democracy through dialogue is very thin.

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[698] See the discussion elaborated in World Bank and International Institute for Democratic and Electoral Assistance (2000): "Experiences with National Dialogue in Latin America: Main Lessons from a Roundtable Discussion", Conference Proceedings, November 20-21, San Salvador, El Salvador.

[699] For a discussion of the potential conflict between stability and democratisation, see Wolff's analysis of Bolivia's recent unrest as a contribution to democratic deepening, Jonas Wolff (2004): "Demokratisierung als Risiko der Demokratie? Die Krise der Politik in Bolivien und Ecuador und die Rolle der indigenen Bewegungen", HSFK-Report 6, Frankfurt am Main: Hessische Stiftung Friedens- und Konfliktforschung.

PART IV

CONCLUSION

CHAPTER 8 – CONCLUSION

 This study opened with two questions to investigate the ownership paradox. The first question considered whose values and beliefs were reflected by externally promoted reforms in a development cooperation context. The second question asked in how far informal political processes determined policy-making in a situation where formalised agendas and informal political processes diverge. I have argued that the two questions are interlinked because political reforms often reflect the values and beliefs of donors rather than recipient policy-makers, which makes formalised agendas diverge from socially embedded informal political processes.

In order to address these questions, I have investigated Bolivia and Ghana's experience with development cooperation, above all with the elaboration of poverty reduction strategy papers and with direct budgetary support. With my conclusion, I do not attempt to evaluate the success or failure of the poverty reduction strategy papers, nor of budgetary support mechanisms. Instead, summarising the argument, I look at three sets of juxtapositions within development cooperation rhetoric: development planning agendas versus government priorities and participatory policy-making versus democratic representation, and government versus national ownership. Based on these, I evaluate the theoretical implications of my findings for existing debates in the field of development studies: donors and the state-society relationship in an aid-dependent country, and concepts of democracy. These considerations lead me to a more general outlook on the impact of development cooperation on democratic development.

8.1 The Rhetoric of Development Cooperation

Running through my argument has been a constant emphasis on the need to contextualise the socio-political setting when agreeing on development cooperation programmes. I have argued that political reforms in Bolivia or Ghana resulted from a combination of domestic and external pressures and incentives. Even though I advocate a state-in-society approach,[700] I argue with my research that aid donors should be conceptualised as an important additional element impacting on this state-society relationship. Politics in Ghana and Bolivia are not

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[700] Joel Samuel Migdal (2001): *State in Society: Studying How States and Societies Transform and Constitute One Another.* Cambridge: Cambridge University Press.

only the result of societal interaction but also of the government's interaction with international aid donors.

Throughout my research three juxtapositions emerged out of the rhetoric of development cooperation that I want to summarise here. One is the likely divergence between development planning agendas and government priorities. The second is the non-obvious tension between participatory mechanisms in national policy-making and traditional forms of democratic representation. Through these arguments runs the third theme: the necessity to distinguish between government and national ownership.

8.1.1   Development Planning Agendas versus Government Priorities

In order to address the research question on diverging formalised institutions and informal political processes with respect to the state and its organisations, I used part two of this thesis to juxtapose official Ghanaian and Bolivian development planning agendas, in particular the poverty reduction strategy papers (PRSPs), with non-formalised government priorities that become apparent elsewhere. To do so, I juxtaposed the Ghanaian and Bolivian PRSP priorities with the ones that emerged during their revision and with government priorities put forward during the Millennium Challenge Account (MCA) proposal formulation. In order to address the research question on externally promoted reform in this context, I also looked at government commitment to the Multi-Donor Budgetary Support (MDBS) in Ghana and to budget funding mechanisms in Bolivia. In both cases, these multi-donor funding initiatives were built on the PRSP, with the assumption that the PRSP represented the government's enshrined development agenda.

Understanding the PRSPs in such a way is problematic since they were formulated to fulfil the requirements of the second Heavily Indebted Poor Country (HIPC) debt relief initiative. The creators of the PRSP initiative were probably aware of this problem: how can a recipient government be made to own a strategy that it had to formulate in order to receive funds? For this reason, the requirements of the PRSP included a broad-based consensus, precisely to ensure the commitment that they knew would be difficult to achieve. As a result, the PRSP initiative presented recipient governments with several conditionalities: they had to be broad-based and country-owned, yet the content was already defined to be poverty alleviation, while dominant development thinking pressured for an emphasis on social spending to achieve this goal. The PRSP initiative presented a considerable straitjacket that

recipient governments had to make do with. Interestingly, the governments' commitment to their original PRSPs varied between Ghana and Bolivia. In Bolivia – although the government officially upheld the Bolivian Poverty Reduction Strategy (EBRP) as their development agenda – almost every politician and civil servant interviewed disliked and outright rejected the EBRP as an irrelevant document.[701] In Ghana, politicians and civil servants alike were emotionally unattached to the document, yet all stated that it represented the government's development agenda. However, implementation generally fell behind these official statements. Few ministries, departments or agencies actually made the Ghana Poverty Reduction Strategy (GPRS) targets explicit in their sectoral strategy. Generally, the GPRS was used as a policy statement but only very patchily and insufficiently as a tool for monitoring and evaluation.

The revision processes of the PRSP in Ghana and Bolivia in 2004/2005 have proven a useful tool to check on the development agendas that both governments put forward during the first round of PRSP formulation. Interestingly, both Ghana's and Bolivia's revised PRSP appeared to be moving away from the original emphasis on social sector spending, towards a focus on wealth creation and productivity issues. Even though multilateral donors attached further funding to the PRSP revision process, these funds were less substantial and seemed to be less of a factor pressuring on the revised PRSP formulation process. In Ghana, the American MCA proposal formulation process further stressed this shift. Since the MCA proposal guidance notes did not contain a poverty reduction element and were not harmonised nor streamlined with other bi- or multilateral donors, recipient governments were free to use it for previously neglected priorities that did not fit in well with the GPRS and the MDBS framework. In 2004, the core team working on the MCA proposal was planning to focus in infrastructure and private sector development – two issue areas that had not featured prominently in the MDBS donors' discourse. In Bolivia, government priorities were far more obviously diverging from the original EBRP agenda: towards the productivity issues stressed in the revised EBRP and during the National Dialogue 2003/04, but more importantly towards minimising the political damage that resulted from continued civil unrest since 2003.

Government's commitment to the MDBS in Ghana on the other hand was quite high. This is not surprising since the framework represented a relatively large amount of money that the government could spend as part of the national budget at its own discretion. In 2004, the Ghanaian politicians and civil servants interviewed were all very positive about

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[701] In fact, the only ones neutral on the question were the ones that had been involved in its elaboration.

the MDBS. The disbursement triggers specified in the jointly agreed trigger matrix were the only aspect limiting the government's liberties in spending the funds. It seemed that government representatives were quite indifferent about these triggers. Deliberation about what shape and form the triggers should take primarily took place between different donors. Eventually, the government merely signed off the resulting compromise. During my interviews, the majority of donor representatives were generally positive about the idea of multi-donor budget support, although many were worried about how to justify such expenses to their home constituencies. It remains a given that results of such forms of financial assistance are very hard to evaluate. In that respect, donor representatives were forced to 'let go' by opting for budget support. While budget support represented an advancement in terms of genuinely committing the government, it deprived involved donors of any effective means to control the use of such funds. For the sake of government ownership donors are required to make a leap of faith that can only be done if the government is genuinely considered as progressive, developmental and trust-worthy. Even then, it is hard to justify to multilateral member states and bilateral countries' taxpayers.

8.1.2 Participatory Policy-Making versus Democratic Representation

In order to address the research question on diverging formalised agendas and informal political processes with respect to state-society relationships, I have used part three of this thesis to juxtapose Bolivian and Ghanaian attempts to foster direct participation in the elaboration of the PRSPs with previously existing channels of representation and with the governments' capabilities and willingness to take societal input on board. In particular, I compared participatory requirements of the PRSPs with traditional means of societal representation. In order to address the research question on externally promoted reform in this context, I looked at the government's appropriation of the results of the National Dialogues in Bolivia and of the National Economic Dialogue in Ghana. In both cases, these dialogues had become established as a response to the participatory requirements of the PRSPs, with the assumption that they could create broad-based consensus.

However, the participatory requirements of the PRSPs were designed to accommodate two quite distinct aims: pro-poor policy formulation and government responsiveness to societal demands. Even though the two might seem relatively non-conflicting at first glance, they are not necessarily the same thing. Combining these two aspects rested on the assumption that the majority of citizens would like their government to

implement poverty-reducing policies. Indeed there would need to be a consensus on what kind of policies actually achieve poverty reduction. Especially in Bolivia, such a situation was not the case. Profound social cleavages have led to reciprocal distrust between different sections of society and between social movements and the government. Bolivia could not be further from a consensus on what the country needed to move forward. This was not a new phenomenon, Bolivia had been marked by these divisions since colonial times. Large sections of the population continue to understand poverty reduction as the redistribution of economic and natural resources and as the renegotiation of property rights – very different concepts from the donors' understanding of poverty alleviation. The Bolivian example shows that the PRSPs suffer from a combination of methodological and content conditionalities: a PRSP has to be based on a national consensus, but at the same time it has to address poverty reduction in preconceived ways. These two requirements are easily at odds with each other and make national ownership, as it is envisioned by the donors, very unlikely.

In Bolivia and in Ghana, the governments employed a pre-existing, non-binding consultation process to serve as the participatory process meant to ensure the PRSPs' 'broad-based consensus'. In Bolivia, the government transformed the relatively limited National Dialogue 1997 into a precedent for the greatly enlarged National Dialogue 2000. In Ghana, the government changed the National Economic Forum that had been taking place since 1997 into the National Economic Dialogue. One major difference between Bolivia and Ghana was that the Bolivian government claimed to have elaborated its EBRP based on the results of the dialogue, while the Ghanaian government subjected its already completed draft GPRS to the dialogue for discussion and approval. By doing so, the Bolivian government partially conceded its elaboration authority to participating civil society organisations, which naturally made societal expectations rise. The Ghanaian government, on the other hand, had made it clear that they are the ones elaborating the GPRS, even though they would appreciate societal input. Naturally, disappointments about the limited influence that both dialogues had on the final document were much more pronounced and agitated in Bolivia. The situation was further aggravated by the fact that donor representatives in Bolivia got very engaged in the drafting of the EBRP, with drafts and comments circulating between donors and the government. As a result, the final EBRP was much more a response to the requirements of the donors and to prior international agreements than to often vague and ambiguous results of the National Dialogue 2000.

Indeed, these problems with the broad-based consensus resulted from several misconceptions of societal participation in national policy-making that were inherent in the

PRSP. For one, national actors do not necessarily associate policy consultation with the democratic notion of participation as donors understand it. In Bolivia, 'participation' recalls past experiences with corporatist politics. Furthermore, the concept of participation assumes that deliberations over what kind of political system would be desirable are already settled. Participation then is merely a tool to give input on policy-making but not to alter the political system as a whole. The political unrest in Bolivia in 2005 – with the promised Constituent Assembly and with aggravated calls for a more socialist state – shows that such a situation is often not a given. In Bolivia, disappointed expectations within society only further confirmed a prevalent conviction that the political system does not serve the needs of the people. Lastly, it is by no means obvious who constitutes civil society. In Ghana, the term as such was widely looked down upon as reducing society to a small number of non-representative, urban non-governmental organisations. In Bolivia, controversies broke loose as to who can most legitimately represent society; yet, the issue is even less settled. The donors' tendency to perceive societal networks according to the basis on which they are formed and not according to the channels through which they influence the political system has contributed to further widening the gap between formalised consultative processes and actual means of policy-influencing. In short, the concept of civil society does not serve to depict societal fractions and obscures negotiations on how a government can become more responsive to citizens' demands.

8.1.3   Government versus National Ownership

Even though government as well as national ownership are frequently mentioned in the literature, the distinction between the two concepts is usually either blurred or they are simply being equated. If they are mentioned together, it is usually to advocate a broad-based societal consensus that goes beyond government ownership.[702] However, as problematic as the notion of ownership is in and for itself, the distinction is necessary in order to specify who is supposed to be responsible and committed to a particular programme, if one decides to employ the concept.

Government ownership relates very closely to donor efforts in harmonisation and alignment. The idea behind harmonisation was that multi- and bilateral aid donors aligned cooperation between themselves and with recipient governments in order to free scarce

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[702] For example, in Masud Mozammel and Sina Odugbemi (2005): "With the Support of Multitudes: Using Strategic Communication to Fight Poverty Through PRSPs", Information and Communication for Development, DFID, and Development Communication Division, External Affairs, The World Bank, London: Department for International Development.

recipient government human resources from administering multiple donor programmes. It has been argued that lengthy and diverse decision-making procedures by different donors impede the government's ability to commit to agreed reforms programmes and to effectively execute the delivery of aid.[703] By harmonising aid flows and development cooperation more generally, donors aim to overcome these obstacles and to thus foster government ownership. However, donors have muddled up procedural harmonisation with harmonised agendas. Instead of aligning and harmonising their accountability, reporting as well as monitoring and evaluation mechanisms, donors have preferred to focus on harmonising their development agendas. Clearly, harmonisation of procedures is something very difficult to achieve for donor agencies that represent sovereign states and powerful international organisations. Both types of organisations have well-established and complex procedural requirements. Aligning these to each individual recipient government's rudimentary structures presents a significant challenge. Nonetheless, it appears to be the most promising means to effectively strengthen the aid absorptive capacity of recipient governments. On the other hand, harmonisation of agendas has been somewhat easier to accomplish between like-minded Western donors. Yet, a harmonised donor agenda does not contribute towards greater government commitment to reform. Instead, it reduces the plurality of opinions, depriving the recipient government of the choice between the most suitable development cooperation partner. If approaches towards cooperation differ, the recipient government can pick the most appropriate donor to support a government-originated reform programme. While this reduces donors' options for policy influencing, it would enable development cooperation programmes to be in line with government-owned reform agendas. Whether or not this is desirable, is a normative decision that every donor agency has to take.

National ownership, on the other hand, relates very closely to questions of democratic accountability, at least from the viewpoint of the donors. They make the argument that national ownership – a broad-based consensus on reform agendas within society at large – would ensure that the government's reform plans are responding to the needs and demands of its citizens.[704] For the donors, national ownership is a way to have their intervention in national policy-making be legitimated by the voice of the people. It is a means to continuously emphasise that their aim is to help 'the poor', or 'the people'. Yet, it rests on the somewhat naïve assumption that policy reforms could ever be underpinned by a broad-based consensus. It is hard to think of bold economic reforms in any country in the

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[703] For a discussion, see Mick Foster and Adrian Fozzard (2000): "Aid and Public Expenditure: A Guide", ODI Working Paper No. 141, London: Overseas Development Institute.

[704] See World Bank Group - Operations Policy and Strategy (2000): "Poverty Reduction Strategy Papers Internal Guidance Notes", January, Washington, DC: The World Bank Group.

world where that is the case. As I have argued in chapter two, politics are the power plays through which different social groups try to realise their own will. Usually, different fractions in any society have different approaches and answers to the questions at hand. The political process is where deliberation takes place and where a governing majority usually eventually imposes its solution on the rest. Especially when reforms are far-reaching and their results difficult to estimate, broad-based consensus is highly unlikely. Such reforms will always be controversial, in any socio-political setting.

The aim of this thesis was to investigate the concept of ownership, despite its normative bias, and to see in how far it can serve as a tool to describe donor recipient relationships. I conclude that ownership is of little analytical use. The ownership discussion has been helpful to divert attention towards how far a recipient government is committed to a reform programme agreed with its donors. Yet, in that context it might make sense to speak of commitment to reform, rather than ownership.[705] Ownership is a normative, highly political term that serves to conceal a controversial political agenda in technical terms. Apparently a technical desirability, the ownership debate touches on very profound aspects of domestic democratic accountability.[706]

8.2 Revisiting the Theoretical Implications

Two themes stem from these conclusions that have theoretical implications for existing debates in the field of development studies: donors and the state-society relationship in aid-dependent countries, and concepts of democracy. For one, political sociologists who study state-society relationships in aid-dependent developing countries would benefit from becoming more rigorous about conceptualising the donors as a constant influence in this relationship. Several studies acknowledge the influence of donors in country-specific studies,[707] but these realisations have yet to become integrated in the general theoretical debate of the field, beyond concepts of the internationalised state.[708] Furthermore, there is an

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[705] This argument has also been made by Oliver Morrissey and Arjan Verschoor (2004): "Is Ownership a Meaningful Concept in Policy Reform? Policy Learning and the Evolution of Pro-Poor Policies in Uganda", paper presented at the second International HWWA Conference on Public Choice and Development 'The Political Economy of Aid', 9-11 December, Hamburg: Hamburg Institute of International Economics.

[706] A similar argument can be found in David Mosse (2005): *Cultivating Development: An Ethnography of Aid Policy and Practice*. London: Pluto Press.

[707] Such as Rosalind Eyben (2003): "Donors as Political Actors", IDS Working Paper 183, April, Brighton: Institute of Development Studies; Natalie Ann Folster (2001): *Systemic Constraints on Aid Policy and Aid Outcomes: The History of Canadian Official Development Assistance to Tanzania*. PhD Thesis, Development Studies Institute, London: London School of Economics and Political Science; James Putzel (1992): *A Captive Land: The Politics of Agrarian Reform in the Philippines*. New York: Monthly Review Press; Judith Tendler (1984): *Captive Donors and Captivating Clients: A Nicaraguan Saga*. Washington, DC: Inter-Amercian Foundation.

[708] Kate Nash (2000): *Contemporary Political Sociology: Globalization, Politics, and Power*. Oxford: Blackwell: 260-264.

often normative approach towards democratisation in debates about political development that impedes thorough analyses of political transformations and change. Frequently, the state is too easily discarded as predatory, with an implicit assumption that the people – especially the poor – are morally superior to the power-holders and capable of presiding over effective poverty reduction. For the sake of participation and empowerment of the people, issues of representation and the limits of democracy are being overlooked.

8.2.1 Donors and the State-Society Relationship in an Aid-Dependent Country

I have argued throughout this thesis that political activity in developing countries is not only shaped by the relationship between the state and society. More accurately, it is characterised by a triangular relationship between society, the state and the country's donor community. However, this does not mean that in a globalised world, the state has become an invalid concept to explain politics. Recognising that a globalisation of politics has taken place,[709] I nonetheless maintain that analyses of state-society relationships further understandings of national politics. Even in cases where the state has been described as weak – in the sense that it is not fully able to engage with society – and where some parts of society are disengaged with the state, others parts of society still influence the government's decision-making and engage in the public realm of that state in order to partake in national politics.[710] However, if the government's resources are considerably dependent on foreign assistance,[711] politics cannot properly be explained without conceptualising the country's donor community as a third component in that relationship.

In the case of Ghana, such a triangular relationship is enshrined in the MDBS framework, through which donor funds are directly channelled into the public budget. The formal structure of the framework, more specifically the MDBS trigger matrix, is an expression of the donors' myths and beliefs in the relevance of public administrative reform. At the same time, it represents the formalised, official agenda of the government. This agenda does indeed diverge from the day-to-day work activities within the Ghanaian ministries, departments and agencies, which often continue to respond to requirements of neo-patrimonial patronage networks. Such networks – and the continuing existence of a

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[709] For this argument, see David Held (1995): *Democracy and the Global Order: From the Modern State to Cosmopolitan Governance*. Cambridge: Polity Press; A. McGrew (1997): *The Transformation of Democracy? Globalization and Territorial Democracy*. Cambridge: Polity Press.

[710] Unless the state is 'failed', that is. For a discussion of state failure, William Zartman (1994): *Collapsed States: The Disintegration and Restoration of Legitimate Authority*. Boulder, CO: Lynne Rienner Publishers.

[711] Throughout this research, I have defined aid dependence as roughly 10 percent of the country's gross domestic product.

primordial public in which religious, communal, traditional and other non-statal authorities dominate – explain why public administrative reform has been relatively unsuccessful during the past twenty years. The reforms were frequently in tension with informal, socially structured interests. Conceptualising the donors as relevant actors within the state-society relationship helps to explain why these reforms came about, even when they were unlikely to be successful.

In the case of Bolivia, the triangular relationship between society the state and donors is enshrined in the Law of the National Dialogue. Interestingly, the formal institutionalisation by means of a law has been the result of civil society demands that evolved during the second National Dialogue in 2000. However, the organisation of the National Dialogue 2000 in order to inform the EBRP formulation was a government response to the donors' myths and beliefs in democratic accountability. This gave political space to societal representatives that had not usually been at the forefront of state-society interaction. Naturally, they called for an institutionalisation of that space. However, even though the government had officially committed itself to the results of the dialogues, it has insufficiently taken them into account in 2000 as well as in 2004. The government's political activities then where much rather determined by external pressures and commitments to the donors, and by political calculations about how economic and political stability could best be maintained. As political stability grew to be the most imminent concern since October 2003, the government has taken less and less notice of this institutionalised space for dialogue, where deliberation does not seem to serve as an appeasement of political agitation. Instead, the government has turned towards new public spaces like the envisaged Constituent Assembly, which is hoped to be a better means to respond to societal pressures.

In sum, donors are contributing towards institutional multiplicity at the country level, formally and even informally. They represent a pressure group that can exert considerable influence on the government's policy-making because they determine external financial assistance and, to a large degree, the recipient governments' international reputation. Yet, they cannot be subsumed under 'socially structured interests', because donor representatives have an exit option from the national context, unlike domestic actors. In addition, their prominent role for legitimising and supporting the existence of particular governments brings with it an over-proportionally large impact on institutional formalisation. The danger is that such reforms are not underpinned by the multiple informal interests and values that exist within a given society. The relative importance of external donors indicates that the state become indeed more internationalised, and that governments are eager for international

recognition. Yet, beyond debates about the internationalised state, political sociologists would benefit to come to terms with a theoretical approach where the social circumstances of politics are conceptualised *around* the state, but not only based on the society that the state governs, nor on international agreements impacting on national politics. In an aid-dependent developing country, it would be an important step in the right direction to analytically acknowledge a triangular relationship between society, the state and the country's donors.

8.2.2 Conceptualising Democracy

In the introduction and in part three, I have argued from a theoretical standpoint that current theories of democratic consolidation and democratic accountability are partly motivated by normative pursuits to establish desirable political systems. I have discussed definitions of civil society that have been formulated to that end: civil society is generally understood as contributing towards the consolidation of democratic rules and principles. Democratic theorists like Schmitter understand civil society as consisting of self-organised groups that agree to act within pre-established rules, and as not seeking to replace state agents.[712] Yet, the empirical findings of this research confirm that such a conception inadequately depicts the socio-political reality in Bolivia and Ghana. Such notions of civil society turn a blind eye to relevant facets of societal organisation in both countries that have a significant impact on political transformation and change, and that cannot simply be dismissed as 'un-civil'.

In the case of Bolivia, notions of civil society and democratic consolidation are inadequate to analyse continuous legacies of corporatist politics. Employing these concepts only widens the gap between idealised constructs of desired institutions and actual politics. The fact that civil society is assumed to act within pre-established rules of a 'civil' or legal nature, presupposes that the political order is established. In Bolivia however, social movements challenge very recently established democratic rules, and refuse to act within its boundaries. Indeed, several movements seek to replace state agents and private producers, whose domination they consider illegitimate. The criteria of non-usurpation is therefore clearly not a given, Bolivian social movements cannot adequately be described as civil society in terms of democratic theorists' definition. Yet, these movements are protesting against deep-routed social injustice and economic inequality that has characterised the socio-political system in Bolivia for centuries. Because large parts of the population have *de facto* been excluded from policy-making, street protests has proven to be the most effective means to

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[712] Philippe Schmitter (1997): "Civil Society: East and West", in: Larry Diamond, et al. (eds.), *Consolidating Third Wave Democracies: Themes and Perspectives*. Baltimore: Johns Hopkins University Press: 239-262.

have their discontent be heard. Their claims might or might not be legitimate, but their engagement with political and state matters is the single most determining factor for political change since 2003. Normative theoretical approaches of theoretical consolidation that neglect socio-political legacies have not furthered an understanding of how and why such changes and societal confrontations occur.

In the case of Ghana, the civil society concept is difficult to reconcile with the existence of two public realms. Many primordial associations – such as ethnic and other communal associations that engage in public deliberation but are disconnected from the post-colonial state – would not qualify for democratic theorists' definition of civil society.[713] Similarly to social associations in the Bolivian case, some Ghanaian organisations might seek to replace state agents and thus violate the non-usurpation criteria of civil society. For example, such a situation would be the case whenever chiefs or other traditional authorities take on legal matters that are usually the prerogative of the state. Yet, these self-organised groups within society are actively engaged with political affairs and are capable of taking collective action in defence or in promotion to their interests. Their engagement is simply not directed towards the state. This disengagement between the primordial public and the post-colonial state is hard to reconcile with theories of democratic consolidation that assume a direct feedback process between the state and civil society.

In both the Bolivian and the Ghanaian case, social movements and associations effectively engage politically, even when such engagement is not exactly the kind of input to policy formulation that civil society is envisaged by donors to give. Because of normative motives, democratic theory has over-emphasised civil society analyses and neglected socio-political questions of transformation and change that do not fall within the category of democratic consolidation. What is more, the discussion of civil society has so far dangerously ignored issues of representation. A normative evaluation of how to engage people's voices in the political process might be useful in some ways, but then theorists have to address the representation dilemma that every democratic system has to tackle in one way or the other.

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[713] For a discussion of the difficulties to reconcile the two concepts, see Eghosa E. Osaghae (2003): "Colonialism and Civil Society in Africa: The Perspective of Ekeh's Two Publics", Paper presented at the Symposium on Canonical Works and Continuing Innovation in African Arts and Humanities, Council for the Development of Social Science Research in Africa, 17-19 September, Accra: University of Legon.

8.3   On Development Cooperation and Democratic Development

With respect to development studies issues, theories of democratic consolidation and civil society participation have so far failed to adequately address the limits of democracy that have been lamented by political philosophers for centuries.[714] The same is true for aid professionals who generally rely on this literature to justify their attempts to strengthen democratic institutions. They do so to legitimise development cooperation in countries where economic inequality and poverty prevail and where governments are perceived as partly responsible for such shortcomings. Having learned their lesson from structural adjustment, donors do not want to again be perceived as responsible of economic and social marginalisation of some parts of society. In addition, the end of the Cold War has made it more difficult for bilateral donors to justify their engagement in developing countries with strategic security concerns.[715] Instead, democratisation and empowerment have come to the fore. Supporting civil society participation has nicely served the double purpose of enabling citizens' participation in national policy-making and in making policies more responsive to the demands of the poor.

However, what is more is that the notion of enabling civil society participation is based on the generalised, premature assumption that a breach exists between recipient government and their citizens. Implicitly, such cooperation puts forward that recipient governments' actions might not be responsive to citizens' needs and demands. Even though such a situation might be common, it is a statement that would need to be evaluated case by case, and giving the recipient government the benefit of the doubt. As an explicit political statement, such an assumption would cause an uproar and a breach in bi- or multilateral relations. By means of including the demand for national ownership in an initiative such as the PRSPs, the claim has become disguised as a technical requirement. Since all heavily indebted poor countries that wanted to become eligible for debt relief had to produce a PRSP, the initiative implied that none of these candidates had democratic governments that were sufficiently legitimate. Such a generalised proposition would be very hard to sustain politically.

The PRSPs have transformed the notions of ownership and participation to mean the equivalent of poverty reduction and the alleviation of economic and social inequalities. At the same time, they are employed as a panacea and a justification for donor engagement. By

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[714] I have briefly discussed these in chapter two.

[715] Iraq, Afghanistan and other terrorist hot spots are an exception to the rule.

doing so, it subsumes conflict-ridden and controversial political deliberation processes under harmonious concepts like consensus and empowerment. The debate about ownership ignores fundamental features of politics, in that it is the constrained use of social power. Juxtaposing 'the people' with 'the ruling elite' does not serve to characterise long-standing histories of social divisions or post-colonial legacies. By encouraging everyone's participation without addressing questions of power, influence and political representation, international donors risk to destabilise representative democratic systems of recipient countries in non-intentional and undesirable ways.

APPENDICES

APPENDIX 1 – PERSONS CONSULTED

Preliminary Interviews in Europe (4)

United Kingdom

Sue Unsworth	Senior Governance Adviser	Department for International Development

Germany

Marta Gutierrez	Head of Project, "Democratisation and the Rule of Law"	Gesellschaft für Technische Zusammenarbeit (GTZ)
Michèle Bauer	Project Manager, "Competence Centre Governance, Decentralisation, Post-Conflict, Sub-Sahara Africa"	Kreditanstalt für Wiederaufbau (KfW)
Christoph Gabriel Krieger	Project Manager, "Competence Centre Governance, Decentralisation, Post-Conflict, Sub-Sahara Africa"	Kreditanstalt für Wiederaufbau (KfW)

Interviews in Bolivia (73)

Multilateral Cooperation (11)

World Bank Group

Simón Cueva	Resident Representative	International Monetary Fund
John Newman	Resident Representative	World Bank
Marianela Zeballos	General Director	World Bank
Leslie A. Martin	Poverty and Social Impact Analyst	World Bank

United Nations System

Isabel Arauco	Advisor to the UN Resident Coordinator	United Nations Development Programme
Christian Jetté	Public Policy Unit Coordinator	United Nations Development Programme
Rune Brandrup	Programme Official	United Nations Population Fund

Regional Organizations

Eduardo Muñoz	Counsellor	Corporación Andina de Fomento
Carlos Melo	Resident Representative	Inter-American Development Bank
Hugo Florez Timoran	Sector Specialist	Inter-American Development Bank
Miguel Angel Trinidad	General Coordinator, Democracy Promotion and Conflict Resolution Unit	Organization of American States

Bilateral Cooperation (29)

European Union

Ángel Gutiérrez-Hidalgo	Head of Economic Cooperation	Delegation of the European Commission
Philip Harding	First Secretary, Development Adviser	Delegation of the European Commission
Guillermo Vivado	Economic Adviser	Delegation of the European Commission

Germany

Philipp Knill	Counsellor, Development Cooperation	German Embassy
Thomas Kampffmeyer	Coordinator, Programme "Support to Decentralised Public Administration and the Poverty Reduction Strategy"	Gesellschaft für Technische Zusammenarbeit (GTZ)
Fernando Aramayo	Policy Adviser	Gesellschaft für Technische Zusammenarbeit (GTZ)
Günther Schulz-Heiss	Counsellor	Kreditanstalt für Wiederaufbau (KfW)
Ariel Benavides	Country Representative	Hanns Seidel Foundation
Annette Schwarzbauer	Country Representative	Konrad Adenauer Foundation
Yesko Quiroga Stöllger	Country Representative	Friedrich Ebert Foundation

United Kingdom

Pippa Bird	Social Policy Adviser	Department for International Development
Adam Behrendt	Adviser on Participative Governance and Decentralisation	Department for International Development
Oscar Antezana	Adviser	Department for International Development

France

Vincent Briard	Technical Cooperation Coordinator	French Embassy

Belgium

Guy Beringhs	Counsellor on International Cooperation	Belgian Embassy

Netherlands

Peter de Haan	First Secretary, Decentralisation and International Development Specialist	Royal Netherlands Embassy

Switzerland

Peter Tschumi	Head of Cooperation	Swiss Agency for Development and Cooperation

Spain

Ana Belén Villamil Soler	General Administrator	Spanish Agency for International Development

Denmark

Møgens Pedersen	Ambassador	Royal Danish Embassy
Trine Mønsted	First Secretary, Country Economist	Royal Danish Embassy

Sweden

Johanna Teague	Second Secretary, Economist and Programme Official	Swedish Embassy

United States of America

Peter Harding	Political Adviser	US Embassy
Ted Gehr	Director, Strategy and Operations Office	US Agency for International Development

Sonia Aranibar	Advisor, Strategy and Operations Office	US Agency for International Development
Diego Ayo	Advisor, Civil Society Participation	US Agency for International Development

Canada

Sharon Armstrong	First Secretary	Canadian International Development Agency

Japan

Naotaka Yamaguchi	Assistant to the Resident Representative in Charge of Planning and Programme Operation	Japan International Cooperation Agency

Government of Bolivia (22)

Ministries

Roberto Barbery	Minister	Ministry of Popular Participation
Luis Marcelo Renjel	Vice Minister for the Strengthening of Prefecture Management	Ministry of Popular Participation
Vladimir Ameller Terrazas	Former National Director	Ministry of Popular Participation
Jhonny Delgadillo	Vice Minister of Rural Development	Ministry of Rural, Indigenous and Agricultural Matters
Antonio Aramayo	Adviser to the Minister	Ministry of Education
Alejandra Méndez	Adviser	Ministry of Education
Victor Hugo Bacarreza	General Director of External Finance	Vice Ministry of Public Investment and External Finance (VIPFE)
Mónica Sanchez	Adviser	Vice Ministry of Public Investment and External Finance (VIPFE)
Roberto Camacho	Former Vice Minister	Vice Ministry of Public Investment and External Finance (VIPFE)

Government Agencies and Semi-Autonomous Bodies

Diego Zavaleta Reyles	Technical Secretary of the Dialogue	Technical Secretariat of the National Dialogue 2003/2004
Gabriela Toranzo	Responsible for Eastern Logistics	Technical Secretariat of the National Dialogue 2003/2004

Carlos Toranzo Roca	Former Coordinator	Former Technical Secretariat of the National Dialogue 2000
Carlos Carafa	Former Coordinator	Former Technical Secretariat of the National Dialogue 2000
Iván Arias	Consultant	Former Technical Secretariat of the National Dialogue 2000
Javier Medina	Consultant	Former adviser to the government on the Law of the National Dialogue
Juan Carlos Requena	Former Coordinator	Former EBRP Elaboration Team
George Gray Molina	Director	Analysis Unit of Social and Economic Policies (UDAPE)
Roberto Ribero	Adviser	Analysis Unit of Social and Economic Policies (UDAPE)
Ricardo Paz	Director	Coordination Unit for the Constituent Assembly
Franz Barrios Suvelza	Programme Coordinator	Coordination Unit for the Constituent Assembly
Waldo Albarracin	Ombudsman	Office of the National Ombudsman
Ana Maria Romero de Campero	Former Ombudswoman	Office of the National Ombudsman
Apolinar Gómez Franco	General Coordinator	Secretariat for the Fight against Corruption and Special Policies
José Luis Carbajal	Executive Director	National Statistics Institute

Non-Governmental Interviewees (11)

Civil Society Originations and Research Institutions

Marta Lazo Suarez	President	Mechanism of Social Control
Diana Urioste	Director	Coordinadora de la Mujer
Ramiro Molina Rivero	Vice-Chancellor	University of the Cordillera
Rosario León	Director	Centro de Estudios de la Realidad Económica y Social (CERES)
Tom Kruse	Programme Coordinator	Centro de Estudios para el Desarrollo Laboral y Agrario (CEDLA)

Independent Consultants / Academics

James Blackburn	Consultant	

Roger Cortez	Academic / consultant	
Scarlet Escalante Carrasco	Consultant	
Evan Meyer	Consultant	
Inigo Retolaza	Consultant	
Antonio Rodríguez	Consultant	

Interviews in Ghana (63)

Multilateral Cooperation (10)

World Bank Group

Alphecca Muttardy	Resident Representative	International Monetary Fund
Mats Karlsson	Country Director	World Bank
Dan Boakye	PRSP Advisor	World Bank
Smile Kwawukume	Public Sector Management Specialist	World Bank

United Nations System

Christophe Bahuet	Deputy Resident Representative	United Nations Development Programme
Kamil Kamaluddeen	Head, Poverty Reduction Unit	United Nations Development Programme
Joe Boateng	External Consultant	United Nations Development Programme
Fred Ampiah	Strategic Partnerships and Resource Mobilization Analyst	United Nations Development Programme
Violet Baffour	Civil Society Support	United Nations Development Programme
George Laryea-Adjei	Project Officer, Planning and Co-ordination, ICBD	United Nations Children's Fund

Bilateral Cooperation (23)

European Union

Wim Olthof	Economic Adviser	Delegation of the European Commission
Klaus Handschuh	Team Leader, Institutional Strengthening of National Authorising Officer's Office	Ministry of Finance and Economic Planning, ACP-EU Unit

Germany

Dorothea Groth	Counsellor, Development Cooperation	German Embassy
Wolfram Fischer	Programme Leader, Local Governance - Poverty Reduction Support Programme	Gesellschaft für Technische Zusammenarbeit (GTZ)
Mechthild Ruenger	Programme Manager	Gesellschaft für Technische Zusammenarbeit (GTZ)
Wolfgang Weth	Director	Kreditanstalt für Wiederaufbau (KfW)
Johannes Rey	Country Representative	Konrad Adenauer Foundation
Jörg Bergstermann	Country Representative	Friedrich Ebert Foundation
Ernst Specht	Country Representative, West Africa Director	Friedrich Naumann Foundation

United Kingdom

Paul Walters	Economic Adviser	Department for International Development
Kirsty Mason	Social Development Advisor	Department for International Development
Nana Arhin	Private Sector Development Advisor	Department for International Development

France

Jean-François Arnal	Resident Manager	Agence Française de Développement

Netherlands

David Kuijper	First Secretary, Deputy Head of Development Cooperation	Royal Netherlands Embassy
Jan van der Horst	First Secretary, Health and Gender Development Advisor	Royal Netherlands Embassy

Denmark

Eric Rasmussen	First Secretary	Royal Danish Embassy
Poul Nyborg	Counsellor on Development	Royal Danish Embassy
Fred Pappoe	Senior Programme Officer	Royal Danish Embassy

Switzerland

Philippe Sas	Counsellor, Economic Advisor	Swiss Embassy

United States

Ted Lawrence	Legislative Specialist	US Agency for International Development

Canada

Heather Cruden	First Secretary, Counsellor on Development	Canadian High Commission
Stephen Sandiford	Planning Liaison Officer	Canadian International Development Agency - Programme Support Unit

Japan

Mikio Masaki	Project Formulation Advisor	Japan International Cooperation Agency

Government of Ghana (22)

Ministries

Juaben-Boaten Siriboe	Advisor and Coordinator, Multi-Donor Budgetary Support and Consultative Group Secretariat and National Economic Dialogue Secretariat	Ministry of Finance and Economic Planning
Joe Amoako-Tuffour	Former Coordinator MDBS	Ministry of Finance and Economic Planning
Clement Anyomi	Director External Resource Mobilisation Multilateral	Ministry of Finance and Economic Planning
Michael Ayesu	Head, World Bank Desk	Ministry of Finance and Economic Planning
Ati Sawyer	Head, African Development Bank Desk	Ministry of Finance and Economic Planning
Joseph Chognuru	Head, Millennium Challenge Corporation Desk	Ministry of Finance and Economic Planning
Robert Adu-Mante	Lead Consultant in the Public Sector Reform Secretariat	Senior Minister's Office

Mr. Danquah	Planning, Budgeting, Monitoring and Evaluation Department	Ministry for Local Government and Rural Development
Kwame Owusu	Decentralisation Secretariat	Ministry for Local Government and Rural Development
Hans van Rijn	Decentralisation Secretariat	Ministry for Local Government and Rural Development
Regina A. Apotsi	Chief Director of the Ministry of Justice and Attorney General's Department	Ministry of Justice and Attorney General Department
Sam Afrane	Head, Monitoring and Evaluation	Ministry of Education
Kobi Bentley	Economist	Ministry of Education
Edward Addai	Head, Monitoring and Evaluation	Ministry of Health
Joana Adzoa Opare	National Programme Coordinator - UN System Programme for Promoting Gender Equality	Ministry of Women and Children's Affairs

Government Agencies and Semi-Autonomous Bodies

George Gyan-Baffour	Director General	National Development Planning Commission
Angela Farhat Brown	Programme Coordinator, GPRS Implementation, National Capacity Building Programme for Wealth Creation and Social Development	National Development Planning Commission
Jerry Odotei	Deputy Director	National Development Planning Commission
Patrick Donkor	Acting Director	National Development Planning Commission
Winfred Nelson	Senior Planning Analyst	National Development Planning Commission
Leonora Kyerematen	National Programme Coordinator	National Governance Programme
Yaw Asamoa	Programme Officer, Democratic Governance	National Governance Programme

Non-Governmental Interviewees (8)

Civil Society Originations and Research Institutions

Prof. Emmanuel Gyimah-Boadi	Executive Director	Center for Democratic Development (CDD)
Kwesi Jonah	Head of Governance	Institute of Economic Affairs
Robert Osei	Economist	Institute of Economic Affairs
Moses Agyemang	Senior Economist	Private Enterprise Foundation (PEF)
Abrar A Sattar	Chief of Party – National Economic Dialogue Facilitator	Sigma One Corporation

Independent Consultants / Academics

Samwilliam Quaye	Consultant to the donor community on GPRS review
Sena Gabianu	Consultant / gender coordinator during GPRS formulation
Christian Potyka	Consultant

APPENDIX 2 – QUESTIONNAIRES

The interviews conducted for this research were semi-structured. This means that the questionnaire was adapted to the particular interviewee as well as his/her organisation or professional background. The questionnaires below outline the standard sets of issue areas that every interview tried to explore, albeit in different ways and to different extends depending in the interviewee.

Questionnaire, Bolivia

Decentralisation

What is your impression of the Law of Popular Participation?

Is decentralisation in Bolivia successful?

What are the problems with decentralisation that Bolivia is confronted with today?

Bolivian Poverty Reduction Strategy

Was the PRSP a government initiative or did it result out of the HIPC initiative?

From your point of view, will the PRSP alleviate poverty in Bolivia?

National Dialogues

Why where the Dialogues initiated?

What do the National Dialogues aim for?

In what way did the Dialogues influence the formulation of the PRSP?

Constituent Assembly, Referendum

What do you think of the Constituent Assembly?

What's your opinion of the Referendum?

Donor-Recipient Relationships

What are donor-recipient relationships like in Bolivia?

How do programmes or funding get agreed on? Who decides?

Position

What projects are you currently involved in?

What's a typical day of work?

Contacts

Can you recommend anyone else that I should talk to?

Questionnaire, Ghana

Multi-Donor Budget Support

Do you expect that the Multi Donor Budget Support is going to improve government ownership of reform programmes?

How is the HIPC money going to be used? Does its use relate to the MDBS?

Ghana Poverty Reduction Strategy

How did the Ghana Poverty Reduction Strategy come about?

Was the PRSP a government initiative or did it result out of the HIPC initiative?

From your point of view, will the PRSP alleviate poverty in Ghana?

National Economic Dialogues

Why where the Dialogues initiated?

What do the National Dialogues aim for?

In what way did the Dialogues influence the formulation of the PRSP?

Donor-Recipient Relationships

What are donor-recipient relationships like in Ghana?

How do programmes or funding get agreed on?

From your point of view, how does the work of the international donor community influence political decision-making of the Ghanaian government?

Donor-Recipient Relationships

What are donor-recipient relationships like in Ghana?

How do programmes or funding get agreed on? Who decides?

Position

What projects are you currently involved in?

What's a typical day of work?

Contacts

Can you recommend anyone else that I should talk to?

APPENDIX 3 – METHODOLOGICAL NOTES

I have conducted semi-structured interviews to collect the qualitative data used in my thesis. These interviews have informed my analysis generally and are frequently employed as illustrations of particular arguments. All in all, 140 persons have been consulted. After four preliminary interviews in Europe, I have conducted 73 interviews in Bolivia and 63 in Ghana. Most interviews have been recorded on tape, unless the interviewee objected to recording.

Qualitative Data Analysis

To analyse the empirical data collected, I either transcribed the interviews or used written notes, usually whenever recording was not possible. These .rtf files have been transferred to NVivo 2.0, a qualitative data analysis programme.

NVivo allows for the freehand coding of the text, irrespectively of the terminology or the language used. I thus created my own hierarchical keyword structure which I oriented according to the thesis sections. Having coded all the interviews, I was then able to obtain a document for each keyword with all citations highlighted in all interviews.

Processing the interviews through NVivo has allowed me to directly compare all involved actors' opinions on a particular topic. It has proven a useful means to better inform the conclusions derived from the empirical research.

Screenshot of a Coded Document in NVivo 2.0
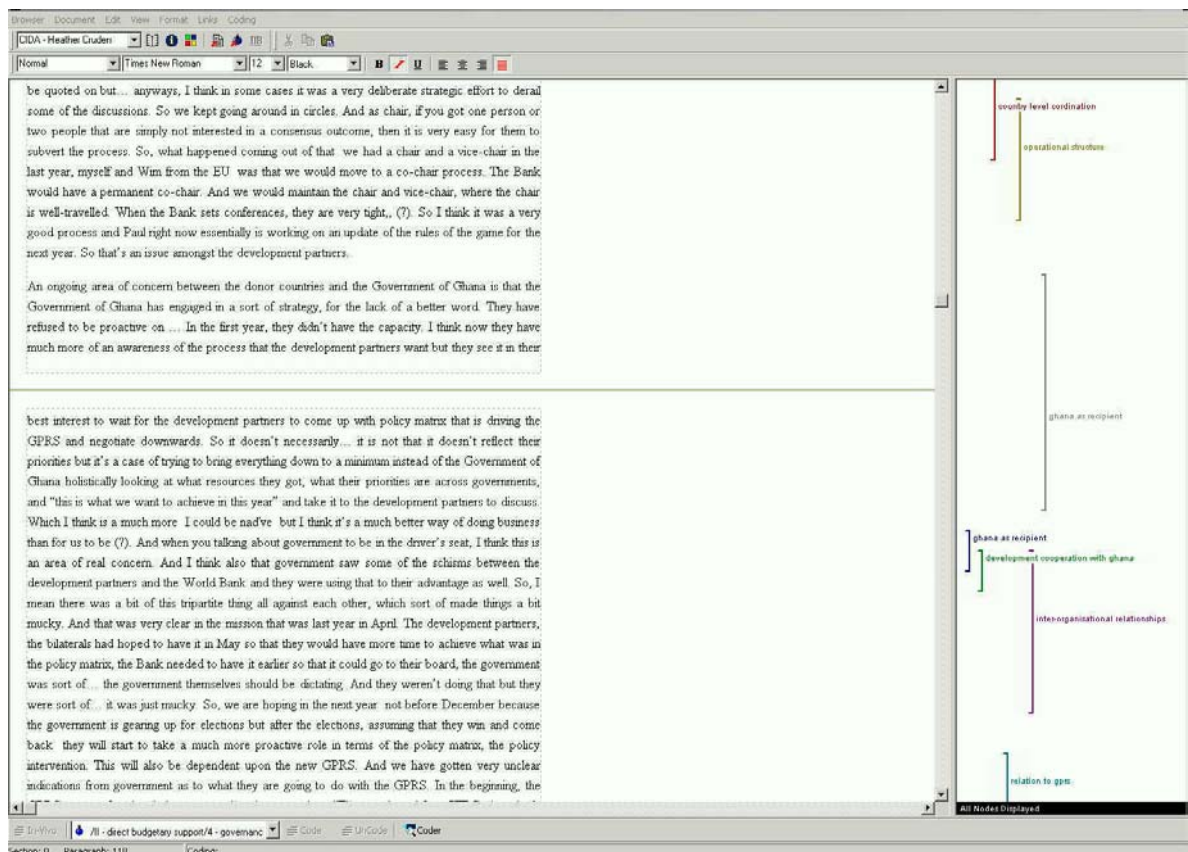
Screenshot of a Keyword Document with Interview Fragments in NVivo 2.0
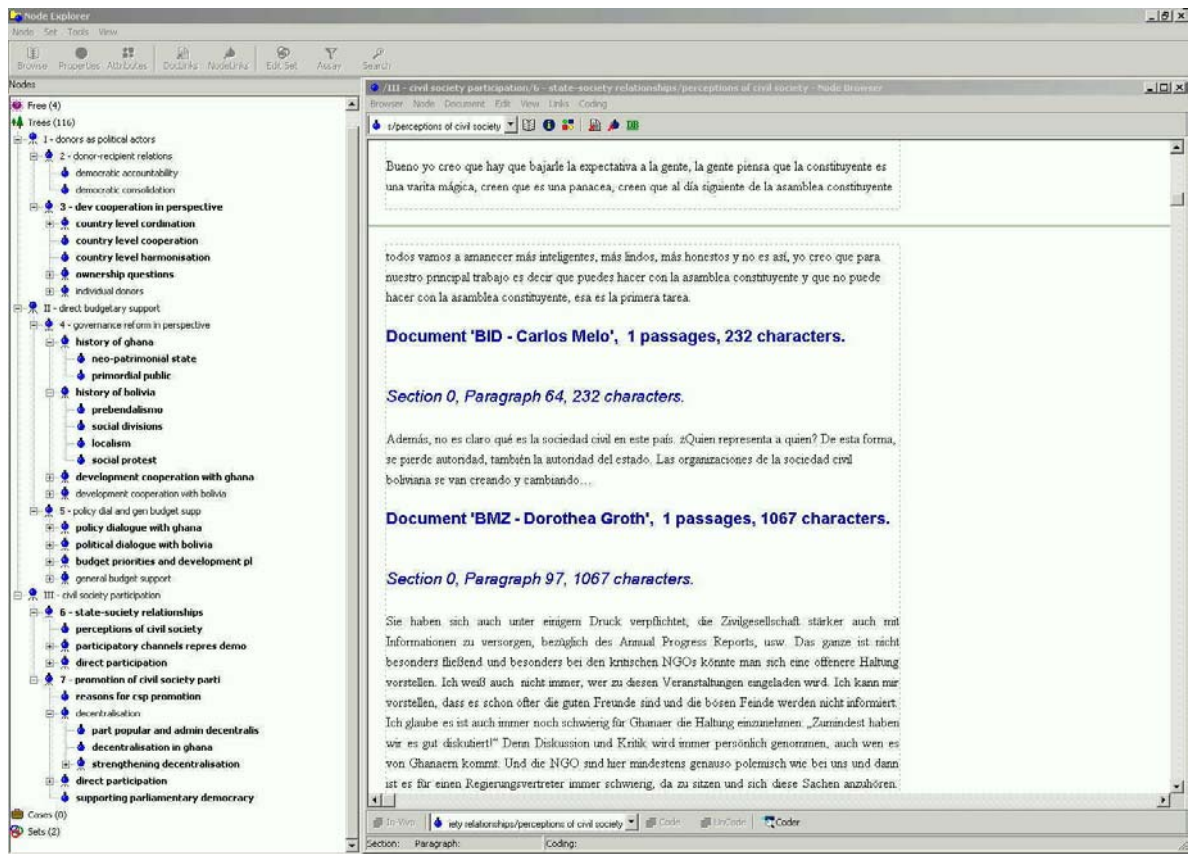
Anonymity

All the interviews conducted for this thesis are used anonymously. Neither the person's name nor the organisation to which he or she is attached are disclosed, because the information I am using might be sensitive in the country context.

In order to put a person's statement or information into the context of donor-recipient relationships, I refer to the person as either donor, government or civil society representative, or as intellectual. I have classified interviewees according to how they understand themselves and where they mostly draw their experience from. Particularly in the Bolivian context, several Bolivians regularly switch from working for the government to working for a donor agency, for a civil society organisation, as a consultant or as intellectuals. Because if this, I found it problematic to classify someone as donor representative who has acquired most of his expertise on a particular subject in a governmental organisation or as an acknowledged intellectual. I have tried to classify interviewees according to the origin of their expertise. Inevitably, this sometimes leads to a certain degree of overlap and imprecision but I still found it the most accurate way to analyse donor-recipient interaction at the country level.

Examination

I have assigned a random number to each interviewee. I hold a coding key with which each reference can be matched to the particular individual. The examiners are receiving a DVD with the coding key and the audio files of all the interviews conducted for this research. For reasons of anonymity, the DVD is not part of the thesis copy submitted to the University of London Library at Senate House. Upon request, it is available to other researchers.

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