

University of Warwick institutional repository: <http://go.warwick.ac.uk/wrap>

**A Thesis Submitted for the Degree of PhD at the University of Warwick**

<http://go.warwick.ac.uk/wrap/63948>

This thesis is made available online and is protected by original copyright.

Please scroll down to view the document itself.

Please refer to the repository record for this item for information to help you to cite it. Our policy information is available from the repository home page.

# The Aid Effectiveness Agenda

---

## OECD DAC and World Bank Strategic Agency in Foreign Aid Politics

**Sebastian Hubert Gehart**

Dipl. Pol. (University of Hamburg), M.A. (University of St. Gallen - HSG)

**A thesis submitted to the University of Warwick for the  
degree of Ph.D.**

University of Warwick  
Department of Politics and International Studies (PAIS)  
School of Social Sciences

**April 2014**

## Table of Contents

<b>Table of Contents .....</b>	<b>i</b>
<b>List of Figures.....</b>	<b>iv</b>
<b>List of Tables .....</b>	<b>v</b>
<b>Declaration.....</b>	<b>vii</b>
<b>Summary.....</b>	<b>viii</b>
<b>List of Abbreviations .....</b>	<b>ix</b>
<b>Chapter 1 – Introduction.....</b>	<b>1</b>
1.1. Why Study the Aid Effectiveness Agenda? .....	2
1.2. Contributions to the Literature .....	4
1.2. Investigating the Aid Agenda as Political Phenomenon .....	8
1.3. Thesis Navigation.....	10
<b>Chapter 2 – The Paris Declaration as a New Paradigm for Foreign Aid Policy...20</b>	
2.1. Aid Effectiveness and the Ideational Agency of IOs in Foreign Aid.....	24
2.1.1. Why Study Aid Effectiveness? – States and IOs in IR Theory .....	24
2.1.2. Why Do IOs Act Strategically? – IOs and Institutional Legitimacy .....	30
2.1.3. Constructivism: Concepts and Mechanisms of IO Change .....	40
2.1.3.1. Defining Concepts .....	42
2.1.3.2. How the OECD DAC and the World Bank Shaped the Aid Agenda .....	48
2.1.4. The Study of International and Supranational Organisations .....	51
2.1.5. Summary: Internal and External Constraints to IO Strategic Agency .....	53
2.2. Ideas in Processes of Public Policymaking .....	55
2.2.1. Discourse and Discursive Institutionalism.....	57
2.2.2. Ideas and Choice in Public Policy .....	62
2.3. Conclusion – Strategic Ideational Agency of IOs in the Literature .....	66
<b>Chapter 3 –Case Study and Process-Tracing Methods .....</b>	<b>69</b>
3.1. Case Studies .....	69
3.1.1. Why Case Studies? Strengths, Weaknesses, Objectives.....	70
3.1.2. The Cases of the OECD DAC and the World Bank .....	72
3.2. Process Tracing and the Investigation of Causal Mechanisms .....	75
3.2.1. Variations of Causal Inference through Process Tracing .....	76
3.2.2. Investigation Mechanisms of Change through Process Tracing.....	78
3.3. Collecting Evidence for Process-Tracing Using Elite Interviews.....	81

3.3.1.	Caveats to Process-Tracing and Elite Interviews.....	81
3.3.2.	Designing the Interviews .....	83
3.4.	Generalisations and Validity of Results (Triangulation).....	87
3.5.	Chapter 3 Conclusion .....	89
<b>Chapter 4 – The Changing Landscape of Foreign Aid.....</b>		<b>91</b>
4.1.	The Policy Recommendations of the Paris Declaration.....	92
4.1.1.	Previous Work on Measuring Foreign Aid Quality and Practice .....	95
4.1.2.	Mapping the Paris Principle of Alignment in Policy Reforms .....	98
4.2.	Mapping Policy Changes Sympathetic to the Paris Declaration.....	102
4.2.1.	A Note on Methodology .....	103
4.2.2.	Project- versus Programme-based aid.....	105
4.2.2.	Budget Support .....	108
4.2.3.	Tied aid .....	112
4.2.4.	Technical Cooperation .....	117
4.2.5.	Summary: Mapping Reforms Sympathetic to the Paris Declaration ....	119
4.3.	Chapter 4 Conclusion .....	121
<b>Chapter 5 – The OECD DAC as “<i>Purveyor of Ideas</i>”.....</b>		<b>124</b>
5.1.	Aid Agenda as Result of Institutional Crisis and Change.....	127
5.1.1.	The OECD, the DAC, and the Aid Effectiveness Agenda .....	128
5.1.2.	Crisis and Struggle for Legitimacy: OECD DAC after the Cold War .....	133
5.1.3.	The OECD and the DAC as Purveyors of Ideas and Knowledge.....	141
5.2.	‘Shaping the 21 <sup>st</sup> Century’ and the OECD DAC as Ideational Artist .....	143
5.2.1.	Quality of Aid: Adapting to Shrinking Aid Budgets .....	146
5.2.2.	Foreign Aid as Policy Instrument for Global Objectives.....	150
5.2.3.	Foreign Aid and DAC Advocacy for a Development Partnership .....	153
5.3.	Diffusing the Aid Agenda: the DAC as Ideational Agency .....	158
5.3.1.	Connecting Communities of Practitioners and Expert Networks .....	161
5.3.2.	Monitoring and Measuring .....	166
5.3.3.	Facilitating the Position of Aid-Receiving Countries.....	170
5.4.	Chapter 5 Conclusion .....	175
<b>Chapter 6 – The World Bank .....</b>		<b>178</b>
6.1.	Crisis and Reform of the World Bank in the 1990s .....	180
6.1.1.	The World Bank’s Post-Cold War Legitimacy Crisis .....	183

6.1.2.	World Bank Reform during Wolfensohn's Presidency .....	193
6.2.	The World Bank and Aid Effectiveness.....	203
6.2.1.	Harmonization and Procurement Reform .....	204
6.2.2.	Aid Coordination and the World Bank .....	208
6.2.3.	“Use of Country Systems” and the “Risk-Management-Approach” ....	211
6.3.	The World Bank's Disenchantment with Aid Effectiveness Politics .....	215
6.3.1.	Harmonization.....	218
6.3.2.	Aid Coordination as “Coordination Tax” .....	220
6.3.3.	Donor Coordination and Recipient Country-led Aid.....	222
6.4.	Chapter 6 Conclusion .....	227
	<b>Chapter 7 – Multiple Streams of Aid Effectiveness in Public Policy .....</b>	<b>231</b>
7.1.	The ‘Multiple-Stream-Test’ of Motives, Means and Opportunity .....	235
7.2.	Discussion of Additional Explanations & Factors .....	239
7.3.	Comparative Assessment of Alternative Explanations .....	245
7.3.1.	Strategic Construction by Donor States .....	245
7.3.2.	Strategic Construction by Recipient States.....	252
7.3.3.	Advancement of Scientific Knowledge .....	260
7.4.	Chapter 7 – IO Agency, Multi-Causality and Policy Change .....	266
	<b>Chapter 8 – Mechanisms of Ideational Agency and Institutional Change .....</b>	<b>269</b>
8.1.	Empirical Findings .....	270
8.2.	Contributions to the Literature .....	274
8.3.	Limitations of this Study .....	275
8.4.	Recommendations for Future Research .....	276
8.5.	Conclusion.....	279
	<b>ANNEX 1 – List of Interview Partners .....</b>	<b>1</b>
	<b>Bibliography .....</b>	<b>2</b>

**Word Count 79,049**

## List of Figures

Figure 1	<b>Overlapping Epistemological Dimensions of Paradigms, Institutions and Organisations</b>	54
Figure 2	<b>Programme-Based Aid and Total DAC ODA (Bilateral) in Constant 2008 USD Millions</b>	106
Figure 3	<b>Programme Aid Relative to Programme + Project-Based Aid in Constant 2009 USD Millions</b>	106
Figure 4	<b>General Budget Support (GBS) Committed by DAC Members in Constant 2010 USD Millions</b>	109
Figure 5	<b>GBS as % of Bilateral DAC ODA Commitments</b>	110
Figure 6	<b>Approximation of Committed and Disbursed Sector Budget Support (SBS) in Constant 2008 USD Millions</b>	111
Figure 7	<b>Tied, Partially Tied and Untied Aid as % of Total Bilateral ODA Commitments by DAC members</b>	114
Figure 8	<b>DAC United Aid to All Bilateral ODA Committed in Constant 2009 USD Millions</b>	115
Figure 9	<b><math>\Delta</math>ODA and <math>\Delta</math>Untied Aid Committed in Constant 2009 USD Millions</b>	116
Figure 10	<b>DAC Bilateral TC Disbursements in Constant 2008 USD Millions</b>	117
Figure 11	<b><math>\Delta</math>ODA, <math>\Delta</math>TC and Ration of TC to ODA disbursements</b>	118
Figure 12	<b>‘The OECD’s Way of Working’ from <a href="http://www.oecd.org/whatwedoandhow/">www.oecd.org/whatwedoandhow/</a></b>	132
Figure 13	<b>Sources for the Paris Declaration on Aid Effectiveness</b>	145
Figure 14	<b>Global Aid Herfindahl Index</b>	264

## List of Tables

Table 1	<b>Types of Ideas and their Effects on Policy-Making</b>	61
Table 2	<b>Types of Causal-Process Observations</b>	76
Table 3	<b>Overall Structure of the Argument in this Thesis</b>	88
Table 4	<b>Programme Aid Relative to Programme + Project-Based Aid in Constant 2009 USD Millions</b>	107
Table 5	<b>Time Series Regression (Dependent Variable = Programme Aid) Test for Structural Break</b>	107
Table 6	<b>Time Series Regression (Dependent Variable = Committed Sector Budget Support) Testing for Structural Break</b>	112
Table 7	<b>Summary of Observations in the Data Concerning Aid Modalities</b>	121
Table 8	<b>Five Largest DAC-Donors Progress for Paris Declaration Indicator 4</b>	250
Table 9	<b>Largest DAC-Donors by ODA as % of GNI Progress for Paris Declaration Indicator 4</b>	251
Table 10	<b>Multiple Stream Assessment for Variant Explanations 1 to 3</b>	265

## **Acknowledgements**

I could not have written this thesis without the support, generosity and patience from friends, family and colleagues. Particular thanks must go to my supervisors, Professor Diane Stone and Professor Peter Burnell. Their guidance, advice, and comments proved invaluable at every stage of the process. Their hard work, friendliness, confidence, and endless supply of patience kept me going even in difficult times. I would also like to thank my examiners, Professor Jeffrey Chwieroth and Professor André Broome, who provided constructive feedback. I am grateful for their thoughtful and detailed comments, which greatly helped to improve this thesis.

My sincerest thanks go to the friendly people at the OECD DAC, the World Bank, the ODI, and the Center for Global Development, and the Brookings Institution, who generously volunteered their time, their experiences, and their insights to make this study possible. Special thanks must go to Mrs. Claire Condon from the DAC and Mrs. Patricia Rogers from the World Bank. They were invaluable guides to these two organisations, showing me inside and pointing me to the right doors to knock on. I would have been lost without them.

I am grateful to the University of Warwick for the invaluable financial support, for the research infrastructure and for the lively scholarly environment I had the honour to be a part of. Special thanks must also go to Mrs. Debbie Castle and the Nursery staff. Only they make research with a family and children possible and enjoyable.

Finally, my thanks go to my family. I cannot begin to express my thankfulness to my wife Petra, who kept faith in my ambitions and me in all those years. Equally, the completion of this thesis would have been impossible without the unwavering support of my father Wilfried. Only the combined effort of all these people made this thesis a reality.



## **Declaration**

I confirm that this work is solely my own.

It has not been submitted for a degree at any another university.

Sebastian Gehart

April 29<sup>th</sup>, 2014

## Summary

This thesis examines the role of two international organisations (IOs), the OECD DAC and the World Bank, in shaping the international aid effectiveness agenda, a policy agenda encouraging reforms of foreign aid policy to improve foreign aid. With particular emphasis on a period in the 1990s, when both IOs faced criticism and the need to adapt to changing geopolitics, it argues that the OECD DAC and the World Bank contributed to shaping the aid effectiveness agenda, and specifically the policy problems the agenda highlights and the policy solutions it recommends, in ways tied directly to these IOs' specific fields of expertise and their unique institutional interests at the time. In doing so, both IOs adapted, evolved, and expanded the mechanisms by which they exercise their authority as international expert bureaucracies, and both strategically expanded the way in which they interact with their political environment. As a consequence, both IOs helped shape the present-day ideational framework among foreign aid experts and policymakers on how more effective foreign aid is achieved, which, in turn, favours the authority of both these IOs to advise and to act in the efforts to improve the effectiveness of foreign aid. Helping to shape the aid effectiveness agenda thus allowed the OECD DAC and the World Bank to strengthen their authority as expert bureaucracies in this specialised field of policy.

## **List of Abbreviations**

AAA	Accra Agenda for Action
AC	Aid Coordination
BWI	Bretton Woods Institutions
CDF	Comprehensive Development Framework
CDI	Commitment to Development Index (Centre for Global Development)
CFAA	Country Financial and Accountability Assessment
CPIA	Country Policy and Institutional Assessment
CPO	Causal-process observation
CRS	Creditor Reporting System (of the OECD DAC)
CSO	Civil Society Organisation
DAC	Development Assistance Committee (of the OECD)
DAG	Development Assistance Group
DBS	Direct Budget Support
DCD	Development Co-operation Directorate (of the OECD)
DFID	Department for International Development (United Kingdom)
DI	Discursive Institutionalism
EC	European Commission
EEC	European Economic Community
FDI	Foreign Direct Investments
FY	Fiscal Year
GAO	Government Accountability Office (of the United States)
GBS	General Budget Support
GDLN	Global Development Learning Network
GDN	Global Development Network
GIZ	Gesellschaft für International Zusammenarbeit
GNI	Gross National Income
H&A	Harmonisation & Alignment
HDI	Human Development Index
HI	Historical Institutionalism
HIPCs	Highly Indebted Poor Countries
HLF	High-Level Forum
HoP	Heads of Procurement
HQ	Headquarters
IBRD	International Bank for Reconstruction and Development

ICB	International Competitive Bidding
ICSID	International Centre for Settlement of Investment Disputes
IDA	International Development Association
IFC	International Finance Corporation
IFIs	International Financial Institutions
IMF	International Monetary Fund
IO	International Organisation
IR	International Relations
KKV	King, Keohan and Verba 1994 (see References)
LDCs	Least-Developed Countries
LoDP	Letters of Development Policy
MCM	Ministerial Council Meeting (of the OECD)
MDBs	Multilateral Development Banks
MDGs	Millennium Development Goals
MIGA	Multilateral Investment Guarantee Agency
MS	Multiple Streams (Public Policy Theory)
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
ODI	Overseas Development Institute
OED	Operations Evaluations Department
OECD	Organisation of Economic Cooperation and Development
OEEC	Organisation for European Economic Cooperation
OLS	Ordinary Least Squares (Linear Regression Analysis)
OOF	Other Official Flows (in contrast to ODA)
OPCS	Operations Policy and Country Services
PA	Principal-Agent (model in IR theory)
PBA	Programme-based approaches (in foreign aid)
PD	Paris Declaration on Aid Effectiveness
PER	Public Expenditure Review
PIU	Parallel Implementation Unit
PFM	Public Financial Management
RI	Rational Choice Institutionalism
PRSCs	Poverty Reduction Support Credits
RPSPs	Poverty Reduction Strategy Papers
SBS	Sector Budget Support

S.D.	Standard Deviation
S.E.	Standard Error
SI	Sociological Institutionalism
SWAp	Sector-Wide Approach
TC	Technical Cooperation
UN	United Nations
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Program
UNHCR	United Nations High Commissioner for Refugees
UK	United Kingdom
U.S.	United States (of America)
USA	United States of America
USD	United States Dollar
WBG	World Bank Group
WP-EFF	Working Party on Aid Effectiveness
WTO	World Trade Organization

## Chapter 1 – Introduction

The research presented in this thesis is motivated by observing, and seeking to understand, a range of contemporaneous policy reforms in foreign aid in most of the world's foreign aid donor states; foreign aid policy reforms widely known as, and associated with the so-called aid effectiveness agenda. Following the Paris Declarations on Aid Effectiveness (PD), adopted in February 2005 by over 100 signatories – donor- and developing-country governments, multilateral donors, regional development banks and aid agencies – donor states launched a variety of reforms of bilateral and multilateral foreign aid efforts with the declared objective of improving the effectiveness of foreign aid, or, as one study notes, of getting “more development bang for the foreign aid buck” (Bigsten *et al.* 2011, p. 44).

To meet this goal, government reforms to improve aid effectiveness seek to comply with the provisions of the PD, its follow-up agreements, such as the 2008 Accra Agenda for Action (AAA), and a growing, mainly economic literature on how to improve foreign aid. This thesis refers to this broad policy discourse as the aid effectiveness agenda. In other works it is also known as the “Paris agenda” (e.g. ODI 2008) or “aid agenda” (e.g. Glennie 2011). The aid effectiveness agenda marks an important shift in foreign aid policymaking. It draws political attention to new problems, questions, and issues that did not previously feature as prominently in foreign aid policymaking (though, as I will show, these issues were not entirely unknown either).

Though aid effectiveness is studied extensively – as a way to improve foreign aid (e.g. Easterly 2008), as a managerial and organisational challenge in foreign aid practice (e.g. Booth 2008), or as a benchmark for assessing the policy reforms made

by governments (e.g. Knack, Rogers and Eubank 2011) – less scholarly attention has been given to the political processes that shape the aid agenda in the first place.

### **1.1. Why Study the Aid Effectiveness Agenda?**

The aid effectiveness agenda is a remarkable political phenomenon for two reasons. First, the agenda is of conceptual interest for the changes it seeks to motivate in the foreign aid policies of several countries. It constitutes an original and recent policy agenda that successfully directed significant political awareness towards problems inherent in donor practices and the institutional make-up of the global architecture of foreign aid. Second, the agenda is of political interest due to the nature of the policy solutions it promotes. At the heart of the reforms encouraged by the aid effectiveness agenda are measures that seemingly seek to restrain the ability of donor states to pursue their preferences in the design and implementation of foreign aid. This challenge to a government's pursuit of unilateral interests and preferences in foreign aid is well-illustrated by former British Prime Minister Gordon Brown in a speech to the British Department for International Development (DFID) in 2009:

We must ensure that aid flows are predictable and support plans formulated by [aid recipients'] national governments, not spent on priorities, however well intentioned, imposed by donors from afar. (Brown 2009)

These are not mere words. The aid effectiveness agenda and the PD – though not a legally binding international treaty – were remarkably effective in motivating policy reforms in the donor countries organised within the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development

(OECD). It therefore excludes countries such as Saudi-Arabia or China, both here and throughout this thesis. As of the writing of this thesis, less than a decade has passed since the 2005 Paris Declaration (OECD 2005). In this time, the aid effectiveness agenda has developed remarkable normative authority over how politicians, experts, professionals, public servants and academics approach the task of improving foreign aid and development cooperation.

The biggest question concerning the aid effectiveness agenda – whether government efforts to implement the Paris Declaration truly improved the impact of each dollar, euro or pound sterling of aid spent – remains difficult to answer.<sup>1</sup> However, there can be little doubt about the widespread efforts of governments to reform their foreign aid policies in accordance with the aid effectiveness agenda.

However, neither of these two is the focus of this thesis, which does not seek to explain the (effective or ineffective) policy changes that follow from the aid effectiveness agenda. Instead it seeks to investigate the aid effectiveness agenda itself as research object – its origins, its characteristics, its omissions and its normative authority.

The research presented in this thesis therefore investigates the *emergence* of the aid effectiveness agenda as the “structured intellectual background” (Béland 2005, p. 8) that guides the efforts of foreign aid policies in dozens of donor countries. This study aims to shed light on the emergence and formation of the specific policy ideas that constitute the aid effectiveness agenda as present-day “philosophies that dominate political reality while others do not” (Schmidt 2008, p. 307).

---

<sup>1</sup> For OECD country case studies on this question, see <http://pd-website.inforce.dk/content/content-en.html> (Accessed 27 April 2014). Econometric analysis of this does not, to my knowledge, exist yet.



During my research on aid effectiveness as an ideational policy agenda along the lines of this question raised by Vivien Schmidt (2008), evidence quickly pointed to a pivotal role played by two International Organisations (IOs) – two IOs whose roles were, and are to this day, insufficiently appreciated for their role in determining the shape and the substance of the aid effectiveness agenda as it informs foreign aid policymaking: the OECD DAC and the World Bank. These two IOs are tasked with (among other things) with facilitating the aid effectiveness dialog among donor countries (DAC) and between donors and recipient countries (DAC and the World Bank), and with assisting reforms of foreign aid practices in donor countries (the World Bank).

A key insight of the research presented here is that these two IOs – beyond their roles in facilitating political discourse on aid effectiveness – played an important part in *shaping* the emergence of today's aid effectiveness agenda. The research question in this thesis is: How did IOs shape the emergence of the aid effectiveness agenda?

## **1.2. Contributions to the Literature**

This thesis makes four important contributions to the literature:

- i. New research on a relatively under-studied organisation, the OECD DAC.
- ii. New research on an already well-studied organisation, the World Bank that challenges the common assumption that donor states typically exercise a high degree of control over the organisation in a principal-agent relationship.
- iii. New research showing how the national policies of donor states are potentially shaped by IOs.

- iv. New research on the aid effectiveness agenda, demonstrating how both OECD DAC and the World Bank influenced the shape and substance of the aid effectiveness agenda to a greater extent than is usually assumed.

This thesis, to my knowledge, is among the first to trace the aid effectiveness agenda back to its root, charting how the agenda was formed from a disparate set of observations, ideas, and principles into an influential policy agenda that carries significant normative weight in policymaking today. It investigates how aid effectiveness became a transnational standard for how foreign aid ought to be done. Among the key findings of my research on the aid effectiveness agenda is the formative role played by the OECD DAC and the World Bank – over and beyond facilitating political dialogue or policy implementation – in shaping the emergence of the aid effectiveness agenda in its current form. This study thus makes the following distinct contributions to the literature on IOs, and these two IOs in particular.

First, thanks to extensive field research on how the OECD DAC and World Bank shaped the emergence of the aid effectiveness agenda, this thesis adds new empirical material to the extensive literature on IOs. This is true for both (i) the smaller OECD DAC, which, thanks to its highly specialised mandate and perhaps due to its status as a body of the larger OECD, has received much less scholarly attention in IO research, and (ii) the World Bank, arguably one of the best-studied IOs in IR. Adding to the still-small body of research on the OECD DAC is one important aim of this thesis. As a second contribution, this thesis will add empirical insights into how the World Bank shaped the aid effectiveness agenda, and into the ideational authority the World Bank exerts vis-à-vis donor states, and not vis-à-vis the World Bank's clients, challenging the common assumptions on the high degree of control

that donor states exercise over the World Bank as an organisation in a principal-agent relationship.

As a third contribution, this thesis presents a new analysis on how national policies are potentially shaped by IOs. The aid effectiveness agenda is a specific set of political ideas that successfully motivates reforms of foreign aid policy. It is also an agenda made from a specific set of policy ideas that was, as shown in this thesis, shaped and advocated by two IOs in particular: The OECD DAC and the World Bank. It should be noted that this thesis does not provide in-depth analysis of how and why governments pursue reforms in foreign aid policy to comply with the aid effectiveness agenda. Neither can this thesis, with its focus on the specifics of the aid effectiveness agenda, speak fully to more abstract, theoretical work on this topic as developed by scholars like Fang and Stone (2012). It was the astonishing multitude of aid effectiveness reforms in donor states that first motivated my research, leading me, while working for the German bilateral development cooperation (Gesellschaft für International Zusammenarbeit [GIZ]), to ask how and where this seemingly omnipresent policy agenda came from.

After finding that the OECD DAC and World Bank both played pivotal parts in shaping the aid effectiveness agenda, I hypothesised that the agenda's impact on donor policies could point to an underappreciated ideational influence on the part of these IOs over the national aid policies of donor states. The latter is not a new finding as such. If substantiated, however, it may not yet have been sufficiently demonstrated in the case of foreign aid, not least because a formative role of these IOs in shaping the aid effectiveness agenda is neither widely appreciated by the literature on aid effectiveness (which is usually *not* IO research) nor studied in greater depth.

Finally, the aid effectiveness agenda itself has not received much scholarly attention as the “structured intellectual background” (Béland 2005, p. 8) for a lot of foreign aid policy reforms today. There is a paucity of research investigating why aid effectiveness, as a political phenomenon, exists in the first place, and why policymakers in dozens of countries are beholden to its principles. This omission is perplexing, as many academics (as well as think tanks, such as the British Overseas Development Institute [ODI] or the US-based Center for Global Development [CGD]) dedicated to investigating, ranking and comparing how donor countries comply with the aid effectiveness agenda, both in specific cases (Winters 2012, Molanaers and Nijs 2011) and more generally (e.g. Knack, Rogers and Eubank 2011). Likewise, there is a lively discourse on why the aid effectiveness agenda is flawed (e.g. Saliba-Couture 2011) or in need of improvement (e.g. ODI 2008). Indeed, a common theme in development studies is whether donor countries have made sufficient effort to implement the principles of the PD (e.g. Jain 2007, Booth 2008) or that the changes proposed by the PD itself are not radical enough (e.g. Easterly and Pfutze 2008). This last observation is usually based on the observation that not all donor countries have met all the (mostly outcome-based) targets laid out in the PD (e.g. OECD 2011) or, more rarely, all the benchmarks laid out for “effective aid” by scholars themselves (e.g. Easterly and Williamson 2011).

However, by focussing on where countries fell short of the specific five-year targets laid down in the Paris Declarations, scholarly attention is deflected from asking why and how the specific aid effectiveness principles embodied by the Paris Declaration came to occupy such a prominent position of authority in foreign aid politics and foreign aid policy, while other policy ideas did not. Why did donor countries sign onto the PD in the first place?

## **1.2. Investigating the Aid Agenda as Political Phenomenon**

As a political phenomenon, the aid effectiveness agenda raises important questions and challenges several assumptions about policymaking in IR. Yet, as a political agenda, it has received little attention from researchers in political or international studies. The majority of existing literature on aid effectiveness favours one of two extremes. On one side, the political processes, documents, and declarations that make up the aid effectiveness agenda are frequently omitted *because* they are seen as outcomes of politics (and politics is seen to be of limited relevance to aid effectiveness studies). Easterly and Williamson (2011) provide a good example of this approach to the political. Their study intentionally blocks all political aspects of aid effectiveness, with the authors formulating their agenda as follows “...we choose not to directly monitor compliance with Paris and Accra agreements, as these agreements are a negotiated political process rather than an academic monitoring exercise” (p. 5). In contrast, this thesis is interested in the Paris and Accra agreements *because* they are part of a political process, a process that has received scant academic attention.

On the other side, the aid effectiveness agenda is frequently not even considered as political agenda. Where scholars like Easterly and Williamson strive to sterilise their research of the “political”, these latter kinds of studies (e.g. Hayman 2009, Dijkstra 2011, Winters 2012) assume that political outcomes – including the PD – are direct results of accumulated technocratic knowledge. Here, the political documents and processes constituting the aid effectiveness agenda are considered to be a direct translation of advancing knowledge into politics. For studies of this kind, the PD, the AAA and their implementation in foreign aid policy are seen as “the culmination of 10 years of dialogue” and the “best summary we have on the lessons

of a half-century of experience in trying to achieve good results” (ODI 2008). Neither approach does justice to the questions raised by the aid effectiveness agenda.

Some of these questions are: Where did the aid effectiveness agenda originate? How can this new political interest in the flaws inherent in the global institutional architecture of foreign aid be explained? Which ideas and norms exactly constitute the aid effectiveness agenda and which do not? How did aid effectiveness become the ideational framework for the foreign aid policymaking of sovereign donor states?

Indeed, questions like these should be a crucial preface to questions more commonly found in aid effectiveness scholarship, including: How did the implementation of foreign aid change in the wake of the PD (e.g., Hayman 2009) and did the aid effectiveness agenda truly improve the ability of foreign aid to promote development and/or economic growth (e.g., Annen & Kosempel 2009)? But first one must ask which policy ideas gained sufficient political relevance and authority to be codified in international agreements, notably the Paris Declaration – which in turn goes so far as to encourage governments to cede part of their authority over their foreign aid priorities to IOs and subject themselves to multilateral oversight.

This thesis argues that to answer the above question truly, a better understanding of the aid effectiveness agenda as *political* phenomenon is needed; with “political”, in a layman’s sense, broadly referring to “social relations involving authority or power [...] and to the methods and tactics used to formulate and apply policy”.<sup>2</sup> Today, the aid effectiveness agenda and the ideas inherent in the agenda have tangible authority over the formulation and application of foreign aid policy. Widespread policy reforms testify to that. A little over a decade ago, this was clearly

---

<sup>2</sup> [http://en.wikibooks.org/wiki/Introduction\\_to\\_Sociology/Politics](http://en.wikibooks.org/wiki/Introduction_to_Sociology/Politics) (Accessed 24 April 2014)

not the case. Investigating this, evidence indicates two IOs, the OECD DAC and the World Bank, as pivotal to the shape and the emergence of the aid effectiveness agenda. The focus of this is to evaluate the role these IOs played here.

### **1.3. Thesis Navigation**

The argument of this thesis is presented in eight chapters. This introduction (chapter 1) is followed by a discussion of the literature (chapter 2) and a discussion of the methodology underpinning this study (chapter 3). I then employ basic descriptive statistics to illustrate changes to foreign aid policies over the past two decades that are closely associated with the 2005 Paris Declaration (chapter 4). After describing the changes in policy that align with the PD, I explore them with two qualitative cases studies on the OECD DAC (chapter 5) and the World Bank (chapter 6) respectively. These case studies present evidence from my field research and interviews conducted with the DAC in Paris and World Bank in Washington, DC and demonstrate how these two IOs helped shape the emergence of the aid effectiveness agenda. Chapter 7 critically examines additional and variant explanations for the main argument of this thesis. Chapter 7 thus serves to strengthen the validity of my findings and anchors them in the broader research literature on IOs and their role in national policymaking. Chapter 8 discusses the findings with reference to the literature review in chapter 2, summarises the argument made in this thesis and concludes. The following is a brief synopsis of each chapter.

## ***Chapter 2***

Chapter 2 positions this thesis within the existing literature. By the very nature of the questions pursued in this study, several sources of scholarship will be considered. First, as this thesis investigates a dramatic shift in the intellectual background informing foreign aid policy, it reviews key studies on the role of norms and ideas in public policy. The aid effectiveness agenda draws political attention to a specific set of problems, and promotes a specific set of policy solutions. As a political agenda, aid effectiveness cascaded quickly from relative obscurity to an intellectual structural background for policymakers of near-global reach. As a consequence, theory dealing with questions of how ideas do or do not succeed in capturing the attention of policymakers with limited priorities is an important anchor for this study. Pivotal works in this field theorise on processes of policymaking (Kingdon 1984, Sabatier 2007), and grapple with the role of ideas (Hall 1993, Béland and Cox 2011) in contested political processes (Parsons 2002, Wiener and Puetter 2009).

Second, a strong focus of this thesis is two IOs, the OECD DAC and World Bank, and their role in shaping the aid effectiveness agenda. Therefore international relations (IR) literature on IOs is another important reference. This includes works on IOs' organisational behaviour (Finnemore and Sikkink 1999, Barnett and Finnemore 2004), and, of course, studies that look specifically at the OECD (Mahon and McBride 2008, Carroll and Kellow 2011) or the World Bank (Stone and Wright 2007, Weaver 2008), as well as studies mapping how these IOs approach the issues of poverty and development (e.g. Blackmon 2008, Clegg 2010, Vetterlein 2012). Further important scholarship is the massive body of realist/rationalist-inspired work that seeks to conceptualise the political interactions and relations between states and



IOs (e.g. Hawkins et al. 2006), and research employing constructivist frameworks and concepts to study how IOs exercise authority over states and their policy processes (e.g. Woods 2006, Avant et al. 2010).

By referencing this varied field of research on IOs in the context of international relations, this thesis on the OECD DAC (which often styles itself as a “purveyor of ideas”) and the World Bank (a “knowledge bank”) hopes to lay a foundation for a contribution to the literature that goes beyond this thesis’s main focus on the aid effectiveness agenda to speak to the broader field of academic scholarship on IOs. For scholars of IOs in IR, and for scholars of public policymaking, this thesis offers insights into causal mechanisms of *how* IOs strategically shape international policy discourses from their own institutional perspective.

### ***Chapter 3***

Chapter 3 discusses the methods underpinning this research. At the heart of this thesis are two case studies on how the OECD DAC and the World Bank shaped the emergence of the aid effectiveness agenda. It is important to note that these are not comparative case studies; indeed they are closely related. Both case studies investigate the aid effectiveness agenda over time, if from two different institutional perspectives. Experts from the DAC and the World Bank collaborated closely on issues of aid effectiveness for many years. In this sense, the agency of OECD DAC and the World Bank is often more akin to a single case. This makes comparative case study methods less useful for this thesis, notwithstanding the fact that there are revealing differences between the DAC’s and the Bank’s approaches to aid effectiveness.

To investigate the emergence, evolution, and dissemination of the aid effectiveness agenda means is to study a complex and many-layered political process situated in a specific historical context. To do so, this thesis relies heavily on methods of “process-tracing” (e.g. Checkel 2005b) within (rather than across) case studies. Chapter 3 discusses the advantages and disadvantages of process tracing methods to investigate the sort of complex relationships that characterise the role that was played by the OECD DAC and the World Bank in shaping the emergence of the aid effectiveness agenda within a specific historical context of institutional crisis and incisive geopolitical changes. Chapter 3 also helps structure the subsequent case studies and discusses the methodological considerations that guided my fieldwork and research interviews at the OECD DAC in Paris, France, and at the World Bank in Washington, DC, in the United States.

#### ***Chapter 4***

Chapter 4 provides an illustration of the changes in a selection of foreign aid policies – foreign aid policies addressed by the PD – in the most prominent donor countries over the past 20 years using purely descriptive time-series analysis. Chapter 4 is a descriptive exercise. It makes no use of regression analysis or similar tools for investigating causality. Chapter 4 aims to provide a sense of scale for the policy changes widely associated with the aid effectiveness agenda before investigating how the OECD DAC and the World Bank shaped the emergence of that agenda. It does not seek to prove causality between the agenda and the foreign aid policy changes observed in the 30 OECD DAC member states that often reference the aid effectiveness agenda, as this is not the focus of this thesis.

The variables employed to visualise changes seemingly aligned with the PD are (a) preference of for programme-based aid over project-based aid; (b) use of direct budget support relative to all Official Development Assistance (ODA); (c) use of tied aid relative to all ODA; and (d) use of un-coordinated Technical Cooperation (TC). These four variables provide good indicators for foreign aid policy reform that constrain donor governments from pursuing their rational national interests, in a realist sense, through foreign aid policy and spending.

Chapter 4 illustrates how notable changes in foreign aid policy have occurred. It furthermore tests whether visible changes in these indicators are significant “structural breaks” that cannot be explained by statistical variance to demonstrate that significant policy changes have occurred across most donor countries.

## ***Chapter 5***

Chapter 5 is the first of two case studies. Each case study investigates how one of the two IOs examined in this thesis shaped the emergence of the aid effectiveness agenda by strategic ideational agency. The first case focuses on the OECD DAC.

I trace the DAC’s role in (i) the inception, (ii) dispersion, and (iii) policy application of the aid effectiveness agenda. In doing so, I demonstrate how the OECD DAC’s strategic interest and “ideational agency” (Marcussen 2001) in foreign aid were crucial to the shape of the aid effectiveness agenda today. I present evidence showing how the nature and content of the aid effectiveness are in no small part a consequence of the DAC’s own need to reframe its legitimacy and purpose after a period of institutional crisis in the 1990s. This argument is made in two stages.

The first stage focuses on a period of institutional crisis that the DAC (and the OECD more broadly) experienced in the 1990s, as they were both forced to re-interpret and re-invent their role in the changing post-Cold War world. The DAC's efforts to apply its specific expertise to a new set of problems and topical policy discourses in foreign aid gave rise to key concepts inherent in today's aid effectiveness agenda.

The second stage examines what I call the ideational agency of the DAC in the aid effectiveness agenda. The rapid diffusion and acceptance of key concepts of the agenda is traced to the DAC's access to policy-makers and to its unique function and communication channels as a hub of expert discourse. Conversely, the limit of the DAC's access and its adoption of new tasks (e.g. field missions to non-OECD, developing countries), policy discourses (e.g. climate change) and institutional mandates (e.g. serving as honest broker between aid-donors and recipients) highlight tensions that come with the DAC's new role in aid effectiveness politics.

## ***Chapter 6***

Chapter 6 is the second of the two case studies, and focuses on the World Bank. Very much like the DAC, the World Bank played a pivotal role in the formation of the aid effectiveness agenda. Both IOs organised the formative conferences in Rome in 2003, Paris in 2005, and, to a lesser degree, in Accra in 2008 and Busan in 2011.

The World Bank case study follows the same process-tracing structure employed in the case study on the OECD DAC. Like the DAC, the World Bank's engagement with the aid effectiveness agenda is motivated and shaped by the Bank's own self-perception and institutional history (and legitimacy crisis) in the 1990s. Yet the

World Bank – a multilateral donor with a strong presence in aid-receiving countries – is a very different organisation from the smaller, more specialised OECD DAC. There are thus important differences in how the World Bank views aid effectiveness issues and in how it promotes political ideas with foreign aid policymakers or practitioners.

In particular, this case study emphasises how the World Bank’s concern with aid effectiveness is shaped by its own institutional perspective and role as an important, usually highly prominent aid donor and aid organisation in aid-receiving countries. The World Bank often enjoys good access to governments of partner countries, and, in addition to its own projects, acts as service provider for donors and aid agencies.

Motivated in part by its 1990s experiences with its twin-reforms of the Strategic Compact and the Comprehensive Development Framework (CDF), the World Bank tends to take a more technical, decentralised view of aid effectiveness in different countries. The case study discusses the World Bank’s approach to aid effectiveness on three issues that have provided strong motives for the World Bank to drive the aid effectiveness agenda. First is harmonization and procurement reform, which arguably helped get the first aid effectiveness conference in Rome 2003 off the ground. Second is aid coordination, in which the World Bank often adopts a leading role thanks to its prominent presence in partner countries and its carefully guarded reputation as a relatively unbiased broker. Last is the sub-agenda known as “use-of-country-systems”, in which the Bank likewise enjoys comparative advantage as administrator of pooled aid resources and provider of risk assessments.

Moreover, the chapter offers tentative explanations for the World Bank’s slow retreat from its leadership role in the aid effectiveness agenda at the global political level. This retreat started roughly with the Presidency of Paul Wolfowitz (March

2005 to June 2007). Disenchantment with the aid effectiveness agenda is common among Bank staff today, partly (as I argue in more detail in my case study) because the expectations within the World Bank were different from those held by most staff at the OECD DAC. In simplified terms, the World Bank could be said to emphasise harmonization and coordination of aid implementation in recipient countries (“bottom-up”, within the aid system) over policy reform (“top-down”).

## ***Chapter 7***

Chapter 7 presents a methodological discussion of the evidence and findings. It links the observed changes in the foreign aid policies of donor countries (chapter 4) to the evidence on how IOs shaped the emergence of the aid effectiveness agenda presented in the case studies in chapters 5 and 6 for a more thorough picture of the complex causalities at work. Chapter 7 discusses – from a methodological perspective – the validity of the evidence. To do so, it discusses further possible and plausible explanations, contributing factors, and counterfactuals to complement and strengthen the main focus of this thesis on the role of DAC and the World Bank in shaping the emergence of the aid effectiveness agenda.

I discuss three possible alternative and/or complementary explanations. First, that advocating and adopting the aid effectiveness agenda is an intrinsic interest of donor governments and was so from the start. This alternative would share similarities with the view that IOs are ultimately instrumental to state interests. Second, I discuss the alternative of the aid effectiveness agenda representing an initiative from aid-receiving countries. These countries (and their people) are the proclaimed beneficiaries of aid effectiveness. Policy reforms promoted by the aid effectiveness

agenda aim to achieve better development results by empowering aid-receiving states in their dealings with donors and aid agencies. It is not implausible to hypothesise that the aid effectiveness agenda originated through their agency. Third, I return again to the notion that the aid effectiveness agenda is a political expression of advancing knowledge and greater insights into the workings of the world's foreign aid architecture. This is a strong theme in research and literature on aid effectiveness, not least because IOs, including the World Bank and OECD DAC, place great emphasis on – and derive authority and legitimacy from – the notion that they apply politically unbiased technocratic expertise to solving policy problems.

## ***Chapter 8***

Chapter 8 concludes with a discussion, in light of the main research question, of the findings presented in this thesis. It does so in four steps. First, it presents the four main findings from this study: (i) that the aid effectiveness agenda, especially in its early stages of emergence, was shaped by its institutional origins, which can be traced to the place and time of the OECD DAC and the World Bank in the 1990s; (ii) that in acting as ideational agencies for the aid effectiveness agenda, both of the IOs investigated here, expanded their repertoire of discursive mechanisms and the ways in which they leverage their authority as "science policy bureaucracies" (Finnemore 1996, p. 35); (iii) that both IOs also expanded the channels they communicate through, and the actors in foreign aid policy discourses that they communicate with, in sometimes surprising ways. How both IOs experimented and entered the, for them, new fields of communication, also suggest a strategic intent to buttress their capacity to influence the aid effectiveness agenda. And finally, (iv) that even though the ideational agency of both the OECD DAC and the World Bank was accompanied

by efforts of ideational change, their ability to shape and direct the aid effectiveness agenda nevertheless diminished over time. To this, the OECD DAC and the World Bank responded in different ways.

In a second step, chapter 8 draws attention to the limitations of this thesis, born from the specific research design employed for this study. In a third step, it suggests three possible future avenues for research that would likely expand upon the findings presented here, or complement them with research efforts that explore aspects of the aid effectiveness agenda that could not be fully appreciated in these pages.

As a last step, the conclusion closes with formulating an answer to the main research question: How did IOs shape the emergence of the aid effectiveness agenda? The two-part answer emphasises both the *social construction* and the *strategic* of the “strategic social construction” (Finnemore and Sikkink 1998, p. 888), which, as this thesis argues, lies at the heart of how the OECD DAC and the World Bank shaped the aid effectiveness agenda.



## **Chapter 2 – The Paris Declaration as a New Paradigm for Foreign Aid Policy**

Since the mid-1990s, there has been a renewed drive to address systemic weaknesses in the practice of foreign aid. A series of conferences shaped the “aid effectiveness agenda”, combining a range of hitherto-isolated questions and criticisms. The aid effectiveness agenda has been enshrined within several international declarations (Hayman 2009, p. 581), most notably the 2005 Paris Declaration (PD) on Aid Effectiveness (OECD 2005). Today, the influence of the aid effectiveness agenda is evident in nearly all aspects of foreign aid policymaking and implementation. Yet few studies have examined how aid effectiveness as a policy agenda assumed its current shape. This thesis investigates how two IOs, the OECD DAC and the World Bank, shaped the emerging aid effectiveness agenda.

Three observations suggest that a closer investigation of the role played by these two IOs is both worthwhile and necessary. First, aid-receiving countries were neither driving forces nor particularly involved in the political dialogue that shaped the PD (UK Parliament 2010). How does one explain a multitude of contemporaneous policy reforms across most donor states, presumably with all the costs associated with reforms, to the ostensible benefit of aid-receiving states, yet without – by most accounts – aid-receiving states’ agency in these very reforms? This alone necessitates that research on aid effectiveness move away from the dichotomy of donors and aid-receiving states to consider a broader field of actors in the transnational politics of aid effectiveness, possibly including NGOs, academia and think tanks and – the focus of this thesis – the IOs facilitating the formulation and assisting with the implementation of the aid effectiveness agenda.

Second, the monitoring of donors’ policy reforms to comply with the PD has fallen to IOs, notably the OECD DAC and their bi-annual “Survey on Monitoring

the Paris Declaration” (OECD 2006, 2008, 2011a). Third, the plans for structuring development and foreign aid in aid-receiving countries, with which donors ought to align themselves, are rarely those of the aid recipient states’ own governments. Often they are Poverty Reduction Strategy Papers (PRSP), or variants thereof, written to World Bank blueprints. Particularly in least-developed countries, they are often written under the bias of being tied to debt relief initiatives or loan conditionalities. Thus, even as policy reforms to improve aid effectiveness are ubiquitous among donors today, whether or not these reforms truly empower aid recipients is uncertain. I argue that the OECD DAC and World Bank shaped the PD in no small part to their own institutional interest.

Thus I study the formulation and diffusion of the aid effectiveness agenda from the perspective of the OECD DAC and the World Bank as political agents who advocate this agenda for foreign aid policymaking. To do so, this thesis considers several bodies of scholarship. The first of these investigates interactions and relationships of states (usually governments) and IOs in the context of international relations. This vast literature draws on virtually all schools of political thinking. It includes realist and/or public-choice-inspired work that see IOs responding with (self-serving) rationality to (exogenous) state interests in principal-agent relationships (e.g. Hawkins, Lake, Nielson and Tierney 2006). It also includes institutionalist research on the potentially irrational, even pathological behaviour of IOs (Finnemore and Sikkink 1998, Weaver 2008) that may contradict (exogenous) states’ preferences. Likewise, several bodies of scholarship explore the less-tangible influence of supranational organisations (notably the European Union; e.g. Schimmelfennig and Sedelmeier 2005, Schimmelfennig 2005) and IOs (such as International Financial Institutions [IFIs]) over state governments (e.g. Woods 2006,

Park and Vetterlein 2010). These are but the tip of the iceberg of a theoretically incredibly diverse scholarship that explores the influence of IOs' policy advice through everything ranging from game-theory models under conditions of limited or asymmetric information available to policymakers (e.g. Fang and Stone 2012) to constructivist theory on how "states are socialised to accept new norms, values, and perceptions of interest by international organizations" (Finnemore 1996, p. 5), as well as studies that seek to illuminate the impact of IOs (or the EU) on national policymaking through multiple approaches drawn from different theoretical perspectives (e.g. Schimmelfennig and Sedelmeier 2005).

The research subject of this thesis – the aid effectiveness agenda – is closely associated with the widespread, parallel foreign aid policy reforms executed in most donor countries following the 2005 Paris Declaration. As Alastair Iain Johnston notes, the observable ways in which policies change direction after a state enters an international institution are a basic premise that "few would deny" (2001, p. 487) in IR scholarship – even if theory on what drives these changes remains controversial.

It is not the focus of this study to explore how the widespread, parallel, and near-simultaneous reforms of foreign aid policy in most major donor states (cp. chapter 4) follow from the aid effectiveness agenda. Rather, what motivates this research is, as Schmidt put it, asking "why some ideas become the policies, programs, and philosophies that dominate political reality while others do not" (2008, p. 307), with "some ideas" meaning the aid effectiveness agenda. This look back at the construction of authoritative international norms and values could be applicable to a wide range of research beyond the aid effectiveness agenda studied here. If, to give one example, the influence of the EU on Central and Eastern European countries is pervasive (Schimmelfennig and Sedelmeier 2005, p.5), but controversial in terms of

its significance, it would seem at least as equally important to investigate Vivian Schmidt's question of which norms and values the EU projects through processes of Europeanization, the *acquis communautaire*, etc., and which norms and values it does not project, as it is to examine the different mechanisms of how this pervasive (and rarely disputed) influence specifically manifests in different countries. Here, a differentiation must be made between the diffusion of ideas and norms with relatively specific policy implications, the *acquis communautaire* as the most extreme prescription of legislation, and efforts by the IMF to effect change in the use of capital controls (e.g. Chwiero 2010) or, as this thesis argues, the agency of the OECD DAC and the World Bank for the aid effectiveness agenda. These are, at least for the practicalities of scholarship, distinct from studies on the diffusion, or "teaching" (Gheciu 2005) of broader liberal-democratic norms, including, in foreign aid, the promotion of good governance, or, what Daniel Wincott (2011) terms "*epochal framework*", such as the broad-based push for deregulation, privatization and smaller government in the 1980s when Margaret Thatcher and Ronald Reagan shaped policy in the UK and US.

This thesis, by examining the aid effectiveness agenda – a more manageable, but also more recent set of international policy norms than Europeanization, with none of the legal, and far less political and economic complexity than to the latter – investigates the construction of what Martha Finnemore described (in a broader meaning) as a normative context that "influences the behavior of decisionmakers and of mass publics who may choose to constrain those decisionmakers" (1996, p. 2).

My observation of domestic foreign aid policy reforms of unusual scale first motivated this research on the aid effectiveness agenda, even before it became obvious that looking at IOs – in particular, the OECD DAC and the World Bank –

would be crucial to shedding light on this particular research question. Consequently, the thesis references a second literature, which focuses on the processes of public policymaking (Kingdon 1984; Sabatier 2007), particularly on works that grapple with the role of ideas and paradigms in policymaking (Hall 1993, Béland and Cox 2011), politics (Parsons 2002, Wiener and Puetter 2009), and the formation of state interests in specific policy fields like foreign aid. The aid effectiveness agenda draws political attention to a specific set of problems, and promotes specific policy solutions. Moreover, as a political agenda, it grew quickly from obscurity to near-global reach. Theoretical work dealing with questions of how ideas do or do not succeed in capturing the attention of policymakers is thus an important anchor for this thesis, even if an in-depth investigation of the mechanism of how aid effectiveness ideas translate into the policy reforms in various donor countries is not the main focus here.

## **2.1. Aid Effectiveness and the Ideational Agency of IOs in Foreign Aid**

IOs play a pivotal role in global governance, including the governance of foreign aid. Three broad schools of political thought on IOs in world affairs and on IOs' relationship with states are discussed here: Neorealism, institutionalism, and constructivism. These are discussed with reference to the research question and guiding hypotheses of this thesis.

### **2.1.1. Why Study Aid Effectiveness? – States and IOs in IR Theory**

One of social science's most influential traditions in theorizing about IOs and interstate cooperation is economistic and rooted in assumptions of instrumental

rationality and efficiency concerns. This is a crucial body of work, not least because it introduced the principal-agent (PA) framework to the study of IOs. The PA framework guides, as theory or as an analogy, a great majority of scholarship on states and IOs, often even those that explicitly stand outside a realist tradition.

Neorealist and neoliberal concepts are applied in a great range of IR research, both general and with a focus on IOs, including the transnational governance of foreign aid. The defining, neorealist work by Kenneth Waltz (1979) described world politics as analogous to a market filled with utility-maximising competitors. Neorealism is concerned with states as unitary, rational actors and their interest in survival and in power as means of survival. To capture better the realities of Cold War détente, US hegemony, and growing (initially Western) interdependence, neoliberalism pays more attention to the role of international regimes and institutions. Like neorealism, neoliberal theory is ultimately grounded in the basic assumptions of state power and rational interest as the drivers of IR dynamics.

Within this competitive anarchy of IR, rational states may choose to favour interstate coordination over unilateral action, or they may choose delegation to IOs or multilateral regimes over interstate cooperation. States pursue these options in situations in which doing so provides Pareto-superior outcomes. If the default choice of states is unilateral action, definitions are needed for cooperation and delegation. Robert Keohane argues that cooperation occurs when “actors adjust their behaviour to the actual or anticipated preferences of others, through a process of policy coordination” (1984, p. 51). The PD’s provision that “[d]onors’ actions [be] more harmonised, transparent and collectively effective” (OECD 2005) clearly falls under the definition of interstate coordination. IOs are often seen to facilitate state

coordination. Delegation, furthermore, is a form of cooperation in which IOs<sup>3</sup> are charged with implementing policy. Delegation is defined in here as “a conditional grant of authority from a principal to an agent that empowers the latter to act on behalf of the former” (Hawkins, Lake, Nielson and Tierney 2006, p. 7).

A vast literature investigates PA relationships between states and IOs. The studies often focus on two questions to explain why IOs exist and why they act as they do: First, why would rational states delegate tasks to IOs? Second, how do states ensure that the tasks they have delegated to IOs are implemented as intended?

Hawkins et al. (2006, p. 13-20) offer an excellent overview of the literature on the first question. They classify the benefits for states incurred by delegating to IOs as (i) harnessing IO specialization; (ii) mitigating policy externalities in (game theory) coordination and collaboration dilemmas; (iii) facilitating collective decision-making; (iv) resolving disputes between states; (v) enhancing the credibility of policies; and/ or (vi) “locking-in” certain policy biases. Policy delegation to IOs is seen as Pareto-optimal equilibrium in specific situations. Nonetheless, states remain the principals. Delegation is assumed to last only as long as it remains within their interest: “even small agent-source problems might lead principals to end their delegation at the first future opportunity” (Hawkins and Jacoby 2006, p. 228).

Principal-agent theory also studies the control mechanisms employed by states to ensure that their IO-agents implement delegated policies as intended and to minimise “slippage”, a term used to describe an agent’s autonomous behaviour that is not explicable by its principals’ interests. These mechanisms range from straightforward sanctions, reporting requirements, and leadership and staff selection to subtle influences on organisational culture. Not surprisingly, both the World Bank and the

---

<sup>3</sup> Of course, states might delegate to private firms, NGOs, or a third state rather than a formal IO.

OECD are commonly conceptualised in neorealist and neoliberal works as agents of states (Milner 2004, Woodward 2009). When this brief and necessarily stylised rendition of neorealist and neoliberal IR theory on states and on the nature of states' delegation to IO agents is applied to foreign aid, it is quickly apparent that the aid effectiveness agenda presents interesting questions for both schools<sup>4</sup> of thought. If states in IR seek to maximise their comparative advantage, foreign aid should follow a similar logic of competitive state positioning. This has indeed been supported by studies on donor preferences (Alesina and Dollar 2000, Lancaster 2007) and on the rationales of aid agencies, which have also been shown to serve partial and special interests (e.g. Martens 2008). Likewise, there are numerous studies that analyse foreign aid in the context of other, non-developmental motives by states, including commercial interests (Alden 2007, Younas 2008) or national security (Rice, Graff and Carlos 2010). Moreover, anecdotal evidence indicates that adversarial states, such as Iran and Israel, grant foreign aid in pursuit of strategic alliances (*The Economist* 2010). States with clearly identifiable interests, including commerce and access to natural resources (e.g. China), national security (e.g. USA) or strategic political alliances often conform to neorealist/neoliberal predictions of the use of foreign aid as an ancillary tool of foreign policy in the pursuit of rational interests<sup>5</sup>.

In contrast, the PD embodies the commitment of donors (excluding China, Israel, or Iran) to coordinate their aid policies with each other and with the countries that receive their aid. Moreover, the PD is also an agreement by governments to be held accountable for this commitment through external monitoring by IOs. If donor states undertake efforts to comply with this (non-binding) agenda and reform policies

---

<sup>4</sup> I continue to reference neorealism and neoliberalism together as part of the broad IR discourse that sees state interest as exogenous factors in IR, independent of the influence of other actors. Neoliberal theory, even though it acknowledges the self-interest of IOs, retains that premise.

<sup>5</sup> For a dissenting view that links foreign aid to normative motives see David Lumsdaine (1993).



accordingly, whereas before the PD they did not, this willingness of states to cede unilateral control over their foreign aid deserves to be explained in light of the theoretical considerations briefly summarised above. This is why aid effectiveness – as a political phenomenon – warrants more scholarly attention, irrespective of whether or not we find IOs to be relevant here. This, in a nutshell, originally motivated the research for this thesis, even before the pivotal role of the IOs in shaping the aid effectiveness agenda became apparent.

The argument at the core of this thesis is that the aid effectiveness agenda in its current form – including the (non-binding) constraints it places on the bilateral foreign aid policies of sovereign states – was in no small part shaped by the institutional interests of the two IOs examined in the case studies in chapters 5 and 6. One evident counter-argument more in tune with the above theory would be that states (or a sufficiently influential alliance of some states) have a rational interest in constraining bilateral aid policies through the utilisation of IOs and international declarations. The latter counterfactual is discussed in greater depth in chapter 7. To investigate the former adequately – the central claim of this thesis – the theoretical focus here needs to consider the rich traditions of IR scholarship that allow for more autonomous and strategic agency of IOs in IR in their own right (see 2.1.2. & 2.1.3.).

This, however, should not imply that neoliberal/neorealist insights have no bearing on whatsoever on the work presented in this thesis. The main neoliberal/neorealist insight for this thesis on how IOs shaped the emergence of the aid effectiveness agenda is the appreciation for the very real constraints placed on IOs by sovereign states as principals in PA relations. Even if IOs have agency and capacity to act in their own interests, the broad commitment of governments remains an irrefutable *sine qua non* for IOs (Abbott and Snidal 1998) and a very real concern

and point of reference for IO staff and leadership in their daily work. Kenneth Waltz himself emphasises that his famous structural-realist theory is not a theory of foreign policy (1996). In a notable analogy, Waltz likens a realist's state-as-actor approach vis-à-vis a bureaucratic-politics theory to the relationship of an economist's theory of the market vis-à-vis a theory of the firm. He concludes that structural realism should be regarded as a theory of constraints on foreign policy, rather than a theory of foreign policy, noting that: "what it does explain are the constraints that confine all states" (1979, p. 122). Though Waltz was not concerned with IOs, I argue that his caveat holds for research on IOs in global affairs.

Returning to Kenneth Waltz's analogy, the laws of the market do not inform us about a specific firm's strategy; therefore, drawing on realist theory to study IOs incurs a risk of mingling broad structural constraints with causal explanations for specific behaviour. This is readily apparent in studies that seek to explain both IO and state behaviour as reciprocally dependent variables within the same PA framework (examples include Cortell and Peterson 2006; Hawkins and Jacoby 2006). In these cases, realism-based studies are often forced to abstract one variable to a constant, such as Williamson's portrayal of agents as "self-interest seeking with guile" (1985).

To conclude then, the aim of the research presented here is to employ realist/neoliberal scholarship to identify boundaries for autonomous IO agency – the absolute limits to their portfolio of strategic options. These are found, for example, in the limited resources available to even the best-endowed IOs, compared with state governments, and in the governance structures that prevail in IOs such as the World Bank or the OECD. Research on how IOs shape an international policy agenda, which in turn provides the intellectual structural background for policymakers

(including those of powerful sovereign states), as presented in this thesis, must be conscious of these external constraints. The “hard limits” of IR realism help identify the real limits for IO behaviour and agency. Yet these constraints, as shown here, are not sufficient to fully explain fully all the factors shaping policy in IR. Less-tangible elements, such as the aid effectiveness agenda, can influence policy, and – as this thesis argues – IOs can and do act strategically to shape this kind of policy agenda.

### **2.1.2. Why Do IOs Act Strategically? – IOs and Institutional Legitimacy**

The above discussion on neoliberal/neorealist IR literature emphasises the need to move beyond theory that conceives of IO existence and IO behaviour as separate from (exogenous) state interests, to include the potential for strategic IO agency. To do so, there is a need for frameworks that can conceptualise IO legitimacy and IOs’ legitimate behaviour without referencing (only) rational and exogenous state interests. Institutionalist theory has been crucial to developing concepts of institutional and/or organisational legitimacy (e.g. Higgott 2006, pp. 616-618).

Legitimacy is conceptualised for this study as an externally attributed quality of *institutions* that authorises them to act in certain matters and ways. This differs crucially from a stringently neorealist view, in which the legitimacy and authority of an IO is a function of its mandate to fulfil a specific function on behalf of rational actors (usually states) in IR. Rather than the formal mandate, external *perception* of IOs is pivotal to the idea of legitimacy (Best 2007; Chapman 2009). Legitimacy of IOs, as understood in this thesis, instead stresses this perceived legitimacy of IO activities and authority. These perceptions may differ from the formal mandates of IOs, though changes in the fields in which an IO can legitimately exercise authority

are path-dependent to IOs over time, not least because historical perceptions of IO legitimacy (including their formal mandates) still matter for these perceptions of IO legitimacy and IOs' legitimate authority.

Path dependence in social sciences generally means that future trajectories depend not only on the current position or state of affairs, but also on how things were in the past. As Liebowitz and Margolis note: “[h]istory matters” (2000, p. 981), though specific concepts of path dependence differ. In economics, path dependence usually refers to bias against change, even if a given path is not the most efficient one, as long as the costs of change outweigh the costs of inefficient behaviour. In political and international studies, including the study of institutions, bias against change is not always based (solely) on cost calculations, though it is similarly used to express a bias resistance to (non-incremental) change despite changing circumstance.

From a constructivist perspective, the legitimate exercise of authority of IOs is also constrained by intrinsic path-dependent limits on IO behaviour, which Chwioroth names “internal institutional configurations” (2008, p. 483). In his study of World Bank's lending practices, for example, Chwioroth demonstrates how decisions made by Bank staff conflict with both state preferences, as expressed by the Bank's Executive Directors<sup>6</sup>, and public-choice-inspired assumptions of budget maximization (e.g. Niskanen 1994). Chwioroth argues that this behaviour instead follows from internally shared beliefs that “specify legitimate organizational goals and means” (2008, p. 483). Therefore, while there may be tensions between the activities of IOs and the external perceptions of any IO's legitimate role and authority, there may likewise be tensions between the activities of IOs and the

---

<sup>6</sup> The World Bank Board of Directors consists of 24 country representatives. The five largest shareholders – US, Japan, Germany, France, and the UK – each appoint one executive director. Others are grouped into constituencies, each of which elects an executive director.

internal perceptions of its organisational goals, means, and purpose. Both constrain (though do not absolutely prohibit) institutional adaptation and, crucially, agency for new legitimate purposes.

As noted, this thesis primarily seeks to explain the nature and shape of the aid effectiveness agenda, and not to explain IOs themselves. However, evidence found when investigating the origins of the aid effectiveness agenda point to the strong formative role of the DAC and World Bank in shaping this agenda. The latter, characterised by the priorities both IOs emphasised in shaping the aid effectiveness agenda, are – I argue in chapters 5 and 6 – best understood as institutional responses to legitimacy crises, advocating a new legitimate role for these organisations within the limits of both internal and external constraints.

I proceed by first addressing, very briefly, the vast scholarship on institutionalism in political theory. Second, I discuss how this scholarship informs my research on the role played by the World Bank and the OECD DAC in shaping the aid effectiveness agenda. In a nutshell, institutionalist theory helps explain why adaptive change of IOs to external, environmental change is not, and cannot be, instantaneous or indiscriminate. Even if outside perceptions of IO legitimacy change, IOs adapt within the path-dependent constraints of their own “internal institutional configurations”.

### ***Institutionalism: Defining Institutions and Organisations***

Institutionalism is a diverse field of research. Overviews of the literature distinguish between old institutionalism, rooted in classic economics, sociology, and

political science (Scott 2008), and new institutionalism, a recently revitalised study of institutions, their character, and the nature of institutional change.

New institutionalism is often divided into rational choice institutionalism (RI), historical institutionalism (HI), and sociological institutionalism (HI) (Peters 1999, Schmidt 2010). While each school pursues a distinct approach to the study of institutions, they are united by the aim of surmounting unfeasible theoretical assumptions about micro-rational political actors (March and Olsen 2006). Recent work on discursive institutionalism (DI), a fourth institutionalism proposed by Vivien Schmidt (2008, 2011), incorporates constructivist concepts to explain the “power of ideas” (2008).

Groundwork from new institutionalism that is important to this particular thesis includes (i) work on defining institutions and (ii) theory on institutions’ path-dependent interests and behaviour. Prominent definitions of institutions – like the one from March and Olsen (2006) below – reveal the vast scope of the institutionalist literature cover:

An institution is a relatively enduring collection of rules and organised practices, embedded in structure of meaning and resources that are relatively invariant in the face of turnover of individuals and relatively resilient to the idiosyncratic preferences and expectations of individuals and changing external circumstance. (March and Olsen 2006, p. 3)

Research on institutions has explored *structures* “from the conscious to the unconscious, from the legally enforced to the taken for granted” and on levels raging from “world system to interpersonal interaction” (Scott 2008, p. 48). For this thesis, the term “institutions” is used largely as laid out in the typology of W. Richard Scott

(2008), an institutionalist scholar of organisations, including IOs. Scott's framework for institutions has three dimensions, termed "pillars": a regulative pillar consisting of legal, constitutional, and other rules that formally constrain and regularise behaviour; a normative pillar prescribing principle goals of behaviour and appropriate the ways to pursue these; and, finally, a cultural-cognitive pillar describing culturally shaped, taken-for-granted assumptions about reality and the frames within which it is perceived, understood, and given meaning.

Although variations of these definitions exist (e.g. Friedland and Alford 1991), the key insight here is the ability to differentiate between IOs as organisations and as institutions, as well as to distinguish both from more intangible ideational structures that influence international politics, including the aid effectiveness agenda. Selznick (1957) provides a classic and intuitive distinction between organisations and institutions:

The term "organization" thus suggests certain bareness, a lean, no-nonsense system of consciously co-ordinated activities. It refers to an expendable tool, a rational instrument engineered to do a job. An "institution", on the other hand, is more nearly a natural product of social needs and pressures – a responsive, adaptive organism. (p. 5)

This distinction is acutely relevant to the case studies presented in chapters 5 and 6. A pivotal aspect in both cases is the legitimacy crises experienced by the World Bank and the OECD in the early 1990s. With the end of the Cold War's bipolar world order as dominant political narrative for foreign relations with third-world countries (itself a Cold War term), and the growing doubts about foreign aid after the 1980s "lost decade" of development, the rationale for both IOs was called into question (e.g. Einhorn 2006, Weaver and Park 2007, Woodward 2009).

Yet, as I demonstrate in later chapters, both the World Bank and the OECD DAC adapted their mission and mandate to these geopolitical changes, including through what has become today's aid effectiveness agenda. For the World Bank in particular, a wealth of studies examines how "following a period of crisis [in the early 1990s], the Bank moved to shape understandings of its appropriate goals by increasingly legitimising its activities" (Clegg 2010, p. 474) by means that were different from those that had legitimised its activities (and thus the Bank itself as institution) prior to this crisis. Clegg characterises the crisis that faced the World Bank as a "hostile external environment" (p. 479). Hostile, in this sense, can refer to literal hostility towards an IO (such as the "50 Years Is Enough" campaign [Danaher 1994; also see chapter 6] targeting the World Bank in the 1990s), or simply to an environment in which the frames and motivations for policy are being rapidly redefined. The latter, for international development, has been persuasively shown in studies focussing on advocacy campaigns and their impact on policymakers during the 1990s (e.g. Busby 2007). In either case, the result is that an IO's past framing of policy issues turns from a source of (externally attributed) expert and moral authority to a source of external criticism and public doubts.

Though studies on the World Bank's crisis of the early 1990s are more numerous, the OECD's parallel crisis as the "economic counterpart to NATO" (OECD 2004) in post-Cold War geopolitics showcases the nature of IOs legitimacy crises equally well. Quoting William G. Sumner (1959), Scott notes:

[A]n institution consists of a concept (idea, notion, doctrine, interest, value) and a structure. The concept defines the purpose or functions of the institution; the structure embodies the idea of the institution and furnishes the instrumentalities through which the idea is put into action. (Scott 2001, p. 9)



For the OECD, acting as the “economic counterpart to NATO” (OECD 2004) was central to how the OECD understood itself as an institution. This self-conception as a multilateral, economic “NATO” was an integral part of, as Sumner called it, the ideas, notion, values, and interests that infused the particular organisation of the OECD. It provided the foundation for its expert and moral authority. It shaped a particular understanding among experts within the OECD of what they were doing and why. Yet with the end of the Cold War and the spread of market economies, the political need for such an economic counterpart to NATO diminished. The political environment for an expensive IO legitimizing itself grew increasingly hostile. The OECD and the DAC, like the World Bank, experienced a crisis of legitimacy.

Christian Reus-Smit notes that “[i]nternational crises of legitimacy can be resolved only through recalibration, which necessarily involves the communicative reconciliation of the actor’s or institution’s social identity, interest, practices, norms, or procedures, with the normative expectations of other actors within its realm of political action” (2007, p. 157). That is rather too one-sided a conclusion, as it doesn’t consider even partial recalibration of the normative expectations within said realm of political action as a part of the process. I elaborate on this point below.

To regain (externally attributed) legitimacy, an institution’s (such as an IO’s) “social identity, interest, practices, norms, or procedures” need to be re-aligned with the relevant external normative expectations. However, this kind of re-alignment may not be unique to an institution (or actor) experiencing such a crisis of legitimacy. While legitimacy crises demand reaction, they also provide opportunity (Campbell 2004, p. 115) to influence the “normative expectations of other actors within [the organisation’s] its realm of political action”, as evidenced by the constructivist scholarship on how IOs, as bureaucracies (see Barnett and Finnemore

2004), can, within the noted constraints, make new policy areas legible through the application of technocratic (rational, in a Weberian sense) authority to (re-)legitimise activities (interests, identity) in new fields as they “strategize rationally to reconfigure preferences, identities, or social context” (Finnemore and Sikkink 1998, p. 888).

The aid effectiveness agenda provides a poignant case for just this kind of “two-sided” re-alignment of IOs’ “social identity, interest, practices, norms, or procedures” on one side *and* the “normative expectations of other actors” on the other. The latter, e.g. policymakers, or “policy gatekeepers” (Busby 2007, p. 248, Carpenter 2010) within donor states’ governments, are key to the authorizing environment of these IOs. They too may (and did, in the case studies presented in chapter 5 and 6 of this thesis) change normative expectations as a consequence of IOs strategic social constructions.

To understand how IOs respond strategically to crises of legitimacy thus requires an understanding of both the path dependencies that constrain them and the constructivist mechanisms that allow them to transform normative expectations of external actors strategically. I discuss path-dependent constraints first.

### ***Institutionalism: Constrained and Path-Dependent Organisational Behaviour***

Crucially, the notion of IOs’ agency as both strategic as well as constrained, and therefore path-dependent, follows very much from Scott’s understanding of institutions as a duality of concept and structure, values and organisation. This provides a basis for theorising about how institutions adapt (and strategise) within constraints. This theoretical basis for strategic agency is distinctively different from

neoliberal notions of immediate and indiscriminate adaptability by IOs to exogenous changes. Internal processes do not move “rapidly to a unique solution” (March and Olsen 1984, p. 734); IO behaviour is confined to specific value- or path-dependent trajectories.

Emphasis on the dual nature of institutions as both organisations and embedded, intangible meanings is closely associated with historical institutionalism. HI stresses that institutions are not entirely derived from other social structures; they have independent effects that make them identifiable as actors in political analysis. Unlike RI, institutions are not a result of aggregate individual choices. HI acknowledges that structures and outcomes are often neither planned nor intended, but are consequences of unanticipated effects and constrained choices (March and Olsen 1984, p. 743).

One (certainly not the only) important model of change developed in institutionalist works is the theory of a punctuated equilibrium, (inspired by the biological theory of punctuated equilibrium developed by palaeontologists Stephen Jay Gould and Niles Eldredge (1977). Frank Baumgartner and Bryan Jones (1993) first pioneered it as a model for policy change. It has also since been used to describe institutional change (e.g. Campbell 2004; 2010). The model states that changes occur only incrementally due to internal institutional constraints. This equilibrium of incremental change is punctuated by infrequent, more significant change.

The caveat to this model is that assessments of significant changes that break with a stable equilibrium are often descriptive without clear criteria for a predictive, testable model. Nevertheless, the model is useful to explain the lack of constant, indiscriminate “rational” change in response to external changes. By conceptualizing path-dependent equilibriums as “punctuated”, it acknowledges that radical changes can still occur, though it is less suited to explaining when and why these changes

occur. The study on punctuated equilibrium as a theory for policy change by March and Olsen (1984) lists several exogenous causes that can (but do not necessarily) trigger significant policy change, including changes of government or environmental disasters.

By applying the logic of a punctuated equilibrium to explain institutional changes (or lack thereof) in IR, including among IOs, prominent institutionalist Campbell (2004) identifies institutional crises as an important catalyst for change.

Most institutionalists agree that ideas other than interests matter most for institutional change under conditions of great uncertainty, that is, when decision makers are faced with unusual or unsettled situations [...]. In the extreme, actors perceive such situations as crises. [...] Indeed, crises often trigger institutional shifts [...]. (2004, p. 115)

There are thus two concepts from two different traditions of institutionalist scholarship that prove crucial for this thesis on how (and why) the OECD DAC and the World Bank shaped the emergence of the aid effectiveness agenda. On one hand, there is the insight that crisis can serve as a trigger for change in a punctuated equilibrium model of institutional change. On the other hand, there is the idea of a “policy window” within which political actors and policy entrepreneurs can bring about policy change. One is – for lack of a better word – passive, emphasising the necessity of a “trigger” to animate change in inertia-biased institutions. The other is more active, emphasising the limits and constraints for actors to engineer change within political systems biased towards inertia.

The case studies of chapters 5 and 6 provide detailed empirical evidence that institutional change of IOs incorporates elements of both of these aspects. All my interviews and research clearly point to the geopolitical changes of the 1990s – and their repercussion for IOs – as an important trigger for change. Yet the nature of institutional adaptation is not entirely passive; in the case of the OECD DAC and the World Bank, adaptation involved strategic agency that made use of the very policy window created by changing circumstances to influence the broader intellectual background structures that inform policies in the fields relevant to these two organisations, notably the aid effectiveness agenda in foreign aid policy.

### **2.1.3. Constructivism: Concepts and Mechanisms of IO Change**

Neoliberal/neorealist theory offers important insights into external (usually state) interests for IOs. It highlights how, in the words of Abbott and Snidal (1998), commitment of governments remains the *sine qua non* for IOs. The legitimacy of IOs here is a function of fulfilling the tasks and mandates attributed to them, though there may be room for slippage. Institutionalism highlights the values that infuse organisational structures and the internal configurations that constrain institutional behaviour and prescribe path-dependent trajectories of incremental change. Here, the legitimacy of IOs is a function of their internal institutional configuration. The equilibriums of incremental change can be punctuated by episodes of more radical changes due to a variety of external causes. For IOs, one cause is a legitimacy crisis. Furthermore, constructivist theorising in this field focuses less on the role of IOs as agents or their internal institutional configurations, and more on the role of institutions as norm brokers and advocates of policy ideas, norms, and change.

The discussion of neoliberal/neorealist IR theory demonstrates why aid effectiveness presents an interesting political phenomenon worthy of study, doubly so once the formative role of IOs is suspected as being behind this foreign aid policy agenda. The discussion of institutionalist theory provides context for reasons why IOs have such a formative influence, adapting strategically to change within the constraints of both exogenous state interests and institutional path-dependencies. This final literature discussion, of (mostly) constructivist research on IOs and their use of expert authority, ideas, and norms to effect change outside their own institution, references the rich empirical and theoretical works that examine how IOs act and engage with states (and other actors).

Once more, it is worth noting that research in this field on, loosely, the constructivist power of IOs need not contradict neoliberal/neorealist concepts of the authorising authority of states. Catherine Weaver's work (2007, 2008) specifically investigates the leeway open to IOs, and the World Bank in particular, due to diffuse and often contradictory state preferences. Ngaire Woods notes that "even where [a] powerful state's objectives are clear, the choice of how to achieve those objectives is often unclear" (2006 p. 39), to emphasise how room for strategic manoeuvring exists outside of PA "slippage", even under assumptions of unambiguous state preferences. Likewise, from a position grounded in a principal-agent logic, Abbott and Snidal (1998) note that states may also choose to use IOs "to create information, ideas, norms and expectations ... [and] ... to legitimate or delegitimize particular ideas and practices" (1998, p. 8). IOs in this sense become more than mere arbiters, and trustees. They also act as norm brokers and "enforcers"<sup>7</sup> (Higgott 2006, p. 617). The

---

<sup>7</sup> This concept implies coercion. It is a mechanism of change that is not relevant to this thesis on the relationships of specialised IOs with the governments of their main stakeholder states, but it is still crucial to note that such mechanisms cover a broader spectrum than those discussed in this thesis.

World Bank's description of itself as a "knowledge bank" and the OECD's aspiration to serve as an "international think tank" or a "purveyor of ideas" (Mahon and McBride 2008) certainly fit this notion.

To proceed, I first discuss definitions in the literature of key concepts such as ideas, legitimacy, or ideational agency. Building on this, I briefly describe how the constructivist scholarship on ideas and paradigms offers possibilities to reconcile – on a theoretical level – the notions of external constraints and internal constraints in a model for IO behaviour and IOs' institutional change. It is within the understanding of this model that this study pursues the strategic agency of the World Bank and the OECD DAC for the aid effectiveness agenda.

#### **2.1.3.1. Defining Concepts**

As noted, this thesis draws heavily on the constructivist assumption that ideas play a pivotal role in shaping policy preferences and institutional change, including through the activities of IOs acting as ideational artists, agencies, and entrepreneurs. Specifically, this thesis draws on constructivist concepts to examine the role of the OECD DAC and the World Bank in shaping the emergence of the aid effectiveness agenda. The following provides a brief overview of important definitions.

*Ideas*, as seen by constructivists, are the political tools or even weapons (Béland 2009; Blyth 2011) that legitimise changes (or adherence to the status quo). Ideas become meaningful through political contestation (Wiener and Puetter 2009). They are different from interests in that they need not reflect (revealed) preferences. Rather, ideas embody the often-strategic "claims about descriptions of the world, causal relationships, or the normative legitimacy of certain actions" (Parsons 2002)

employed by political actors to construct (or oppose) reform imperatives (Béland 2009). The meaning-in-use of ideas may change in the course of political contestation. Moreover, ideas are frequently sufficiently ambiguous to accommodate multiple interests. Finally, ideas differ from political science concepts of norms or values by stressing the instrumental quality they have as actors make use of them in political discourse. Furthermore, the outcome of political contestations is a crucial factor in determining which ideas ultimately matter, in the sense that they develop a broader authority for policymaking, and which ideas do not. Finally, political ideas differ from, for lack of a better term, bare facts in how they are employed in the discursive processes of politics and policy change. Ideas are argued to be in the “foreground” (Campbell 2004; Schmidt 2008) of political contestation. In other words, they are found in the action plan programmes, the concept notes, and the policy briefs that are forwarded to motivate policy change and action. Although other definitions exist (e.g. Goldstein and Keohane 1993), Parsons’s constructivism is the most useful for this thesis. It allows ideas to be operationalised for an analysis of paradigm shifts in policymaking that can be linked to specific political actors.

*Ideational Artist and Agency* are concepts frequently encountered in social science research on the OECD. Scholars such as Marcussen (2001), Kidal (2003) and Porter and Webb (2004) use them to conceptualise the OECD as a (self-serving) creator and distributor of policy ideas. On ideational agency, Nanna Kidal writes:

What this role [ideational agency] implies is that the OECD constantly surfs around in national political debates, searching for new products and new markets like any transnational company. When the OECD discovers that a set of ideas has gained ground among the member states, it adopts and operationalizes them, thereby transforming them into causal ideas that can be



resold in the member states at a high price. Credibility is gained by constantly helping member states to concretise and implement diffuse ideas. (2003, p. 12)

The important thing – borne out by the evidence presented in the research conducted for this thesis – is that this conception of the OECD as ideational agency builds on a concept of institutional self-interest. The OECD does not simply act as an instrumental distribution system for policy ideas among OECD member states, but does so with an eye to its own benefit as an institution. Beyond redistributing ideas as an ideational agency, the concept of the ideational artist highlights how the OECD “incessantly invents new ideas” (Marcussen 2001, p. 16) for much the same reason.

***Institutional Legitimacy:*** Scholars such as Jacqueline Best (2007) and Terrence Chapman (2009) have identified constructivist aspects at work in the external attribution of institutional legitimacy. They argue that, unlike with classic neoliberal accounts of IO instrumentality, organisations’ legitimacy is also shaped by the more constructivist notion of audience beliefs (Chapman 2009). In other words, IOs’ right to exist and exercise authority to act is not directly a result of their ability to implement state interests more efficiently than states might do alone; instead, the relationship between IOs and states is governed by a shared understanding – shaped by prevailing frames and narratives – of an institution’s appropriate goals and its ability to achieve these goals by appropriate means. For IOs in particular, the constructivist tradition of IR scholarship – drawing on Barnett and Finnemore (2004)’s conception of IOs as apolitical expert bureaucracies – identified “two of the central components of IO authority: expert authority comes from the acceptance that IOs hold specialised knowledge about the important social task with which they have been charged, while moral authority is often bolstered by IOs through frequent claims to be impartial, depoliticised agencies” (Clegg 2010, p. 477).

***Legitimacy Crisis (of IOs)***: If IO legitimacy is a combination of its purpose, the mission, mandate or goal it serves as “constituted by the shared understanding in policy community”, and the expert and moral authority to pursue this mission, crises of legitimacy can be a loss of, or challenge to an IO’s purpose, a loss of its moral or expert authority, or a mix both. The legitimacy crises of the OECD (including the DAC) and the World Bank in the early 1990s – discussed in chapter 5 and 6 – cover both variants. The OECD’s legitimacy crisis was mainly one of lost purpose. As “economic counterpart to NATO” (OECD 2004), it faced the prospect of being perceived as no longer being needed. In contrast, the World Bank’s “decade of turmoil” (Clegg 2010, p. 479) in the 1990s was characterised by various challenges to its authority: including the leaked 1992 Wapenhans Report, which raised doubts on the Bank’s performance, and coalitions such as *Jubilee 2000* and *50 Years is Enough*, both of which also vocally challenged the World Bank’s impartiality.

***Paradigms***, as a concept distinct from ideas, is more structural, aiming to capture a complete “framework of ideas and standards that specifies not only the goals of policy and kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing” (Hall 1993, p. 279). Paradigms are less-dependent on political actors and not as immediately relevant in political contestation. They are more systemic, self-contained, and self-referential, providing language, concepts and values – the intellectual background – that inform (and regularise) the making of policy. Paradigms provide a link with institutionalism, under which rubric distinctions were made between an institution’s organisational structure and the ideational concepts that infuse structures with values (Selznick 1957). Scott’s typology of regulative, normative, and cultural-cognitive pillars (2001, 2008) refines this distinction for the study of organisations. Paradigms thus

designate the “concept” for institutions as part of a broader framework, as outlined by Hall. They are the structural complements to ideas. Paradigms constitute the ideational “background” (Campbell 2004; Schmidt 2008) that guides political struggles and processes of public policymaking. Taken together, ideas and paradigms capture what Giddens (1979) describes as a “duality” of structure: they constrain action, but they are also created and thereby transformed by it (see Ruggie 1998).

The **Political Authority** of international organisations is a central concept for this thesis, which draws strongly on the notion of the political authority of international bureaucracies as described by Michael Barnett and Martha Finnemore (2004). This bureaucratic political authority manifests itself through the policy ideas and paradigms that structure and inform political actions. Put simply, political authority helps define which problems are perceived as politically relevant, and which policy solutions policymakers take into consideration.

The aid effectiveness agenda constitutes a newly relevant set of policy ideas that emphasises certain policy problems in foreign aid over others. It thus fits this type of bureaucratic authority of classification, codification and regulation that underpins policymaking, yet is usually not seen as part of the politics that guide policymaking.

This kind of bureaucratic authority depends, crucially, on *not* being perceived as “political” and often on not being “perceived” at all. Instead, it constitutes the ideational background structures that shape political action in a given policy field.

Kathleen McNamara, writing on the political authority of the European Union, notes that it:

[...] is most effective when it is least obvious, that is, when the practices and rules of governance are so taken for granted that they are not noticed as

creating the very basis for the political action that is occurring. Note that this is entirely different from the cataloguing of political capacities that many would use to measure the EU's power. Here, the taken-for-granted quality of governance results, most likely, in the lack of recognition that any obvious assertion of power has taken place. (McNamara 2010, p. 161-162)

The aid effectiveness agenda presents a structural paradigm that acquired just such a taken-for-granted quality in a short amount of time. The strategic, political action of IOs behind this comparatively new paradigm is not widely recognised. This, quite possibly, is part of *why* the authority of IOs – as international bureaucracies – is effective. Yet this taken-for-granted quality of political authority by IOs such as the OECD is only given within the purview of their institutional legitimacy and their (perceived) mandates. If an IO sought to govern outside its legitimate sphere of influence, the “political” visibility would likely undermine its authority.

For the specific case of the OECD (in general), Sharman (2006) writes:

The OECD's ability to influence politicians, transnational policy communities, corporations, journalists in the specialist and general press, [...] has been closely linked to its standing as an impartial, “apolitical” and technocratic institution. [...] But this strength is also a weakness. The converse of these benefits conferred, the extra credibility engendered by the authority of the speaker, is that the OECD is also constrained to act in a manner appropriate for such an institution in line with the expectations it has build up in the forty years of its existence. (Sharman 2006, p. 127-128)

And yet, this two-way condition of IOs' unseen bureaucratic authority within their defined legitimate mandate and field of expertise is, ultimately, not a static product. To the extent that (agency for) political ideas – including those generated by IOs themselves – can, within constraints, affect both the authoritative environment for IOs (what they are legitimately perceived to govern) and the internal norms, values, and culture that constitute an IO as institution, the political authority of IOs can potentially extend into new policy fields.

#### **2.1.3.2. How the OECD DAC and the World Bank Shaped the Aid Agenda**

Both IOs studied in this thesis, the World Bank and the OECD DAC, are examples of organisations that specialise in producing knowledge and ideas specific to a particular policy field: foreign aid. The World Bank is often seen to have a position of intellectual authority in the world of ideas on development. Dethier observes that “[e]xternally, the Bank influences the global environment in which development efforts are undertaken by producing and disseminating research and data that contribute to global development knowledge” (2007, p. 469). Joseph Stiglitz, former World Bank chief economist, notes more critically that the World Bank’s “predominant role in development research is so strong that, were it involved in the production of an ordinary commodity, it might be accused of anti-trust violation, dominating the industry” (Stiglitz 2007, quoted in Weaver 2008, p. 10).

Nonetheless, another IO that rivals the World Bank in its claims to policy research expertise is clearly the OECD. The Paris-based organisation specialises in the construction, standardisation, and dissemination of policy ideas, including those pertaining to foreign aid policy, for its member states. The OECD conducts research

and produces background studies and reports on an enormous variety of policy issues. To do so, it draws both on the vast pool of statistical data it collects and on its reservoir of disciplinary knowledge, mainly, like the World Bank, in economics. As noted, the OECD has been characterised as an “international think tank” and a “purveyor of ideas” (Mahon and McBride 2008, p. 3) and, just like the World Bank, has tried presenting itself as “knowledge bank” (Authers 2005 quoted in Woodward 2009, p. 81).

Existing research on the intellectual authority exercised by IOs often places an emphasis on knowledge and ideas with an analysis of how IOs use their authority. Rao and Woolcock (2007) and Dethier (2007) take the World Bank’s power largely as a given. They investigate the causes and implications of the fact that this power is being held primarily by neoliberal economists. Weaver (2008) takes the policy dominance of the World Bank as a point of departure to examine the Bank’s internal “hypocrisy trap”, which she argues is a response to conflicting external demands, mainly from the governments funding the Bank. Other scholars have taken a closer look at the dynamics within IOs, including the World Bank and the IMF (e.g. Park 2005, Woods 2006, Chwiero 2008; 2010) to draw a more nuanced picture of how ideas shape the internal discourses of these organisations, and thereby their engagement with states.

Research on the OECD, on the other hand, does trace the impact of the OECD’s work on the policies of its member states (Mahon and McBride 2008). Quite unlike the World Bank literature, OECD research is mostly silent on the organisation’s own internal culture or its institutional interests or agenda. The scholarly view on the OECD falls largely into two camps. One tends to cast the organisation as an instrumental catalyst for cascading policy norms and for the dissemination of

national policy preferences. For example, studies of the OECD's role in promoting anti-corruption norms stress the US interests behind it (e.g. Pacini et al. 2002). The other tends to analyse the OECD's diffusion of policy ideas among its members with a public-choice-flavoured view of the OECD as organisation (e.g. Kidal 2003). In light of this, the case study on the OECD DAC presented here, which draws heavily on concepts developed in research on IOs such as the World Bank, provides an important empirical contribution to this sparser literature on processes of institutional change and adaptation within the OECD.

What all these studies have in common is their aim to understand international organisations – why they exist, how they operate, what functions they perform and why, what impact they have in IR, and how they could be reformed and improved. The research in this thesis employs very much the same conceptual tools, yet differs in one important aspect: the research presented in this thesis investigates the nature and origins of the aid effectiveness agenda, not IOs per se. This thesis is not intrinsically an IO study: It was not a foregone conclusion that my research would find the World Bank and the OECD DAC played a key role in the formation and the emergence of the aid effectiveness agenda. Though other actors and influences are clearly not negligible, neither the World Bank nor the OECD DAC is widely seen as shaping the aid effectiveness agenda politically (as opposed to facilitating it), and the thesis makes a contribution by drawing attention to this role, which is not something that is at the forefront of general scholarly inquiry into IOs. Aid effectiveness is not a formal mandate of the World Bank, and the OECD DAC is likely too specialised an organisation to attract more interest from IO scholars. Moreover, acknowledging and understanding the strategic, formative role of the World Bank and the OECD DAC in the aid effectiveness agenda could help inform efforts to improve this agenda

further, with the aim of advancing its stated objective of improving the effectiveness of foreign aid. It could be argued that efforts to develop the aid effectiveness agenda further are handicapped precisely because they do not account for the political dynamics of organisations like the World Bank and OECD DAC: these two key players are too often viewed as mere technocratic instruments without institutional interest in this field.

By tracing the aid effectiveness agenda to its roots and investigating how the OECD DAC and the World Bank advocated and shaped the aid effectiveness agenda as a response to crisis, the research presented in this thesis adds new empirical insights into the constructivist dynamics by which IOs exercise their authority in IR, specifically through foreign aid, in ways that fit what Finnemore and Sikkink (1998) have defined as a strategic social construction “in which actors strategize rationally to reconfigure preferences, identities, or social context.” (p. 888).

#### **2.1.4. The Study of International and Supranational Organisations**

The theoretical debates referenced above are held and developed in a lively tradition of empirical scholarship on international and supranational organisations in IR, including the World Bank and the IMF (e.g. Woods 2006, Park and Vetterlein 2010), the European Commission (e.g. Schimmelfennig and Sedelmeier 2005), the OECD (e.g. Sharman 2006, Mahon and McBride 2008, Carroll and Kellow 2011), as well as on IOs more generally, without an empirical focus on one or two IOs in particular (e.g. Barnett and Finnemore 2004, Avant et al. 2010, Greenhill 2010).

These literatures take a slightly different perspective from this study. They tend to investigate IOs for the explicit purpose of understanding how they operate and act,



and to what effect. In contrast, this thesis sets out to investigate the origins of an ideational paradigm that analysts have claimed motivates policy reform in a large number of countries, leading in turn to a Vivien Schmidt-inspired research interest in how and why precisely these ideas “become the policies, programs, and philosophies that dominate political reality while others do not” (2008, p. 307). The field research informing this thesis should help establish the ways in which the ideational agency of IOs is a crucial element in answering this kind of questions.

A comparison could be made to the influence of the European Union – “Europeanisation” – in the EU’s (eastern) neighbourhood, which has produced a wealth of insights into *how* EU rules, norms and values are adopted by EU accession and/or EU member states, either by policy (e.g. Andonova 2005) or by country (e.g. Sissenich 2005). This makes it surprising, given the wealth of evidence of successful EU policy transfers and norm diffusions, that comparatively fewer scholars of Europeanisation have turned back to the EU and asked the crucial question, posed by Vivian Schmidt (2008), about which norms and rules came to dominate the political reality of Europeanisation – e.g. the *acquis communautaire*, etc.. – and which norms did no.

At the same time, these empirical works on international and supranational organisations in IR are important references for this study, especially when they focus on the World Bank and/or the OECD. They provide a wealth of empirical insights into how the IOs interact with states, and in the instances in which states change policy preferences as a consequence of IO membership or by interacting with other states through IOs. For the World Bank, this has led to a rich scholarship on how the Bank itself has changed, both as organisation and as institution, in its approach to fields such as poverty (e.g. Vetterlein 2012) or development economics

(e.g. Yusuf et al. 2009), which are crucial to its legitimacy. All these studies act as secondary literature to supplement my first-hand interviews and research conducted in Washington and Paris for the case studies presented in chapters 5 and 6. At the same time, the research undertaken for this thesis seeks to contribute to this literature by focusing not on what constructivists call “the microprocesses about how precisely actors are exposed to, receive, process, and then act upon the normative arguments that predominate in particular social environments, such as international institutions” (Jonston 2001, p. 488), but instead on investigating the nature and formation of these “normative arguments” that are, as many country case studies show, catalysts and possible triggers for policy change through a variety of microprocesses.

#### **2.1.5. Summary: Internal and External Constraints to IO Strategic Agency**

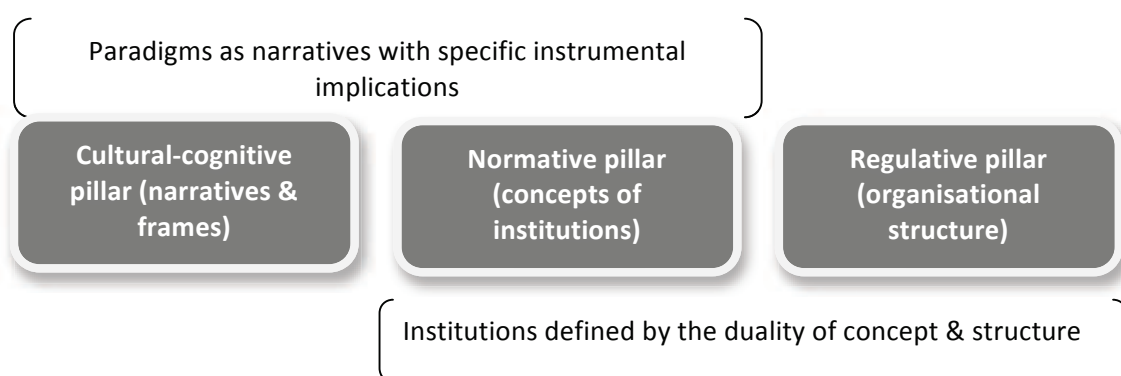
The research presented in this thesis investigates how the OECD DAC and the World Bank shaped the emergence of the aid effectiveness agenda. The aid effectiveness agenda, as a political phenomenon itself, and the formative role of the World Bank and the OECD DAC in its making, are worthy research subjects as they challenge important assumptions behind neoliberal/neorealist concepts of how IOs and states interact in the context of international relations. What defines the specifics of how these two IOs shaped the aid effectiveness agenda is best understood from an institutionalist perspective of crises as triggers of change and of the internal constraints of the organisational values, expertise, and culture that define them as institutions. The rich constructivist literature on how IOs engage with and exercise authority in states informs this research on the specific mechanisms of how the OECD DAC and the World Bank shaped the emergence of the aid effectiveness

agenda, even as the primary focus of this thesis is to explain the nature and origins of the aid effectiveness agenda, rather than explain the political influence of IOs.

This thesis makes important contributions to IO scholarship by demonstrating, in a specific case, how IOs act strategically in an effort to shape the intellectual background governing and constraining policymaking relevant to their niche of expertise. Policymaking in specific fields such as foreign aid, in turn, affects the function, role and legitimate authority of IOs in these same policy niches.

For the purposes of this thesis, I visualise this conflation of strategies by IOs both to adapt internally to crises and to transform their authorising environment externally through strategic ideational agency by applying Scott's (2008) typology of paradigms and institutions.

In defining institutions above, I omitted Scott's third pillar of cultural-cognitive frames. By their very nature, these frames stand outside institutions (a duality of concept and structures), but encompass concepts of institutions to the extent that they are part of the greater narratives that specify "the goals of policy and kind of instruments that can be used to attain them" (Hall 1993, p. 279). Paradigms thus constitute (many) institutions.



**Figure 1** Overlapping Epistemological Dimensions of Paradigms, Institutions and Organisations. (Source: Author's Construction)

Linking these two elements foreshadows some of the relevant points highlighted below in discussing the literature on ideas and discourse in the processes of public policymaking. The cultural-cognitive pillar of frames and narrative transcends boundaries between national policymaking and international affairs. They shape the broader policy discourse, with relevance for both national public policy and international governance in a given field.

To the extent that IOs such as the OECD DAC and the World Bank successfully shape such a broad cognitive frame of references for policymaking, with the aid effectiveness agenda being the example discussed here, they also exercise (limited and constrained) influence over the very authorising environment that infuses them with meaning, purpose, and legitimacy as international institutions.

## **2.2. Ideas in Processes of Public Policymaking**

The case studies on how the OECD DAC and the World Bank shaped the emergence of the aid effectiveness agenda (chapters 5 and 6) help illuminate an under researched aspect of IR research: how IOs strategically influence their authorising political environment in the context of IR. Over time, IOs help shape the broader narratives and frames (Scott's "cultural-cognitive pillar") that structure policy discourse and political agendas in a specific policy field such as foreign aid.

IOs exercise power as they use their knowledge and authority not only to regulate what currently exists but also to constitute the world, creating new interests, actors, and social activities. This can be understood as 'social construction power' because IOs use their knowledge to help create social reality. (Barnett and Finnemore 2004, p. 7)

These narratives and frames, or “social reality” (Barnett and Finnemore 2004, p. 7), in turn determine the roles and functions that IOs are legitimately seen to play in the global affairs of a particular policy. Once more, it should also be noted that no IO (or anyone else) could fully control the outcomes of social construction. It is not a form of influence that can be equated with perfect, absolute control. Rather, these are long-term processes with diffuse, often unpredictable outcomes that are also shaped by the interpretations of other actors (Hawkins and Jacobi 2006, p. 207). Nevertheless, outcomes of IO’s strategic social construction can and have been identified (e.g. Woods 2006), including in foreign aid (e.g. Park and Vetterlein 2010). By addressing outcomes of IO agency in policies, there is a need to touch on a different scholarly literature. While the core of my thesis revolves around how IOs shaped the aid effectiveness agenda, a discussion of how the agenda potentially influences policymaking at a national level will inevitably be a part of this, and will need to be grounded in public policy scholarship.

Here, two bodies of work are relevant to this thesis. The first is scholarship on ideas and discourse – “*discursive institutionalism*”, as Vivien Schmidt (2008) and others term it, which highlights its proximity to institutionalism. This is a relevant body of work with the theoretical tools needed to study the elusive concepts of ideas, narratives, and paradigms. Furthermore, work in this field speaks about the role of policy discourses in “epistemic communities” (Haas 1992) and “transnational government networks” (Slaughter 2005) to demonstrate how processes of policymaking and knowledge production transcend boundaries of national governments and IOs, as well as bodies such as non-governmental organisations (NGOs), think tanks, or academia.

The second relevant body of literature here is that focusing on processes of public policy (e.g. Sabatier 2007). This is a broad scholarship that echoes (or originates) the theory discussed above in an IR context, including social construction and policy design (Ingram, Schneider and deLeon 2007) and punctuated-equilibrium models of policy change (Baumgartner and Jones 1993). Notably, chapter 7 of this thesis borrows conceptually from the multiple-streams (MS) framework by John Kingdon (1984). For this chapter, MS offers analytical perspectives on when, why, and under what conditions policies change. This thesis employs MS to assess alternative explanations that may account for observable policy changes in foreign aid (see chapter 4) not caused by IO agency, which is the main argument of this study.

### **2.2.1. Discourse and Discursive Institutionalism**

Discourse is a broad, versatile concept that captures both ideas and the interactive processes by which ideas are conveyed (Schmidt 2008). Processes enable theorizing about the dynamics and the context of institutional change – “namely how, when, where, and why ideas [...] matter” (Schmidt 2008, p. 305). Relevant aspects are (i) the agents involved, (ii) the context in which they act, and (iii) the “logic of communication” (Risse 2000; Schmidt 2008) by which ideas may motivate change.

***Discourse and actors:*** Peter Hall points to discourse as a causal mechanism for policy change when he talks about how paradigms, which serve to make sense of the world and identify phenomena as problematic, enter policymaking processes. Citing Charles Anderson (1978), he states that “the deliberation of public policy takes place within a realm of discourse [...] policies are made within some system of ideas and standards which is comprehensible and plausible to the actors involved” (1993, p. 279). This focus on discourse and on political contestation sets discourse-oriented

literature on ideas and politics apart from theory that conceptualises transnational values and beliefs as cascading (Finnemore and Sikkink 1998), or demanding compliance (Legro 1997), or becoming internalised as institutions (Goldstein and Keohane 1993), based solely on their intrinsic qualities as norms or policy ideas.

Discourse, in contrast, emphasises political actors and agency in the analytical framework to explain better the causes of policy change. The motivation of actors is often approximated by concepts of self-interest that, even if not a strictly micro-economic rationalism, helps assess which ideas are advocated and why. Colin Hay (2011) notes:

Conceptions of self-interest provide a cognitive filter through which the actor orients herself towards her environment, providing one (of several) means by which an actor evaluates the relative merits of contending potential courses of action. (p. 79)

The two case studies in chapters 5 and 6 present empirical evidence from my field research that demonstrates how the World Bank or OECD DAC shaped the emergence of the aid effectiveness agenda, thereby potentially if indirectly influencing (national) policy processes by shaping the structural intellectual background that informs policy discourse in the particular field of foreign aid policy.

***Discourse and context:*** An important advantage of the concept of discourse, as the medium for ideas, is the contextualised view it offers on processes that drive change. Context, in this case, refers to the observation that the power of ideas is strongly tied to how ideas are conveyed, adopted, and adapted – i.e. to whom, how, where, and why political actors who champion certain ideas make their particular cases. Historical context is crucial to my research on how IOs shaped the aid

effectiveness agenda. Both the World Bank and the OECD DAC acted against the background of a legitimacy crisis they both faced as institutions in the early 1990s. Yet the same geopolitical changes that shook these institutions from their equilibrium also caused national policymakers, experts and academics to be more open to narratives and ideas that fit a post-Cold War world of foreign aid. A key argument made by this thesis is that insofar as the aid effectiveness agenda can be deemed to have successfully changed bilateral foreign aid policies, this is as much a result of who shaped the aid effectiveness agenda as it is of at least two other factors. Those factors are, first, a specific window of opportunity provided by policymakers being open, and even looking for new cognitive frameworks within which to conceive of foreign aid; and second the intrinsic quality of the ideas found within aid effectiveness (which all predate the 1990s).

In her work, Vivien Schmidt (2008) distinguishes between two types of discourse. The first is communicative discourse between political actors and the public. The second is coordinative discourse among a smaller, more elite circle of policy actors. This study clearly examines the latter, namely discourse among experts, IO staff, and policymakers within a specific policy area. Even though development aid is a public topic, the details of the aid effectiveness paradigm tend to be deliberated upon almost exclusively within a far more narrowly defined circle of technocratic experts.

Crucially, this circle, which is at its core a community of IO staff, foreign aid professionals, experts, researchers, and policymakers, is transnational in nature. It is not defined by the allegiance of its member to a specific nation or organisation, but by a shared professionalism, technical language, and a shared “social reality” of the policy problems at hand. This largely distinguishes the “coordinated discourse” from the “communicative discourse”, which would be more likely to cut across a variety



of social realities within a group that is usually defined by organisational or, in the case of a political public, national boundaries. This makes the concept of “coordinated discourse” a close relative to literature on “transnational government networks” (Slaughter 2005) and “epistemic communities” (Haas 1992) and their influence in capturing and shaping policy within the “disaggregated sovereignty” (Slaughter 2004) of transnational governance (Mahon and McBride 2008).

It should be noted that the divide between communicative discourses on policy, which tend to be public, and exclusive, coordinated discourses on policy is not insurmountable. An example that successfully bridged this divide in the field of foreign aid policy is the 1990s Jubilee 2000 campaign<sup>8</sup> for debt relief for heavily indebted poor countries. The Jubilee 2000 campaign, characterised as a paramount example of a “transnational advocacy network” (Keck and Sikkink 1999, p. 89), illustrates how a coordinated discourse on foreign aid can enter a more public discourse through third-party agency (such as that of an advocacy network). The distinction between communicative and coordinated discourse is not an absolute classification.

With this caveat in mind, there are a few differences that can serve to categorise communicative and coordinative discourse. The former is said to have a tendency to favour more normative, moral, and succinct arguments. The latter, in contrast, is said to allow for more complex programmes, and places a greater emphasis on rational (meaning politically unbiased) arguments and consensus-building. Campbell (2004) descriptively highlights this distinction in his typology of ideas and their effect on policymaking seen in Table 1, below.

---

<sup>8</sup> Jubilee 2000 was an international movement in over 40, mainly industrialised countries calling for a cancellation of third-world debt by the year 2000 (the Great Jubilee of 2000 years of the Catholic Church being origin of the name).

	Concepts and Theories in the Foreground of the Debate	Underlying Assumptions in the Background of the Debate
	Programs	Paradigms
<b>Cognitive (Outcome oriented)</b>	<i>Ideas as elite prescriptions that enable politicians, corporate leaders, and other decision makers to chart a clear and specific course of action.</i>	<i>Ideas as elite assumptions that constrain the cognitive range of useful programs available to politicians, corporate leaders, and other decisions makers.</i>
	Frames	Public Sentiments
<b>Normative (Non-outcome oriented)</b>	<i>Ideas as symbols and concepts that enable decisions makers to legitimise programs to their constituents.</i>	<i>Ideas as public assumptions that constrain the normative range of legitimate programs available to decision makers.</i>

**Table 1** Types of Ideas and their Effects on Policymaking (Campbell 2004, p. 94)

Despite some differences, Campbell’s “frames” and “public sentiments” are more closely related to a communicative discourse. His “programs” and “paradigms” relate more to a coordinative discourse and to the definitions of “ideas” and “paradigms” used for this thesis.

The definition of “ideas” used in this study ties the concept more directly to political actors. Notwithstanding these differences, two important insights relevant to this thesis can be drawn from Campbell’s typology. First, this thesis focuses on a coordinative discourse among elites and on the programmatic ideas that motivate shifts in policy paradigms within a comparatively small group of experts. My research on how the OECD DAC and the World Bank shaped the aid effectiveness agenda is not concerned with communicative discourse. This does not mean that aid effectiveness issues are never raised by politicians communicating with the public – merely that this is not a focus of this study. Second, coordinative discourses favour the technocratic, apolitical and bureaucratic rationales of IOs and their (mainly) economist staff. IOs such as the World Bank and the OECD therefore excel in coordinative discourses. In contrast, the internal institutional configurations of these organisations provide staff with incentives to steer away from public, communicative

discourses. A common expression of this is the prevalent norm within the World Bank and the OECD DAC to avoid “politics”; which implicitly refers to the communicative type of discourse delivered by, for example, political parties or leaders. Yet, as this thesis argues, the coordinative discourse among circumscribed experts, technocrats, and policymakers that IOs favour is ultimately no less crucial when it comes to determining public policy.

### **2.2.2. Ideas and Choice in Public Policy**

A further problem presents itself in that research on policy ideas – which includes this thesis – usually exhibits a selection bias toward successful ideas (Metha 2011). Chapter 4 illustrates how significant shifts in foreign aid policy correspond with ideas embodied by the PD (OECD 2005) and the broader aid effectiveness agenda. The Paris Declaration and the aid effectiveness agenda in general are widely understood to have had an impact, including triggering a host of national policy reforms, but a scientifically robust demonstration of the causality of the aid effectiveness agenda in national policy changes is beyond the scope of this study. Such a demonstration would need to go beyond the examination of how IOs shaped the aid effectiveness agenda and investigate how the aid effectiveness agenda shaped policy processes in a convincingly representative sample of country case studies pursuing aid effectiveness reforms.

This research, however, has adopted different terms of reference, by aiming to strengthen insights into how IOs shaped the emergence of the aid effectiveness agenda from the other side of public policy, so to speak, underpinned by in-depth field work presented in chapters 5 and 6 on the role of the OECD DAC and the World Bank in shaping elements of the aid agenda. Following the case studies,

chapter 7 introduces some plausible alternative and/or complementary factors that may also have played an important role in shaping the aid effectiveness agenda. As explained in more detail in chapter 3 on methodology, this closing step also implies a shift in theoretical focus, moving away from IO-centric literature, and discussion of the influence of IOs on the aid agenda, towards a public policy-centric literature, and discussion of the influence of alternative factors that are commonly found or expected to be relevant to changes in public policy.

Therefore, chapter 7, in discussing complementary and alternative explanations, draws extensively on works on idea-driven change in public policy analysis (see Cairney 2012, pp. 220–243 for a recent textbook overview of the literature). Specifically, it draws on and adapts the iconic multiple streams (MS) framework (Kingdon 1984; 1995; Zahariadis 2007) as a means for inspecting political ideas as putative causes of policy change. Zahariadis describes multiple streams as “a lens, perspective, or framework [...] that explains how policies are made by national governments under conditions of ambiguity” (2007, p. 65). In the study of public policy, the MS framework follows and builds on the tradition of the “garbage can” model developed by Cohen, March and Olsen (1972) by rejecting assumptions of a rational temporal order of policy formation involving (a) the identification of a problem, (b) the design of a policy solution, and (c) the vetting of policy solutions in politics. Instead, MS posits that policy changes require a convergence of various supporting factors (e.g. “streams”) to trigger significant changes. Without such a convergence of streams – termed “policy windows” (Zahariadis 2007, p. 73) – policymaking is assumed to favour a stable status quo in much the same dynamic predicted by punctuated equilibrium models of change.

The streams MS requires to converge to create policy windows are traditionally (a) problems, (b) policies, and (c) politics. Problems are policy issues deemed to require attention (Cairney 2012, p. 233). Policies are ideas/solutions proposed by actors, often seen as policy entrepreneurs (Zahariadis 2007, p. 74). Politics as a stream refers to how receptive policymakers are to certain solutions at particular times (Cairney 2012, p. 236). The relevance of this approach to this thesis lies in the possibility that, notwithstanding the narrower focus on IOs' shaping of the emergence of the aid effectiveness agenda, reasonable alternative or complementary explanations may exist for the observed simultaneous foreign aid policy reforms undertaken in many major donor states.

The MS framework is adapted for this thesis in chapter 7 to create an analytical set of three conditions to compare alternative explanations for the policy reforms described in chapter 4. These conditions correspond with the three streams described above. The first condition is political agents with motives to champion ideas ("policy solutions") in the ideational contestation of politics. This is likely the largest departure in the adaptation of MS presented in this thesis. In comparison to traditional MS, greater emphasis is placed on how specific issues are framed as problems relevant to a crowded political agenda. In the case of aid effectiveness reforms, these problems mainly draw political attention to problems such as donor fragmentation or the administrative burden of foreign aid for aid recipients. As demonstrated in chapters 5 and 6, these problems were neither truly new nor previously unknown, though they only gained sufficient political weight to trigger widespread policy changes in the wake of the 2005 Paris Declaration.

The second condition relates to the policy solutions favoured to address these problems, which correspond closely to the second stream of the MS framework. This

is arguably the aspect in which the original MS model and the adapted one presented in this thesis are most closely aligned.

The third condition is a window of opportunity, within which relevant actors (policymakers) are receptive to new ideas and policy solutions such as the aid effectiveness agenda. This temporal and/or situation aspect presents an important variable for the political failure and success of policy ideas, which is independent from the “quality” or “content” of the policy ideas themselves.

It is important to note that this approach, applied to this thesis, still clearly operates on assumptions of idea-driven policy changes, notwithstanding the fact that idea-driven change also depends, as Lieberman (2002) notes, on political actors.

An idea’s time arrives not simply because the idea is compelling on its own terms, but because opportune political circumstances favour it. At those moments when a political idea finds persuasive expression among actors whose institutional position gives both the motive and the opportunity to translate it into policy – then, and only then, can we say that an idea has found a time. (2002, p. 709)

The ideas embedded in the Paris Declaration found their time when they were given persuasive expression by the OECD DAC and the World Bank, drawing on their unique access to national policymakers (whose position, in turn, strongly determined state-IO relationships in the particular policy field of foreign aid), motivated by these organisations’ need to reinvent their institutional purpose and legitimacy for the post-Cold War realities of international development aid.

### **2.3. Conclusion – Strategic Ideational Agency of IOs in the Literature**

IOs are more than passive, technical arrangements that serve states. They act as political agents in their own strategic interest in global affairs, even as they cloak them in technical and apolitical terms of expert authority. One expression of IO authority in IR is the influence they exert as highly specialised experts on policy discourses, and thereby on the intellectual structural background that shapes policymaking in many fields. The aid effectiveness agenda, which is widely considered to be a decisive change in how experts and policymakers think about foreign aid policy and to have triggered policy reforms in most donor countries, presents one such intellectual background. This thesis investigates how two IOs – the OECD DAC and the World Bank – shaped the emergence of the aid effectiveness agenda.

For this, a variety of different bodies of scholarship are referenced. IR scholarship on states and IOs is the first important anchor of this study. Given the public policy changes associated with the aid effectiveness agenda, public policy research is referenced as a second anchor for exploring alternative and/or complementary factors that may have contributed to shaping the aid effectiveness agenda in its current form instead of, or in addition to, the formative role of the OECD DAC and the World Bank.

With reference to the first body of scholarship, the position occupied by the research presented in this thesis is largely a result of how the nature of the research-subjects – the aid effectiveness agenda and the policy-prescriptions it advocates – challenge common assumptions of neoliberal/neorealist IR scholarship, doubly so if IOs are attributed a formative role in the contents of the aid effectiveness agenda. Institutional work on IOs is crucial to identifying the reasons, priorities, and

direction of these IOs engagement of aid effectiveness, born from the need of these institutions to re-invent their role in the new international, post-Cold War aid architecture of the 1990s. The rich constructivist literature on IOs and their relationship with states finally, is the scholarship closest to this thesis. This study draws heavily on this body of work to investigate how the OECD DAC and the World Bank shaped the emergence of the aid effectiveness agenda, even while it stands apart (and complements) this literature with its research focus on an international policy agenda, not intrinsically on IOs.

The second body of literature on public policy, including theory on discourse, ideas and social construction in processes of policy formation, provides analytical tools that allow a critical examination of alternative and/or complementary factors that may also have been important in shaping the aid effectiveness agenda, even though this literature has produced few studies on how international political actors such as IOs engage in discourses and policy formation. Not least because of this omission, the research presented in subsequent chapters also provides empirical evidence relevant to research questions of how, when, and why certain ideas matter for policy changes.

In terms of the overall argument of this thesis, the literatures touched upon in this chapter complement each other. The IR literature on IOs and states informs this research in terms of both why and how IOs would seek to shape the contents of the aid effectiveness agenda. As value-infused institutions, they act to adapt and persevere even (or especially) in times of change and crisis. Constructivist scholarship in particular points to ideas as the tools, methods, or even weapons in these types of adaptive processes by which IOs act to “create social reality” (Barnett and Finnemore 2004).



The public policy literature, in contrast, provides the conceptual tools to validate and complement the arguments presented on how IOs shaped the aid effectiveness agenda, precisely because the agenda's effects mostly unfold in national policy reforms within the highly specialised field of policy. These are difficult to capture with the theoretical and methodological tools developed for the study of IOs in IR.

### **Chapter 3 –Case Study and Process-Tracing Methods**

This chapter explains the methods used in this thesis to investigate the political agency of the OECD DAC and World Bank in promoting and shaping the aid effectiveness agenda. The methodological challenge, then, is to “trace back” the contemporary aid effectiveness agenda, as a set of normative policy ideas, to its formative years and to identify how – or by which processes and whose agency – the policy principles of this international agenda came to acquire their contemporary normative weight. The method employed for this is process tracing within two linked case studies: one on the OECD DAC’s role in the formation of the aid effectiveness agenda, and one on the parallel role played by the World Bank. A discussion of counterfactuals (chapter 7) draws attention to other factors that may have played a smaller-than-expected role in the formation of the aid agenda.

This chapter discusses these methods in three stages. The first focuses on the use of case studies to examine how the World Bank and the OECD DAC helped shape the aid effectiveness agenda. The second stage involves a discussion of process tracing to examine these IOs’ strategic agency in the formation and dissemination of the aid agenda. The third stage is a discussion of the interviews conducted with IO staff and experts in Paris and Washington, DC.

#### **3.1. Case Studies**

At the heart of this thesis are the two case studies presented in chapters 5 and 6. These case studies investigate the political agency of the World Bank and the OECD DAC for the aid effectiveness agenda. This policy agenda is embodied, above all, by the 2005 Paris Declaration (PD) and its follow-up documents, such as the 2008

Accra Agenda for Action (AAA). The use of case studies, more specifically within-case-study-process-tracing, rests at the heart of this research. This section illustrates the methodological fit of the chosen case study research method with the overall aim of this study.

### **3.1.1. Why Case Studies? Strengths, Weaknesses, Objectives**

Case studies were chosen for this thesis as case study methods best complement the contributions made by this research to the academic scholarship in constructivist IO research, notably on how IOs actively shape policy through ideas and norms.

To illustrate the methodological fit of the selected two case studies for this thesis, this section contrasts advantages of case study methods in social sciences against important caveats. To do so, this chapter draws mostly on the work on case study methods for theory development by George and Bennett (2005), supplemented by other studies in this field (e.g. Gerring 2007). The main reason for using case studies for this research is their ability to explore complex and possibly reciprocal causal mechanisms, which are not as easily captured with many other methods.

At the heart of this thesis is the argument that the OECD DAC and the World Bank played a pivotal role in the formation of the aid effectiveness agenda. The formative involvement of these IOs is rarely acknowledged in aid effectiveness research, despite the fact that the influence of the aid effectiveness agenda is widely felt in foreign aid practice. Chapter 4 gives a brief descriptive account of policy changes commonly associated with the aid effectiveness agenda; though no attempt at establishing causality is made. Indeed, several existing works directly or indirectly examine how national policy preferences can be shaped, including by IOs. Rather,

this thesis examines how the aid effectiveness agenda in particular is indeed heavily shaped by the strategic agency of these two particular IOs. It is the strategic interest and agency of these IOs as institutions in forming the agenda that is insufficiently addressed in aid effectiveness research, not least in that conducted by economists trying to abstract aid effectiveness from political roots (e.g. Easterly & Williamson 2011). Conversely, the agenda's impact on foreign aid policymaking and practice is well documented, even when policy reforms in donor countries in line with the aid effectiveness principles are judged to have fallen short of set goals (e.g. OECD 2006, 2008; also ACFID 2009, Brown 2009).

The strategic agency of IOs to shape and influence normative policy agendas, the very “framework of ideas and standards that specifies not only the goals of policy and kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing” (Hall 1993, p. 279), is a complex process woven into the coordinative discourse (Vivien Schmidt 2008) of transnational policymaking. It builds on a variety of causal mechanisms, including persuasion, shaming, and social influence (see Johnston 2001). Case studies are well suited to examining the complex processes and dynamics of IOs strategic agency.

By “helping to bring mechanisms back in” (Checkel 2005c), the insights offered by case study research can advanced beyond co-variations and correlation of independently observed variables. Case study research favours a methodology and epistemology of process tracing, which is better suited to the aim of this thesis, which is to demonstrate the strategic agency of specific IOs in shaping a specific agenda, and not a general argument on how IOs interact with national policymaking.

In conclusion, this thesis employs case study methods to address the complexity of the processes and dynamics that characterise the strategic agency of IOs,

specifically the oddly “invisible” strategic agency of the OECD DAC and the World Bank in the case of the aid effectiveness agenda. Moreover, case studies help to tease “out the more fine-grained distinctions and connections between alternative theoretical schools” (Checkel 2005c, p. 4), including between the rationalist and constructivist schools of thought (Fearon and Wendt 2002).

The methodological benefits of case study research do not come without caveats. Research that employs case study designs often runs the risks of (i) over-determination in explaining phenomena, (ii) bias in case selection, and (iii) imposing fairly restrictive limits to any broader generalisations of insights. These drawbacks are addressed in this thesis by a focussed logic of case selection and very specific objectives in the actual case study research.

### **3.1.2. The Cases of the OECD DAC and the World Bank**

Three questions guide case study research: “What kind of case is this?”, “Why was this particular case chosen?” and “What variables are of interest in a case?”. First, case study research needs to identify the universe to which a case or group of cases belongs. This is the basic question of “What kind of case is this?” It enables structured comparison, both within a given study (or thesis) and with future studies of cases from the same universe. This allows case study research to contribute to an “orderly cumulation” (George and Bennett 2005, p. 68) of insights in social sciences. Second is the question of “Why was this particular case chosen?” – in the instance of this thesis, the case studies of the involvement of the OECD DAC and the World Bank in aid effectiveness. Textbooks on case study methods usually offer typologies of case studies, including “most-different” or “most-similar” designs (Burnham 2008, p. 94), which are particular to comparative approaches, as well as “typical”,

“deviant”, “extreme”, “crucial”, “pathway” or simply “influential” cases (Gerring 2007), which have broader appeal. Most of these can be applied to different research objectives. The following section returns to these two points for the cases in this thesis.

***What are these cases of?*** The case studies presented in chapters 5 and 6 examine the OECD DAC and on the World Bank respectively, and the role these international organisations played and still play in shaping the aid effectiveness agenda, which set ambitious international reform targets for global aid relations and foreign aid policy. Though both case studies, and with them this thesis, draw heavily on the academic literature on IOs, these are not primarily cases focusing on IOs. Rather, my research emphasises the interaction and discourse of (representatives of) these two IOs, mainly with government officials and development experts in Western donor countries within the cooperative discourses of policy experts in the field of foreign aid. Consequently, these are case studies on the unique authority of the OECD DAC and the World Bank as bureaucratic expert organisations that engage in strategic social construction “in which actors strategize rationally to reconfigure preferences, identities or social context” (Finnemore and Sikkink 1998, p. 888).

***Why were these particular cases chosen?*** To a certain degree, the focus on the OECD DAC and the World Bank is already the result of early exploratory forays into the subject, which in turn became a conscious research design as I started to explore the aid effectiveness agenda in a more structured manner for this thesis.

The initial research interest was to investigate the origins of the aid effectiveness agenda, which has proven to be highly transformative of the way policy experts think about foreign aid and about improving its institutional architecture. I did not conceive of this thesis as “IO-research” per se I first drafted a research outline. The

fact that the OECD DAC and the World Bank were quickly revealed to have played such a pivotal part in shaping the aid effectiveness agenda – both as IOs as such, in addition to governments, and for these IOs in particular, as opposed to the UN, or IOs and regional bodies more commonly known to represent aid recipient states’ interests, for example – is already a key revelation and an important contribution to aid effectiveness research, which widely ignores the role these two IOs play as political agents shaping the aid agenda. This early insight motivated me to adjust this thesis to examine their role in shaping the aid effectiveness agenda in greater depth.

*What variables are of interest in these cases?* This thesis employs process tracing as a means of focusing on the causal mechanisms by which IOs disseminate policy ideas and shape policy discourses. The variables of interest are the mechanisms and processes that constitute the OECD DAC’s and the World Bank’s strategic social construction, as described by Finnemore and Sikkink (1998). Further variables of interest are the “scope conditions” (Checkel 2005c). Scope conditions would act as intervening variables and/or conditionalities. In other words, certain scope conditions might need to be met for mechanisms to function. Thus, the dynamics of persuasion would be a mechanism and a lack of politicisation would be a scope condition, in explaining idea-driven change through persuasion.

Mechanisms connect things; they link specified initial conditions and a specific outcome. As an example, arguing and persuasion can be seen as a causal mechanism that is triggered by the appropriate institutional design and that leads to a change in the interests or behaviour of the actors concerned. Of course, this causal mechanism can only be triggered under certain scope conditions, for instance a high degree of credibility on the part of the institution

and its community in the eyes of the addressee. (Checkel and Zürn 2005, p. 1049)

As noted, the cases of the OECD DAC and the World Bank were selected as a result of preliminary examinations of the research subject. As a result, there is little room for generalising insights from this study. This is a purposeful trade-off with the aim of achieving detailed evidence and insights into the rarely explicated role of these two IOs in shaping the aid effectiveness agenda. Consequently, the interest of this thesis is primarily *why* and *how* – not *if* – the OECD DAC and the World Bank engaged with and successfully shaped this normative agenda for foreign aid policy.

In conclusion, the selection of OECD DAC and the World Bank as cases for this research aims to investigate *why* and *how* IOs, as political actors, engage in strategic social construction, thereby helping to shape and transform the “framework of ideas and standards that specifies not only the goals of policy and kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing” (Hall 1993, p. 279).

### **3.2. Process Tracing and the Investigation of Causal Mechanisms**

Process tracing in social sciences is frequently associated with qualitative methods. The method has been discussed under different labels for several decades (Checkel 2005b). In the following I (i) outline the possibilities for causal inference from process-tracing studies and (ii) specify their implications for the design of this research and its application to the aid effectiveness agenda.



### 3.2.1. Variations of Causal Inference through Process Tracing

James Mahoney (2010) summarises causal-process observation (CPO) for theory testing by distinguishing three distinct types of applications. He differentiates types of CPO based on whether it is primarily concerned with independent variables, (causal) mechanisms, or auxiliary outcomes, as presented by Table 2

<i>Information Investigated</i>	<i>Type of Data Observed</i>	<i>Type of Theory Tested</i>
<b><i>Independent Variable</i></b>	Data concerning the existence of posited cause	Theory proposes a cause whose existence is controversial
<b><i>(Causal) Mechanism</i></b>	Data concerning posited intervening events and processes	Theory offers expectations about intervening processes that should (not) occur if a cause really affects outcome
<b><i>Auxiliary Outcome</i></b>	Data concerning posited auxiliary outcomes	Theory offers expectations about outcomes besides the main one of interest that should be present if cause really affects outcome

**Table 2** Types of Causal-Process Observations (Adapted from Mahoney 2010)

Causal process observations (CPO) of the first kind investigate *whether* a cause occurred in the manner or time posited by theory. The existence of the cause is often more controversial than the presumed link between a cause and its outcome. An often-cited example is the meteorite-collision theory for the extinction of dinosaurs (King, Keohane and Verba 1994, pp. 10-12). A social science example, forwarded by James Mahoney (2010, p. 127), is research on the existence of a “nuclear-taboo” as a normative prohibition that stigmatises nuclear weapons. Such a taboo, if it exists, would by definition influence policy decisions concerning nuclear weapons.

This thesis does not present research of this kind. Both the observed changes in foreign aid policy among the major donors (chapter 4) and the existence of the aid effectiveness agenda as catalyst for these reforms are well documented (e.g. OECD 2006, 2008, 2011; also Hayman 2009, Roberts 2009, etc..).

In contrast, CPOs concerned with causal mechanisms, the second kind in Table 2 presented above, tend to use process-tracing methods to identify intervening processes, the causal chain, and mechanisms among independent variables and the outcomes (George and Bennett 2005, p. 206).

Support for a causal explanation of a case is thus gathered through observations within a case. These observations should be linked in specific ways, based on a prior theory-based explanation. This is the process-tracing methodology employed in this thesis. James Mahoney (2010) places his typology wholly on the side of theory testing. Alexander George and Andrew Bennett (2005) on the other hand stress the use of process-tracing methods for both *theory testing* and *theory-development*. This type of CPO resembles the investigation presented in this thesis, as the overriding research question here concerns itself with details of how IOs shaped the emergence of the aid effectiveness agenda, which emphasises a detailed investigation of processes and events to achieve a better, more nuanced picture of the emergence of the aid effectiveness agenda, and of the role played by the OECD DAC and the World Bank.

Finally, CPOs that investigate auxiliary outcomes are concerned with occurrences that should occur alongside an outcome, if in fact that outcome has been caused in the way stipulated by the theory under investigation. In many ways, the most important “auxiliary outcome” of the aid effectiveness agenda is arguably the main outcome that the vast majority of aid effectiveness research seeks to investigate: Did aid effectiveness reforms truly improve foreign aid to recipient countries? Did foreign aid become “better” as a result of the policy reforms inspired, informed, and possibly justified by the aid effectiveness agenda?

Unfortunately, it is beyond the scope of this thesis to pursue these questions, though it is my hope that a better and more explicit understanding of the strategic agency of IOs in shaping the agenda can in turn furnish a better understanding of the nature of the aid effectiveness agenda, its strengths and weaknesses, its potential and shortcomings, as a result of its political birthing process and the role of the OECD DAC and the World Bank therein.

To conclude, process tracing is a case-based, qualitative method that relies mainly on observations within (rather than across) case studies. When used to test theory, process tracing can provide insights into the existence of causes, mechanisms, or auxiliary traces posited by a theory. The inductive side of process tracing can contribute to theory development by studying the mechanisms and underlying processes observed in a case study. Process tracing is employed in the case studies in chapters 5 and 6, as fits the aim of this thesis to identify and explore the agency and influence of IOs in shaping the aid effectiveness agenda – something found in the historical context and process of its emergence, but not in the formally declared purpose, principles and policy guidelines constituting the agenda itself.

### **3.2.2. Investigation Mechanisms of Change through Process Tracing**

Process tracing aims to explain research questions through “causal mechanisms [which] provide more detailed and in a sense more fundamental explanations than general laws do. The difference between a law and a mechanism is that between a static correlation (“if X, then Y”) and a “process” (“X leads to Y through steps A, B, C”)” (George and Bennett 2005, p. 141). The case studies in chapters 5 and 6 of this thesis investigate how IOs, as political actors, translate their institutional interests into a paradigm shift in foreign aid policy that agrees with these interests. Rather

than search for co-variations across cases, this study explains causation through case-specific causal mechanisms in two “most-likely” cases.

An attempt to explain by reference to causal mechanisms, which in principle requires consistency with the finest level of detail observable, provides a powerful source of causal inference when carried out through the method of process-tracing, which examines processes within single cases in considerable detail. In practice, process tracing need not always go down to the finest level of detail observable, but by avoiding as if assumptions at high levels of analysis [...] process-tracing can eliminate some alternative explanations for a case and increase our confidence in others. (George and Bennett 2005, p. 149)

The aim is to observe and to describe the mechanisms and processes of IOs’ political influence through a strategic social construction “in which actors strategize rationally to reconfigure preferences, identities or social context” (Finnemore and Sikkink 1998, p. 888). As a consequence, this thesis stresses constructivist mechanisms, such as persuasion, described as “a microprocess of socialization, [that] involves changing minds, opinions and attitudes about causality and affect (identity) in the absence of overtly material or mental coercion” (Johnston 2001, p. 17), social learning, where “learning and social interaction, rather than political pressure and individual choice, lead to agent compliance with normative prescriptions” (Checkel 2001, p. 559), and imitation, “which also emphasize non-bargaining dynamics in apolitical, technical settings” (Checkel 2005c, p. 12). This constructivist focus, though pivotal to the contributions of this thesis, is not intrinsic to process-tracing methods, which can easily be employed for different studies. Ideally, a process-tracing approach to case study analysis charts a set of hypothesised mechanisms,

which were previously conceived on the basis of prior theoretical assumptions. This reinforces the point that process tracing is largely a theory-driven method.

Several times, Alexander George and Andrew Bennett ask “whether process-tracing is similar to historical explanation and whether process-tracing is anything more than ‘good historical explanation’” (2005, p. 224). Even though they stress the potential, often-neglected utility of historical explanation in social sciences, they answer their own question by noting how theory-based hypotheses for causal mechanisms make a crucial difference.

Process-tracing attempts to empirically establish the posited intervening variables and implications that should be true in a case if a particular explanation of that case is true. Theories or models of causal mechanisms must undergird each step of a hypothesized causal process for that process to constitute a historical explanation of the case. (George and Bennett 2005, p. 147)

Both case studies in this thesis build on a theory-based portrayal of relevant actors, contextual factors, scope conditions and, crucially, mechanisms, which are hypothesised to link cause to effect. Rather than being merely descriptive of a case, this approach of tracing a-priori hypothesised processes is a powerful tool for political analysis because observations are not independent from one another, but predicted to be connected in specific ways. Although both cases address the same policy field, foreign aid policy, the distinctively unique practices of the OECD DAC and the World Bank – how they disseminate knowledge, frame problems through their research excellence, or facilitate dialogue among policy makers from different nations – suggests that different mechanisms will be prominent in each case, even as the authority of both IOs likely shares certain basic characteristics. A crucial scope

condition for this is these IOs' emphasis on an apolitical, technocratic organisational culture.

### **3.3. Collecting Evidence for Process-Tracing Using Elite Interviews**

Tracing causal mechanisms seeks to open up the black box of processes and to reveal the micro-foundations, the nuts and bolts, of how events unfold in a case:

The role of mechanisms is two-fold. First, they enable us to go from the larger to the smaller: from molecules to atoms, from societies to individuals. Secondly, and more fundamentally, they reduce the time lag between the explanans and explanandum. A mechanism provides a continuous and contiguous chain of causal or intentional links; a black box is a gap in the chain [...]. (George and Bennett 2005, p. 141)

The choice of process tracing as a method to investigate causal mechanisms in this thesis – those essential to the shaping of the aid effectiveness paradigm – poses the question of how evidence and data is collected. In general, “process tracing methods, the researcher examines histories, archival documents, interview transcripts, and other sources to see whether the causal process a theory hypothesizes or implies in a case is in fact evident” (George and Bennett 2005, p. 6). As a consequence, the last part of this chapter discusses the application the field and desk research undertaking for this thesis in the context of these methodological choices.

#### **3.3.1. Caveats to Process-Tracing and Elite Interviews**

Process tracing comes with two notable caveats. First, the intervening links, even if hypothesised beforehand, may not all be observable. This is particularly true for

constructivist mechanisms such as, for example, “persuasion” (Checkel 2005b). Even the most meticulous construction of contiguous chains of mechanisms need to recognise the practical limits to what George and Bennett (2005) describe as pushing inquiry “to the outer boundaries of what is observable” (p. 143). Second, the identification of a chain of causal links through process tracing need not eliminate all potential causes, contributing factors, or rival explanations. Given the ambition of process-tracing methods to allow for an analysis of complex causality, a single chain of observations linking cause to outcome may still very well turn out to be incomplete, or even be a misrepresentation of more complex processes.

Using elite interviews as an important source of evidence helps to address the first caveat of unobservable micro-foundations. Interviews can allow the incorporation of first-hand insights, even if not originally anticipated by the researcher, into perceived sequences and connections and thereby identify chains of unobservable yet crucial connecting processes. This is achieved, in part, by reconstructing events and developments from participants’ perspectives and, in part, by establishing what first-hand witnesses think and believe concerning the issues investigated.

Elite interviews also help addressing the second caveat of equifinality and complex causality by giving the researcher first-hand witnesses who can judge and weight the various factors and events in ways that archival work, for example, is rarely able to do. Checkel (2005b), for example, recommends presenting interviewees with alternative causal mechanisms, thus aiding the selection (and elimination) from a range of possibilities. Interviews may therefore assure the validity of the analysis by using the accounts of participants as a “check” against a researcher’s own potential predisposition to discover the causal sequences that he or

she set out to find by weighting, ordering, and interpreting any confirmative and contradictory observations subjectively to confirm the researcher's intent.

### **3.3.2. Designing the Interviews**

Elite interviews are a quintessential research tool to obtain information on key decisions and decision-making processes. Formally, two dimensions define elite interviewing. Burnham et al. (2008) describe these as the (i) target group and the (ii) research technique. First, the target group is concerned with who is interviewed and the strategies for gaining access to the interviewees, especially if they are key decision makers. Second, research technique is concerned with how the interview is conducted. It encompasses the structure and form of the interview, its transcription, and the evaluation of its contents as evidence for the research at hand.

Regarding the question of whom to interview, the focus of this thesis is key decision makers at the World Bank and the OECD DAC, who were, or still are, working on the aid effectiveness agenda. Interviews were conducted both with people actively involved in conceiving the agenda before the Rome Declaration on Harmonization and the Paris Declaration on Aid Effectiveness (OECD 2003, 2005), starting roughly in the mid-1990s, and IO staff working on various follow-up and monitoring processes, for example from the evaluation departments of these organisations. A total of 19 interviews of about an hour in length were conducted for this thesis. The list of people interviewed can be found in Appendix 1.

It should be noted that in process-tracing research, interview partners do not themselves represent independent or dependent variables – as they commonly do in marketing or consumer research, for example – but are witnesses to the processes



studied. Consequently, techniques such as randomised sampling of respondents, used to ensure a representative sample, are omitted in favour of gaining access to people with valuable insights:

The goal when applying the process tracing method will not be to use such interviews to make generalisations about the characteristics, beliefs or actions of the full population of relevant actors, but rather to use the testimony of those who were most closely involved to construct a theoretically-informed narrative of the process of interest. (Tansey 2007)

For this thesis, questions of gaining access are certainly more pertinent. There is first, the question of *who* the key people are in the OECD DAC and the World Bank who were pivotal to the formation of the aid effectiveness paradigm, leading up to the PD of 2005. Second, the question is *how* to contact these persons, some of whom may no longer be with the organisations, and how to persuade them to take time for an interview.

[...] the ideal strategy when using the process tracing method is to combine the positional and reputational approaches when sampling potential interview subjects. In this way, researchers can not only interview a set of political actors that their research objectives suggest will be highly relevant, but will also open their research to the possible inclusion of other influential players who may not be obvious *ex ante* [...] (Tansey 2007)

As noted in more detail in the case studies, the first half of the selection process, finding the relevant people to interview, proved far easier than expected. There was a very strong consensus within both the OECD DAC and the World Bank, even among newer staff who had joined after the Paris Declaration, regarding which

people were the key persons to talk to – the key persons who had moved the process along at critical junctures.

The more difficult task was getting interviews with these people. It was easier to interview key persons from the OECD DAC, simply as a consequence of geography. Most of those who had worked on the aid effectiveness agenda, even before the Paris Declaration, still live in Europe, usually in France or in the UK. I was able to meet them at their convenience over the course of a full year. Others, especially those working in senior positions at the World Bank, were occasionally out of reach, simply because their schedules did not always allow for a lengthy interview with me during the two weeks I spent in the USA towards the end of 2011. There were a few names that are closely associated with the early days of aid effectiveness – such as Jim Adams from the World Bank, who was pivotal to bringing ideas of country ownership and country-owned strategy plans into the Bank (see Mallaby 2004, p. 230) – whom I was unable to interview. As I had (slightly) less privileged access at the World Bank compared to the OECD DAC, nearly twice as many interviews were conducted there to reach a “saturation point” (Burnham et al. 2008) of diminishing returns per interview. Regarding the second question of how to conduct them, all interviews followed a semi-structured order, including three aspects in particular:

1. *The internalised, subconscious elements of organisational culture among respondents:* As analytically robust process tracing requires investigation of necessary and sufficient scope conditions of causal mechanisms, as much as of the mechanisms themselves. The interviews sought to verify (or refute) assumptions about many internalised aspects of the respondents’ self-conception, their image of their institution, and their own roles in them. These aspects were

explored with historical (regarding the aid effectiveness paradigm), non-specific questions about work routines, conventions and established processes.

2. ***The respondents' testimony regarding the historical development of the aid effectiveness paradigm:*** Arguably the most relevant aspect, in terms of the methodological emphasis on process-tracing, was to use the opportunity of these interviews to establish the decisions, actions and events that make up the history of the aid effectiveness paradigm and thereby verify or refute the hypothesised causal mechanisms at the heart of this research through first-hand testimonies, especially in cases in which these mechanisms are not observable through other sources. This was done by asking interviewees to relate their experiences with specific events or trends in the unfolding debates – for example, the discussions and eventual decision to include measurable indicators in the PD, as well as which specific indicators.
3. ***Critical evaluation of the interviews to account for biases and strengthen reliability:*** Evidence from interviews (as from other sources) is usually coloured in specific ways. As many texts on elite interviews point out, respondents may overstate or downplay their own or another actor's role in certain events, rearrange accounts to appear more logical, favourable, or purposeful, omit aspects that are (seemingly) unimportant, and more (see Burnham et al., 2007). Therefore, criteria for assessment of the interview data are needed. George & Bennett (2005) provide a framework (for both interviews and other documents) consisting of the questions (i) "Who is speaking?" (ii) "Who are they speaking to?" (iii) "For what purpose are they speaking?" and (iv) "Under what circumstances?" Others forward similar frameworks (e.g. Dexter 1970, Tansey 2007).

### **3.4. Generalisations and Validity of Results (Triangulation)**

Without a doubt, the two case studies are at the heart of this thesis, just as the interviews are at the heart of each case study. Both interviews and case studies are nonetheless embedded in a broader argument. Considering the noted caveats for process-tracing methods and interviews, the broader research design serves a crucial purpose by corroborating the analysis and validating the observations via triangulation through other sources. Besides the theory and methodology in chapters 2 and 3, both case studies are preceded by a more descriptive account in chapter 4, which traces the changes in foreign aid policies over more than a decade. The case studies are then succeeded by chapter, which discusses possible other and additional causes, interprets and weighs the findings in the broader context. These steps of (i) description, (ii) explanation, and (iii) interpretation roughly correspond to the phases of case study design for theory development as formulated by George and Bennett:

In phase one, the objectives, design, and structure of the research are formulated. In phase two, each case study is carried out in accordance with the design. In phase three, the researcher draws upon the findings of the case studies and assesses their contribution to achieve the research objective of the study. (2005, p. 73)

Chapter 4 uses available data and descriptive statistics to illustrate the changes in foreign aid policies over recent years. The aim is to give an outline of the effect of the hypothesised paradigm change by, first, investigating in more detail the principles and changes advocated by the aid effectiveness agenda and the PD in particular and, second, interrogating available data for changes in the practices of foreign aid over time that agree with the aid effectiveness agenda. Chapter 4 therefore addresses the question of what needs to be explained, upon which

subsequent analysis builds. By rendering the effects, limits, and dynamics of changes in foreign aid in recent years, chapter 4 also informs the design and structure of the case studies.

Chapters 5 and 6, which contain the case studies, are explanatory in nature. The cases offer causal analysis through within-case tracing of processes and causal mechanisms to address the primary research question: How did IOs shape the emergence of the aid effectiveness agenda?

Chapters 7 and 8 interpret and assess the causal analysis in the broader perspectives of aid practice and IR theory respectively. While generalisations from within-case study analysis are subject to certain limitations and caveats in the philosophy of the social sciences, the question remains of what the research means for policy and theory; i.e.: Why is this analysis important?

<i>Chapter</i>	<i>Method of inquiry</i>	<i>Data</i>	<i>Procedures of validity</i>
<b>4</b>	Descriptive Statistics	Aid statistics, notably by the OECD itself	Statistical measures of validity
<b>5 &amp; 6</b>	Case Studies	Elite interviews supported by analysis of documents	Triangulation
<b>7 &amp; 8</b>	Interpretation, Comparison with larger universe	Chapters 4, 5, & 6.	Peer review, credibility of prior data collection

**Table 3 Overall Structure of the Argument in this Thesis (Source: Author's creation)**

This structures the overall argument in this thesis. Moreover, the outline allows for three checks, or precautions, to ensure the validity of the argument and to mitigate the caveat of cognitive bias inherent to all small-N and single-case studies, including those in this thesis. This includes a bias for overconfidence in causal explanations and a tendency to assume that causes resemble consequences in terms of scale, scope, or complexity (George and Bennett 2005, p. 112). Or, as Ruback

writes on the threat of cognitive bias: “The process-tracing method tracks causal sequences so effectively because the structure of the prose positions and predisposes the narrator to discover causal sequences” (2010, p. 491).

### **3.5. Chapter 3 Conclusion**

This thesis investigates how IOs, as active participants in world affairs, successfully set political agendas that potentially shape and constrain national policy preferences. This research interest is motivated by the observation of the impact of that the aid effectiveness paradigm had on foreign aid policies in the past decade. The research interest is not primarily motivated by the epistemological cleavages and debates in academic scholarship. As a consequence, this chapter’s overview of methodology focuses on the overall “fit” of the chosen research methods with the nature of the study and its original contribution to the literature.

At the core of the thesis are the two case studies on the OECD DAC and the World Bank, both of which are pursued in “the epistemology of causal mechanisms and the methodology of process-tracing” (George and Bennett 2005, p. 129). This thesis therefore does not present a comparative case study design, but an investigation of causal mechanism within the selected case studies. This methodology was chosen to address the main question of “*how*” certain changes in foreign aid policies are outcomes of the strategic agency of these IOs in a specific historical context. The latter is investigated by giving special attention to the scope conditions, which determine and influence the causal mechanisms at work; i.e. that activities and efforts of IOs that project their influence on foreign aid policy.

Conversely, a focus on within-case-study process tracing, such as the one chosen for this study, necessarily deemphasises aspirations to predictive theories and nomological generalisations. To account for these drawbacks, the case studies themselves are embedded in a broader three-step research design that covers (i) the description of the effect to be explained, (ii) the evidence presented in two case studies to provide explanation, and (iii) the discussion and interpretation of findings. Even though this thesis does not aspire to formulate a universal, predictive theory of IO political agency, procedures of validity at each step help ensure validity of the findings overall.

## Chapter 4 – The Changing Landscape of Foreign Aid

Have foreign aid policies changed in recent years? If so, how have they changed? Are there observable changes in policy, which align with the principles laid out by the 2005 Paris Declaration (PD) and the aid effectiveness agenda? Chapter 4 explores OECD data on foreign aid, specifically, bilateral aid by donors organised within the Development Assistance Committee (DAC) of the OECD, to provide a *descriptive* answer to the above questions. These answers are descriptive because this chapter uses univariate time series analysis to provide a snapshot of specific policy changes that agree with the aid effectiveness agenda, but does not – on a methodological level – explore correlations or causality.

Chapter 4 does not provide quantitative multivariate analysis to confirm or refute the research hypotheses of this thesis. Instead, chapter 4 takes a consciously descriptive approach to provide a sense of scale and timing to the broader changes in foreign aid policies in the context of the aid effectiveness agenda. Having established this context, the case studies in chapters 5 and 6 then focus in greater detail and specificity on the role the OECD DAC and the World Bank played in shaping the aid effectiveness agenda as it exists today.

Chapter 4 proceeds in three steps: First it revisits the PD to identify a selection of key recommendations for donor policies to improve aid effectiveness. Second, it explores the data via four dimensions of foreign aid, which correspond to these recommendations. These dimensions are (i) project- vs. programme-based aid; (ii) general and sector-budget support as a variant of programme-based aid; (iii) tied vs. untied aid; and (iv) technical cooperation (TC). Where applicable, I test the data for structural breaks to identify significant changes in their application over time. The



third and final part interprets the findings both in light of the previous chapters and with respect to the OECD DAC and World Bank case studies in chapters 5 and 6.

#### **4.1. The Policy Recommendations of the Paris Declaration**

The first step to mapping policy reforms sympathetic to the recommendations of the aid effectiveness agenda, based on available data on foreign aid, is to clarify exactly what changes the aid agenda advocates. A crucial observation is that the aid effectiveness agenda, including the PD and the 2008 Accra Agenda for Action (AAA), is not immediately concerned with the effectiveness of foreign aid in aid-receiving countries. Rather, the provisions in these documents reflect a broad agreement that the global institutional architecture of foreign aid is flawed and in need of reform (see Birdsall 2004; Goody 2009).

As a consequence, the aid effectiveness agenda seeks to improve the design, the delivery and the management of foreign aid. The promoted reforms build on the broad consensus underpinning the aid effectiveness agenda that foreign aid is more effective when recipients “take ownership” of aid programmes, when development policy is less hamstrung by conditionality of donors and when aid is not tied to the purchase of specific goods and services (Birdsall 2004). In addition, the effectiveness of foreign aid is argued to improve if donors minimise the strain of bureaucratic and administrative processes of foreign aid on the (usually) scarce administrative resources of aid recipients, notably by coordinating their development assistance to a greater degree (Jain 2007). Thus, while the ultimate aim of the PD is to improve aid to maximise its benefits to the poor, the immediate focus is clearly on the processes of managing aid, rather than on the impact of foreign aid (e.g. Roberts

2009). Even as it shares many of the same overall goals of improving the impact of aid on people's lives, the emphasis on design, delivery and management in the aid effectiveness literature sets it apart from the no-less-vivid debates on whether aid actually works (e.g. Sachs 2005) or works sufficiently often (e.g. Easterly 2003).

Three clarifications are needed before developing measures to map relevant policy changes among donor countries: First, by setting out to measure reforms of donor country policies, this study is unrelated to the vast literature on what constitutes (more) effective aid against measures of growth or poverty reduction (e.g. Doucouliagos and Paldam 2009). Second, this thesis does not attempt to answer the question of whether the PD succeeded in making foreign aid more effective in reducing poverty or stimulating growth. Finally, the analysis in this chapter concentrates on policy changes undertaken by donor governments – as opposed to changes in the implementation of foreign aid in recipient countries – that align with the principles of the aid effectiveness agenda.

What then are the essential aims of the aid effectiveness agenda this chapter seeks to identify? As previously noted, the most iconic representation of the aid effectiveness agenda is the PD. It is reasonable to assume that most donors, members of aid agencies and IOs, as well as many scholars in the field refer to the 2005 Paris Declaration, its principles, and follow-up documents like the AAA when they talk about aid effectiveness (Roberts 2009). The PD represents an effort to address long-standing aid-related issues, and to provide formal recognition of the principles of aid effectiveness. Most of these have been the subjects of aid policy debates since the 1990s. Endorsed by over 100 governments and IOs, the PD is, in essence, an agreement on five principles of aid effectiveness (OECD 2005; also Goody 2009):

- **Ownership:** Countries receiving aid should set development priorities, coordinate aid activities in their countries, and generally be the architects of all aid-related processes. Donors commit to supporting this and to building necessary capacities in recipient countries.
- **Alignment:** Donors need to align their aid with recipient countries' systems and procedures as much as possible, again with the specific intention to build capacity. Recipient countries in turn should improve transparency and their management of aid.
- **Harmonisation:** Donors need to coordinate their efforts. This includes, wherever feasible, common arrangements and procedures for planning, funding, and reporting. Donors should also simplify procedures and reduce their missions and reviews.
- **Managing for Results:** All aid should be implemented in ways that focus on results, result-oriented reporting, and transparent performance assessments.
- **Mutual Accountability:** Donors and recipients need to enhance their reciprocal accounts of the use of foreign aid. Recipients should strengthen oversight by institutions like parliaments, while donors should provide accurate and timely information on aid flows.

On the basis of these principles, the PD outlines 12 indicators that are “to be measured nationally and monitored internationally” (OECD 2005). However, the PD’s distribution of indicators across the five principles is highly uneven. More than half of the indicators, along with several sub-indicators, measure the goal of *Alignment*, often very precisely. *Harmonisation* is a distant second. In contrast, measurements for other principles, such as the lone indicator for *Mutual Accountability*, are far more spare, and often little more than restatements of the

original principles. Not coincidentally, the PD's principles of alignment and harmonization are the more controversial and more in terms of the design of donors' aid policies. Although investigating these two principles in isolation is a simplification of the aid effectiveness agenda, and even of the Paris Declaration itself, these principles encompass most of the policy changes that appear to run against a broadly realist conception of rational states, constraining the ability of governments to spend foreign aid in line with their unilateral interests, making them the most relevant policy reforms to illustrate with respect to the overall aim of this thesis.

To proceed, I first briefly review the existing literature comparing the foreign aid practices of donors. Second, I discuss four variants, or modes, of foreign aid found at the heart of the advocacy for the alignment of donors.

#### **4.1.1. Previous Work on Measuring Foreign Aid Quality and Practice**

Before setting out to measure changes in foreign aid concurring with the aid effectiveness principles, I briefly discuss previous research undertaken in this field. Efforts in this direction (often predating the PD) come primarily from economics in the form of studies aiming to assess and compare foreign aid by donor countries on measures other than relative or absolute quantities of Official Development Assistance (ODA).

One such study by Paul Mosley (1985) looks at several criteria, including selectivity of donors across and within aid recipient countries, as well as degrees of concessionality and conditionality. Mark McGillivray (1989) and Mark McGillivray and Howard White (1994) focus on different ways of using the per capita incomes of

aid recipients as a measure of donor performance by basing aid allocation on the relative needs of recipient countries. More recently, David Dollar and Victoria Levin (2004) rank 41 bilateral and multilateral donors with respect to a “policy selectivity index” (2004, p. 5), which measures the extent that the institutional and policy environment of recipient countries is taken into account in the design of foreign aid. Unlike many other studies, Dollar and Levin (2006) also compare different periods and find that selectivity has increased over the last 20 years. Easterly and Pfutze characterise and measure four dimensions of an ideal aid agency. These four dimensions include:

[...] specialization, or the degree to which aid is not fragmented among too many donors, too many countries and too many sectors for each donor; selectivity, or the extent to which aid avoids corrupt autocrats and goes to the poorest countries; use of ineffective aid channels such as tied aid, food aid, and technical assistance, and the overhead costs of aid agencies (ibid., 2008)

David Roodman (2009) aims to replace a strict focus on volumes of foreign aid with a quality-adjusted metric for aid. Knack et al. introduce 18 indicators of donor practice, including those “that reflect the Paris Declaration in a more comprehensive and representative way” (ibid, 2010). Nancy Birdsall and Homi Kharas (2010) launched a biennial assessment measuring the quality of ODA on 30 indicators over four dimensions: maximising efficiency, fostering institutions, reducing burden, transparency, and learning. The OECD DAC’s surveys for monitoring the PD from the years 2006<sup>10</sup>, 2008<sup>11</sup>, and, 2011 feature strongly in many of the above studies.

---

<sup>10</sup> [http://www.oecd.org/document/20/0,3343,en\\_2649\\_3236398\\_38521876\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/20/0,3343,en_2649_3236398_38521876_1_1_1_1,00.html)

<sup>11</sup> [http://www.oecd.org/document/0/0,3343,en\\_2649\\_3236398\\_41203264\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/0/0,3343,en_2649_3236398_41203264_1_1_1_1,00.html)  
(Accessed on 21 March 2014)

How useful are these studies for this thesis? Although all of these studies make inspirational use of the available data, methodology, and findings, their overall aim differs from the objectives of the research presented in this thesis. Notably, and including the older studies that pre-date the PD, these works are without exception concerned with “the relative aid giving performance of aid donors” (McGillivray, 1989) and how foreign aid should be “evaluated and compared across donors” (Knack et al., 2010) by measures other than the quantity of aid given. Thus, the academic and the grey literature in this field often adopts a logic that is not dissimilar to an OECD peer review of comparative rankings and ratings, either as aggregates (Easterly and Pfutze 2008, Knack et al., 2010) or in partially (e.g., Birdsall and Kharas 2010), at a given point in time. Usually only passing references are made to developments over time and studies that postdate the PD have a tendency to accept and adopt the provision of the OECD DAC itself as unequivocal insights, even though the value of many of the changes it advocates are at least contested (see Riddell, 2007). In some cases, they are even potentially contradictory, as in the case of selectivity measures that assess aid targeted at either the poorest nations or those that are governed well, or both.

In contrast, this chapter is concerned with the changes in donors’ foreign aid policies addressed by the aid effectiveness agenda over time, compared to five or ten years before, and not with comparison of how donors measure up vis-à-vis each other.

#### 4.1.2. Mapping the Paris Principle of Alignment in Policy Reforms

The PD itself opens with the statement of the signatories that “[w]e reaffirm the commitments made at Rome<sup>12</sup> to harmonise and align aid delivery.” It therefore builds on the reasoning that “we believe they [the core principles] will increase the impact aid has in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs [Millennium Development Goals]” (OECD, 2005). Given these objectives of the PD, changes in foreign aid that agree with the aid effectiveness agenda and the PD’s principles of alignment and harmonisation constitute shifts in the *mode* of foreign aid delivery. Specifically, the PD promotes policy changes that steer foreign aid away from project aid and freestanding technical cooperation (TC) and towards programme-based approaches (PD § 16-21), including general and sector budget support, a further untying of aid (PD § 31), and a reduction in classical technical assistance in favour of TC designed to emphasise a transfer of knowledge.

***Project-based aid:*** Project aid refers to stand-alone donor projects, for example to build schools or irrigation systems. Projects usually target a specific purpose, and can be executed autonomously from other development efforts. Accountability is tied to the specific projects, which tend to be highly controlled by donor agencies and experts. This traditional form of aid offers significant advantages to donor countries: These aid programs are easy to evaluate, can alleviate specific problems, and provide visibility to the donor and agency, which is in turn useful in promoting results in both the recipient country and constituencies back home (Goody 2009, p. 7). The aid effectiveness agenda, on the other hand, tends to argue against project aid for several valid reasons: Project-based aid often fails to build local expertise and

---

<sup>12</sup> High-Level Forum on Harmonization held in Rome in February 2003

ownership, resulting in a lack of sustainability beyond the duration of the project itself. Projects can increase administrative costs and the reporting burden for recipients. Limited donor collaboration often leads to a duplication of activities.

***Programme-based aid:*** At its broadest, programme aid is all aid that is not project aid (Riddell 2007, p. 195). Programme-based aid is, in the PD ideal, closely aligned with recipient country strategies (such as Poverty Reduction Strategy Papers – PRSP). Programme-based aid can support specific sectors such as education, health care, or agriculture in the form of a sector-wide approach (SWAp). Donors increasingly seek to contribute to the goals and objectives of a government expenditure programme, as well by pooling their aid funds. The aid effectiveness agenda argues that programme-based approaches to aid, such as SWAps, facilitate an alignment with local systems, may strengthen local capacity and donor collaboration, and generally lessen administrative burdens and transaction costs. Therefore:

*(1) A relative increase in programme-based aid over project-based aid agrees with the aid effectiveness agenda.*

***Direct Budget Support:*** Direct budget support (DBS) is an emerging form of programme aid. In DBS, financial aid is provided directly to the central treasury of the recipient country “*to spend using its own financial management, procurement and accountability systems*” (DFID 2004). DBS may be provided as general budget support (GBS), or may be earmarked for a specific sector as sector budget support (SBS). In either version, DBS remains controversial. Critics highlight the potential for mismanagement of funds, the difficulty for donors to ensure accountability after funds become part of a recipient’s revenue stream, violations of donors’ own budget



legislation, and concerns about recipient countries' capacities in financial management.

The development impact of DBS has proven difficult to measure, as tracing the effects of foreign aid on poverty and income levels, once it is added the overall budget, is challenging (Riddell 2007, p. 200). These caveats, and the political sensitivity of DBS, prevent the PD from explicitly advocating DBS beyond a broad endorsement. DBS nonetheless remains integral to the aid effectiveness debate, as it is regarded as a modality suited to providing more predictable aid in alignment with the budgetary cycle (PD § 26; indicators 5 and 7), to reducing administrative and transaction costs (PD § 32 indicators 9 & 10), to increasing national ownership, and, ideally, to enabling domestic accountability through democratic processes (de Renzio, 2006). The PD advocates the inclusion of all aid in the budget process. Although this encompasses more than budget support (OECD 2009, p. 52), it is reasonable to conclude that DBS is an aid modality that agrees with the aid effectiveness paradigm. Therefore:

*(2) Greater use of direct budget support agrees with the aid effectiveness agenda.*

**Tied aid:** Tied aid is foreign aid earmarked for the procurement of donor or specific-country goods, services or technical expertise. The economic and political benefits of tied aid for donors are evident. Conversely, tied aid has been criticised for being inefficient, as it increases procurement costs for recipients and potentially excludes them from the most effective or efficient solutions. It is generally considered to decrease the net impact of aid. The call to untie aid precedes the PD by several years, and formal recommendations by the OECD-DAC to untie ODA date

back as far as 2001 (Goody 2009). Nevertheless, as the PD argues against tied aid (PD § 31) and measures it with its progress indicators, one can conclude that:

*(3) A shift in ODA from tied to untied aid agrees with the aid effectiveness paradigm.*

**Technical Cooperation:** Technical cooperation (TC) – the provision of skills, knowledge, expertise and advice – continues to be a major component of ODA. According to OECD statistics, expenditures for TC accounted for 36% of all bilateral aid in 2004, and this number still excludes the technical support provided for implementation of capital projects (Riddell 2007, p. 202). TC is a central element of foreign aid, which may further blur the distinction between project- and programme-based foreign aid.

Traditional TC, the transfer of skills and knowledge, is widely seen to have been ineffective and recently underwent its own paradigm shift, including shifts in its terminology<sup>13</sup>. Through a series of assessments of TC, including, notably, the OECD-DAC *Guidelines on Technical Cooperation*, TC was found to be too fragmented to create sustainable systemic capacity in developing countries, and might even have contributed to preventing the emergence of sustained local capacities (OECD 2002, pp. 51-61). Consequently, TC has been redirected towards “capacity development”, understood officially as “the process whereby people, organisations and societies as a whole unleash, strengthen, create, adapt and maintain capacity over time” (OECD 2006, p. 9). The precise concept of capacity development is often no less ambiguous in many respects. The reform impetus, as formulated by the OECD DAC, occasionally even risks tautology, as “effective” TC

---

<sup>13</sup> A more complete overview of these changes is given by Roger Riddell (2007, p. 202+)

is in turn defined via the PD principles and the definition of “capacity development”. Nonetheless, a majority of donors have taken steps to reform their TC as a way of improving the effectiveness of aid (see DFID 2006, EC 2008). The PD measures a shift towards programme-based TC with indicator 4, as well as a reduction in so-called parallel project implementation units (PIU) with indicator 6. Therefore:

*(4) A reduction in uncoordinated TC agrees with the aid effectiveness paradigm.*

#### **4.2. Mapping Policy Changes Sympathetic to the Paris Declaration**

This section explores available data on foreign aid along the four outlined dimensions of (i) project- vs. programme-based aid, (ii) budget support, (iii) tying status of aid, and (iv) the use of technical cooperation. The objective is to verify or refute changes in the practice of foreign aid over time with respect to the changes expected in response to the aid effectiveness agenda. The universe of data for this study includes the bilateral aid of the 23 DAC-member countries<sup>14</sup> and the European Commission. It excludes non-DAC donors (even if they report data to the DAC, as in the case with Turkey, Israel and some Eastern European states, among others), both because there is less data available about them and because this thesis emphasises the discursive influence of the OECD DAC and the World Bank on its members. Unavoidably, this neglects some aspects and countries – for example, Saudi Arabia, which is not a DAC member, though a very prominent donor to the World Bank.

The DAC member countries included in this analysis contribute the majority of global aid. ODA by DAC members peaked in 2010 at about \$129 billion USD, delivered through 156 bilateral and 263 multilateral agencies (Birdsall and Kharas

---

<sup>14</sup> The member countries are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, UK, USA and the EC

2010). In 2011, members of the Development Assistance Committee (DAC) of the OECD provided \$133.5 billion USD of net official development assistance (ODA), representing 0.31% of their combined gross national income (GNI). This was a 2.7% drop in real terms compared to 2010. Development aid fell by another four % in real terms in 2012, when the members of the OECD DAC provided \$125.6 billion in net ODA.<sup>15</sup> In contrast, the aggregate ODA of non-DAC donors amounts to about \$6 billion USD; with Saudi Arabia on record as the largest non-DAC donor disbursing about \$2 billion USD of ODA a year. Here, as well, the caveat applies that data on aid from emerging donors like China or India is scarce. A total of 21 multilateral institutions report their aid to the DAC and appear in its database. Unless otherwise noted, this thesis uses data for bilateral ODA (which includes the EC).

#### **4.2.1. A Note on Methodology**

Before proceeding, it is necessary to note important caveats on the data and the methods employed in the following sections. The purpose of this chapter is to illustrate and describe changes in foreign aid policies in donor countries that may be considered to be sympathetic to the provisions of the aid effectiveness agenda.

It is not the aim of this chapter to use quantitative methods to prove causality between the aid effectiveness agenda and these policy changes, for several reasons. First, as previously noted, the main emphasis of this thesis is on the formation, shape, and nature of the aid effectiveness agenda itself, and not on its impact on donor policies. Second, this thesis explores the complex processes that helped shape the aid effectiveness agenda in the case studies on the OECD DAC (chapter 5) and

---

<sup>15</sup> OECD 'Aid to poor countries slips further as governments tighten budgets', [online]: <http://www.oecd.org/dac/stats/aidtopoorcountriesslipsfurtherasgovernmentstightenbudgets.htm> (Accessed 30 March 2014)

the World Bank (chapter 6). There is no evident method by which the “strategic social construction” (Finnemore and Sikkink 1998 p. 888) that, this thesis argues, underpins IOs’ efforts to shape the aid effectiveness agenda could be distilled into one or more quantitative indicators suited for regression analysis. Finally, the available data is too limited for any robust quantitative argument. Between 1996 and 2009, the statistical database of the DAC only provides 14 data points – too few to achieve statistically significant results. This chapter cannot demonstrate causality, or even correlation. At best, it can demonstrate contemporaneousness of certain policy reforms with the aid effectiveness agenda, and even in this attempt the methodological tools are limited. A good example here is the attempt to pin down structural breaks in univariate time series. More sophisticated tests, such as the Chow Test for structural stability (Chow 1960), rely on splitting a time series regression into two separate regressions, testing whether two separate models are better at explaining the dependent variable than a single model. In the 14-year time series used in this chapter, with a “break”, if it exists, expected around 2005/2006, these separate models could encompass as few as three data points (2006 – 2009).

For all these reasons, the scientific value of the description in this chapter should not be exaggerated. The discussion found in this chapter aims to provide a sense of context for the change commonly referred to in association with the aid effectiveness agenda. The latter may be the effect of a variety of causes – indeed, chapter 7 discusses several possible variants – and neither the design of this chapter, nor the quality of the data or the choice of methods employed here, is truly suited to argue causality in a scientific sense.

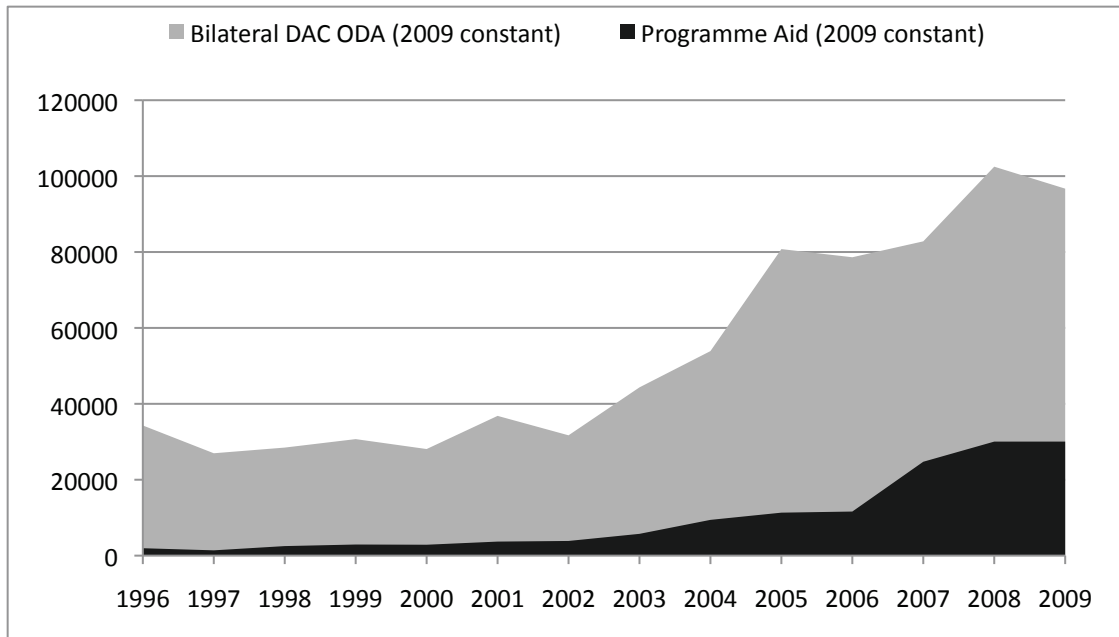
#### **4.2.2. Project- versus Programme-based aid**

First, once again, a further clarification is required regarding the data employed in this section, specifically the data on programme-based aid in this instance. Not least as a result of the PD, the DAC reformed and relabelled its Creditor Reporting System (CRS) in 2010, introducing new classifications for the types of aid measured in its CRS database<sup>16</sup>. These new classifications include improved measurements for programme-based approaches (PBA) and other forms of programme-based aid, which are based on donors reporting these directly according to the criteria defined by the DAC. The drawback is that this new aid classification, as it exists in this format in the CRS-database today, is only available for the years 2010 and after. This data is obviously useless for time-series analysis that seeks to analyse trends over a longer period, especially over a period covering both the time before the 2005 Paris Declaration and after. The time series analysis on programme-aid and project-aid presented below thus draws on the old, discontinued CRS classifications for programme-aid and project-based aid. These were derived measures (as opposed to measures reported directly), and are likely inferior to the new classification. However, it is the only data available that allows a longer-term time-series as presented here. The data itself is annexed to this thesis (electronic version only).

The OECD DAC's CRS database reports an impressive growth in programme aid over this time period. Measured in constant 2009 USD millions, programme aid multiplied nearly tenfold from about \$1.954 million USD, or just 5.7% of bilateral ODA in 1996, to \$30.048 million USD, or 31,0% of bilateral ODA in 2009. Between 2006 and 2007, programme aid more than doubled from \$11.618 millions USD to \$24.738 million USD in one year alone.

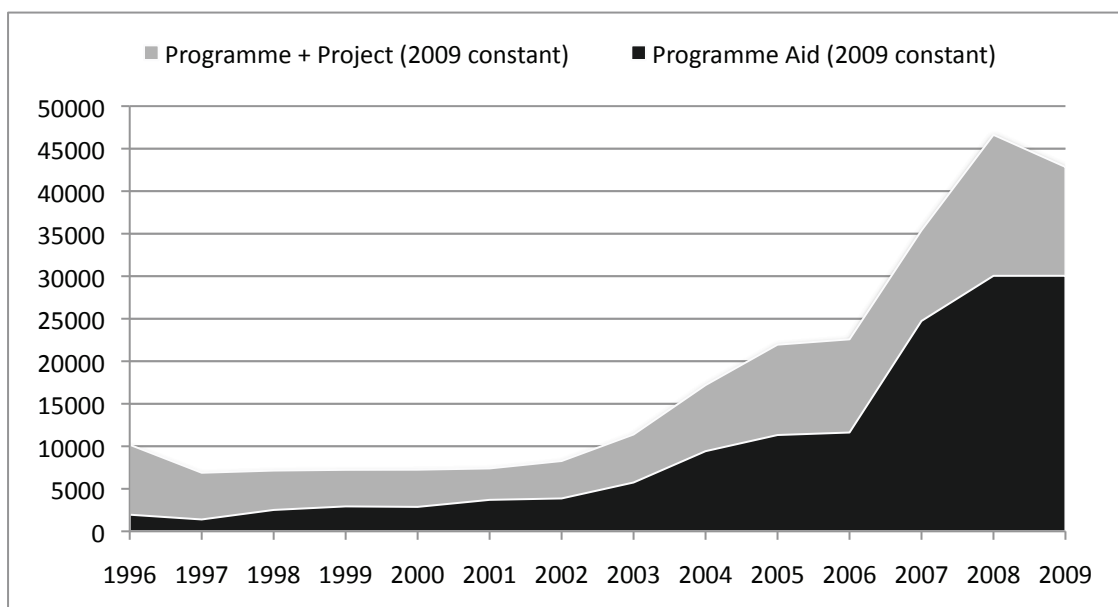
---

<sup>16</sup> <http://www.oecd.org/investment/aidstatistics/44479737.pdf> (Accessed 30 March 2014)



**Figure 2 Programme-Based Aid and Total DAC ODA (Bilateral) in Constant 2008 USD Millions**

Overall bilateral ODA includes many measures, including humanitarian aid, which tends to spike after disasters, debt forgiveness, food aid, and much more. For a more accurate picture, therefore, I assess programme aid as a share of only project- and programme-based aid as given by the (old) CRS database. Here, likewise, one finds both absolute and relative increases in programme-based aid, rising from about 19.1% of the total of both programme and project-based aid 1996 to over 70.1% of the total of both aid-modalities in 2009 (see Figure 3 and Table 4 below).



**Figure 3 Programme Aid relative to Programme + Project-Based Aid in Constant 2009 USD Millions**

Year	Programme-Aid (2009 constant USD Millions)	Project & Programme- Aid (2009 constant USD Millions)	Programme-Aid as % of both Programme & Project-based Aid
1996	1954.191767	10178.94707	19.20%
1997	1395.204443	6889.079308	20.25%
1998	2515.172768	7144.701107	35.20%
1999	2929.889554	7231.889868	40.51%
2000	2873.307399	7248.997075	39.64%
2001	3700.512941	7397.840292	50.02%
2002	3867.101525	8269.10931	46.77%
2003	5741.715837	11389.14172	50.41%
2004	9424.869094	17197.59325	54.80%
2005	11325.14216	21952.44628	51.59%
2006	11618.33492	22579.20085	51.46%
2007	24738.81066	35394.93439	69.89%
2008	30044.64221	46624.37188	64.44%
2009	30048.67	42847.99	70.13%

**Table 4 Programme Aid Relative to Programme + Project-Based Aid in Constant 2009 USD Millions (Source of Data: OECD DAC. See Annex 2 [electronic version only])**

The rapid growth of commitments made to programme aid from 2006 onward opens up the possibility of a structural break (Hendry 1995) in 2005, with a significant impact on programme aid. This possibility is tested by an OLS regression of the programme aid commitments ( $y_t$ ) dependent on overall bilateral ODA ( $x_t$ ) and a trend variable ( $z_t$ ) that takes the value 0 for the years leading up to 2005 and adds 1 for every year thereafter:  $y_t = \alpha_0 + \beta_0 x_t + \beta_1 z_t + \epsilon_t$

<i>Estimation method OLS</i>	coefficient	std. error	t-ratio	p-value
$\alpha_0$ (constant)	-3198.44	3124.49	-1.024	0.3280
$x_t$ (bilateral ODA)	0.164233	0.051267	3.203	0.0084 ***
$z$ (trend variable)	5504.54	2 891.024	6.178	6.93e-05 ***
Mean dependent variable	9644.179		S.D. dependent variable	7438.717
Sum of squared residuals	063579063		S.E. of regression	2404.145
R-squared	0.911616		Adjusted R-squared	0.895546
F(2, 11)	56.72830		P-value (F)	1.60e-06
Durbin-Watson	1.958347			

**Table 5 Time Series Regression (Dependent Variable = Programme Aid) Test for Structural Break (Source: Author's calculations)**



The model yields a significant-if-small  $\beta_0$ -coefficient for the effect of bilateral ODA on programme aid of 0.164233, and a not-significant intercept  $\alpha_0$ . The trend variable for the years following 2006 is significant. With an  $R^2$  over 0.91, the model with trend variable explains a lot of variation in programme aid, pointing to a shift in 2005/2006. A Durbin-Watson statistic near two suggests no auto-correlated errors.

Overall – with all the caveats regarding the quality of data and simplicity of methods, as outlined in 4.2.1. – there appears to be evidence that programme-based aid increased significantly in absolute and relative terms around the time the PD started drawing political attention to the advantages of programme aid over project-based aid.

A further caveat could be that the data represents a change in reporting by donor countries as much as actual changes in aid practices. The latter could well be among the reasons why the DAC changed its CRS. However, even if the analysis above pictures strategic changes in reporting as much as actual changes, it still demonstrates the political impact of the aid effectiveness agenda in donor countries.

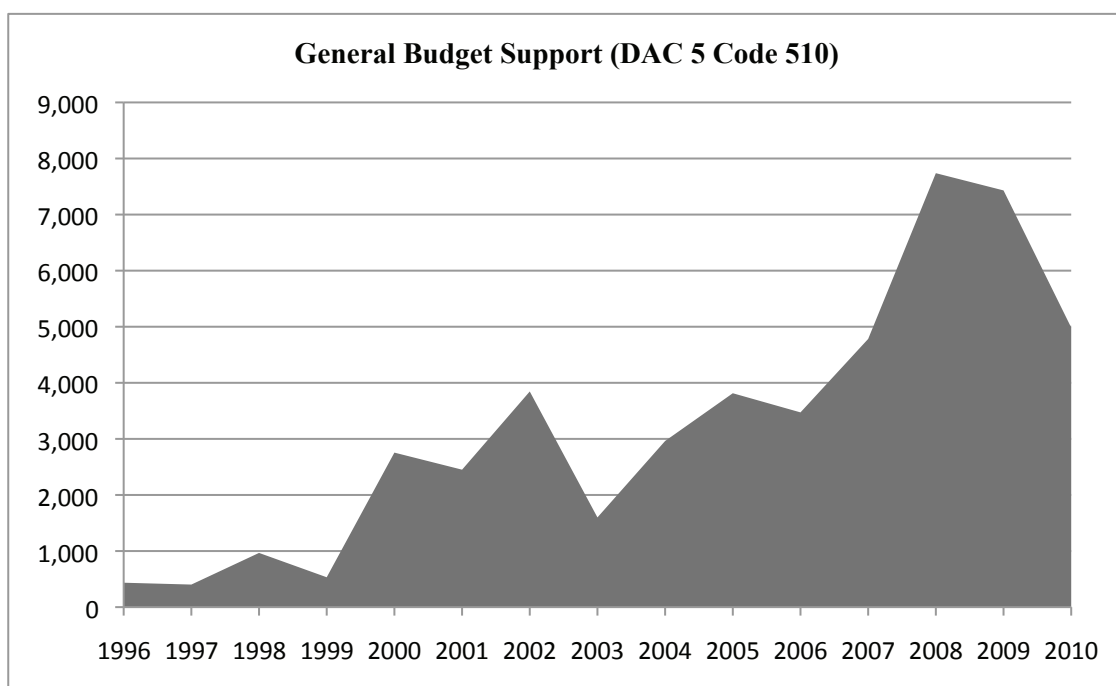
#### **4.2.2. Budget Support**

Global trends in using budget support as an aid modality are difficult to measure and to interpret vis-à-vis the aid effectiveness agenda. On one hand, direct budget support (DBS) has many proponents in the broader aid effectiveness literature (e.g. Koeberle et al. 2006, Cordella and Dell'Araccia 2007); on the other, budget support is not explicitly included as one of the PD's progress indicators for aid effectiveness.

An important reason for this is that that DBS remains a politically and legally controversial subject for many donors, and assessing the true (potential) impact of

budget support has proven to be elusive (see Riddell 2007, p. 198+). Consequently, some independent rankings chose to include DBS as a measure in their indicators (e.g., Knack et al., 2010), while a number of others do not (e.g. Birdsall and Kharas 2010), preferring instead more inclusive measures such as country programmable aid (CPA). As DBS is broadly endorsed by the aid effectiveness agenda, it is explicitly included to present a measure for an issue of tension between the aid effectiveness agenda and donor preferences.

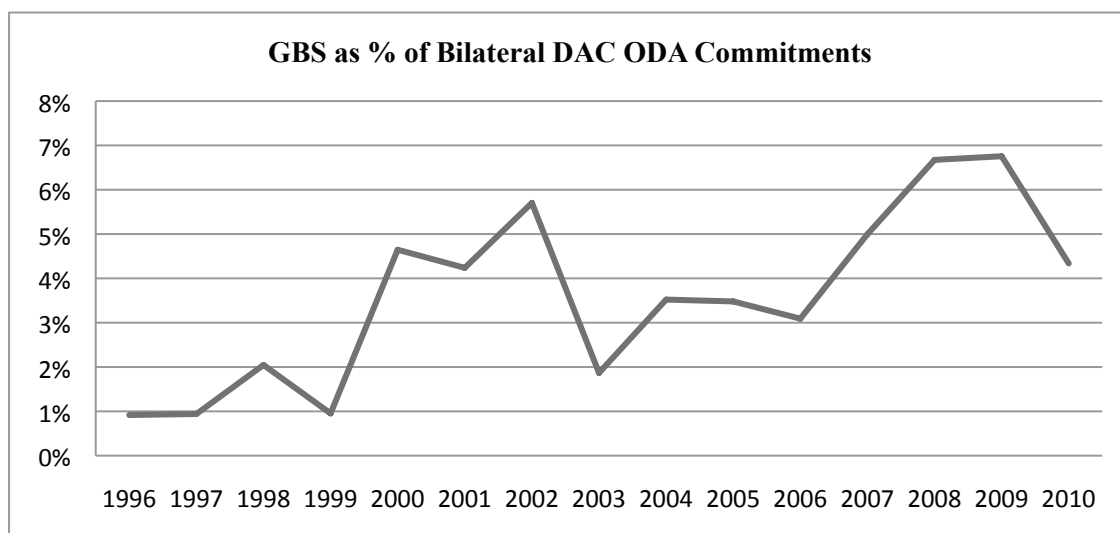
As noted above, OECD DAC data on budget support preceding the Paris Declaration is scarce and usually based on derived measures. In figure 4 below, ODA commitments (not disbursements) marked with the DAC 5 code 510 for GBS (OECD 2012a) have been retrieved from the OECD's aggregated aid database. All amounts are in constant 2010 USD millions.



**Figure 4 General Budget Support (GBS) Committed by DAC Members in Constant 2010 USD Millions (Source: stats.oecd.org; access 31/03/2014)**

Donor commitments to GBS have fluctuated heavily over the past 15 years, rising from a low of \$435.2 million USD – or 0.92% of all bilateral ODA commitments – in 1996 to a peak of \$7,430.7 million USD – or 6.76% of bilateral ODA

commitments – in 2009. Moreover, there appears to be a sharp drop in GBS, both absolute and relative, in 2010, which cannot be fully explained by this thesis at this point.



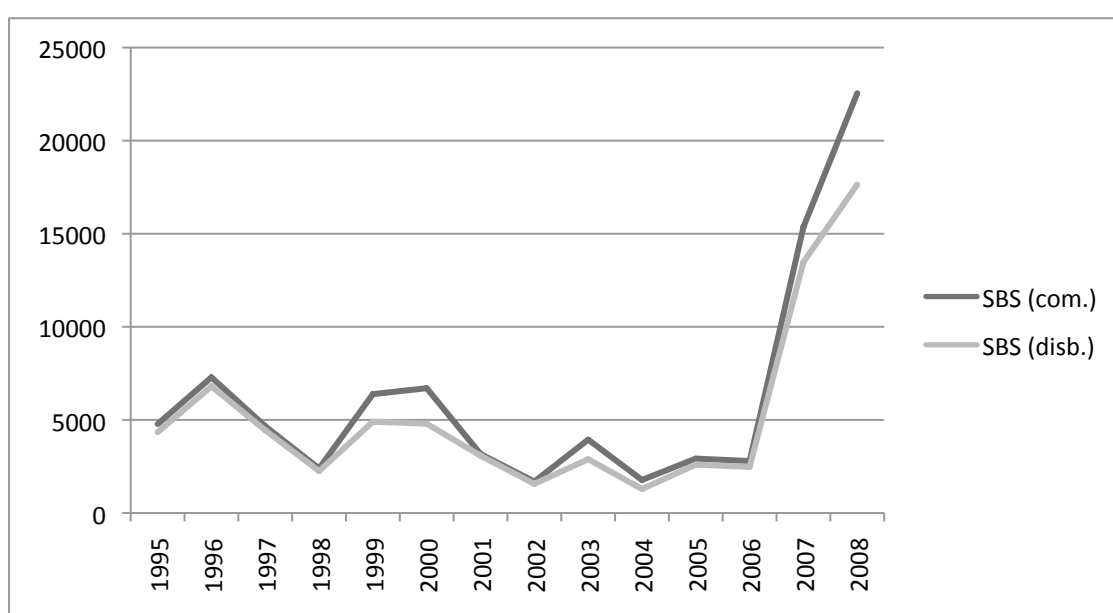
**Figure 5 GBS as % of Bilateral DAC ODA Commitments**

While GBS was recorded in the old OECD DAC data, if only in commitments, sector budget support (SBS) is a more elusive aid modality to track. For one, donor practices do not truly reflect the DAC's sharp distinction between GBS and SBS. Arguably, it would be more realistic to describe SBS as an intermediate category covering the spectrum between GBS and SWApS (Koeberle and Stavreski 2006), often with fluid transitions. Indeed, as Handley (2009, p. 12) notes, the DAC's definition of SBS is only one variant of SBS as defined by different donors.

One way to circumvent this in the data, which predates the year 2010, is to calculate SBS indirectly, based on an inclusive (i.e. non-DAC) conception of SBS as more-or-less anything between SWApS and GBS in programme-based aid. A measure of this type for SBS is calculated below. It starts from bilateral DAC commitments for project and programme-based aid (excluding TC, food aid, debt relief, etc.) and subtracts total commitments for (i) project aid, (ii) SWApS, and (iii) GBS on the same scale as available on the DAC's CRS database. The result can be

seen as an approximation of SBS commitments in constant 2008 US dollars. Assuming that the ratio of SBS to overall project- and programme-based aid remains constant both in commitments and actual disbursements, an approximation of SBS disbursements can be calculated, based on this ratio and the available data.

This measure of SBS is an approximation at best. It is not independent of the measures on programme-based approaches introduced earlier – methodologically because it is derived from the same data, theoretically because significant conceptual overlaps occur in donors’ definitions of SBS and programme-based aid more generally. Even so, with these caveats in mind, there is a significant upward trend in SBS committed and (presumably) disbursed after 2006 as shown in figure 6 below.



**Figure 6 Approximation of Committed and Disbursed Sector Budget Support (SBS) in Constant 2008 USD Millions (Source: Author’s Calculations)**

The pronounced trend in these data again points towards the presence of a break. As before, lacking sufficient data for robust tests like the Chow Test, I test for this break by an OLS regression that uses the calculated variable for committed sector budget support ( $y_t$ ) as dependent variable and the combined commitments to project and programme-based aid ( $x_t$ ) and a trend variable ( $z$ ) as independent variables.

$$y_t = \alpha_0 + \beta_0 x_t + \beta_0 z + e_t$$

<i>Estimation method OLS</i>	<b>coefficient</b>	<b>std. error</b>	<b>t-ratio</b>	<b>p-value</b>	
<b><math>\alpha_0</math> (constant)</b>	5911.49	3161.01	1.870	0.0883	*
<b><math>x_t</math> (project &amp; programme)</b>	- 0.0966206	0.137474 1631.88	-0.7028 4.046	0.4968 0.0019	***
<b><math>z</math> (trend variable)</b>	6602.93				
<b>Mean dependent variable</b>	6170.698		<b>S.D. dependent variable</b>		5871.347
<b>Sum of squared residuals</b>	84507296		<b>S.E. of regression</b>		2771.729
<b>R-squared</b>	0.811429		<b>Adjusted R-squared</b>		0.777143
<b>F(2, 11)</b>	23.66670		<b>P-value (F)</b>		0.000104
<b>Durbin-Watson</b>	1.982385				

**Table 6 Time Series Regression (Dependent Variable = Committed Sector Budget Support) Test for Structural Break (Source: Author's Calculations)**

As with the previous OLS tests, no robust explanatory model for the changes is evident, as no significant independent variable is identified that explains variations of the dependent variable. However, the inverse is informative to the degree that SBS commitments appear unrelated to project- and programme-based aid commitments (though with an intercept  $\neq 0$ ), yet are strongly and significantly determined by the dummy variable created to test for a structural break in 2005/2006. As before, a Durbin-Watson statistic close to two suggests no autocorrelated errors in the model.

#### **4.2.3. Tied aid**

The call to untie foreign aid today is closely related to the aid effectiveness agenda, though it predates the PD. A recent OECD publication defines tied aid as

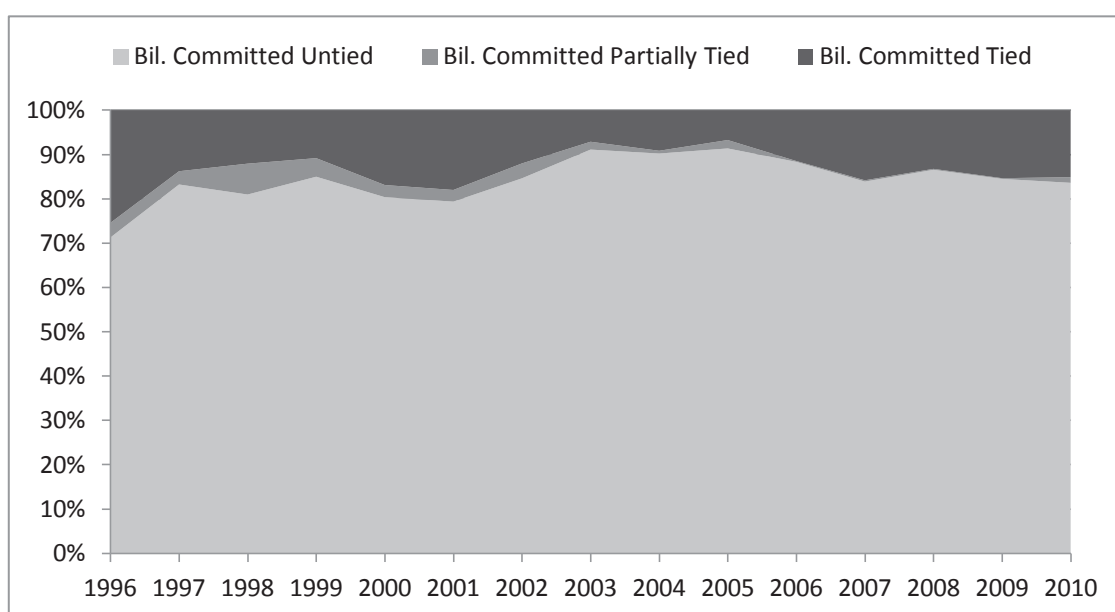
Official Grants or loans where procurement of the goods and services involved is limited to the donor country or a group of countries which does not include substantially all aid recipient countries. (OECD 2010, p. 275)

Although the proclamation to untie foreign aid is now a part of the PD (§ 31), the first formal recommendation for untying of aid to least developed countries (LDC) was first issued by the OECD DAC in 2001. The UK, to name one example, banned tied aid with its international development act of 2002. Of all 12 progress-indicators of the PD, indicator 8, on untying bilateral aid, is the only one without a deadline or benchmark against which to measure. Many indices, such as the Centre for Global Development's Commitment to Development Index (CDI), explicitly include tied aid as a negative measure, further stressing the negative association of tied aid. The subject is also characteristic of the aid effectiveness debate insofar as the untying of aid runs against a straightforward, realist perspective on foreign aid, which would assume that states maximise their commercial and political benefits, promote exports, and create access to foreign markets for domestic firms through tied aid. Conversely, once states such as the UK have unilaterally banned tied aid for whatever reason, they have an incentive to bind other countries to the same standard.

Ultimately, a broad consensus among foreign aid policymakers indicates that tied aid is undesirable, usually on the basis of economic models that predict that recipients of tied aid will likely be overcharged for the goods they are compelled to purchase. However, reviews of the literature, such as by Clay et al. (2009), note that "there have been very few empirical investigations into the relative effectiveness of untied and tied aid on a comparable basis, or of the impacts of the actual untying of aid" (2009, p. 28). More recent studies, notably by Stephen Knack and Lodewijk Smets (2012), argue that the inefficiencies and, crucially, high levels of corruption in

the procurement routines of developing countries may outweigh the gains of untied aid.

For gauging the prevalence of tied aid, the OECD DAC relies on two different measures. One is based on donor commitments recorded in its CRS-database (with untied aid between 71% and 91% of bilateral ODA over 15 years), and one is based on recipient-country surveys in its monitoring of the PD (with untied aid at 75% of ODA in 2005 and 88% of ODA in 2006).



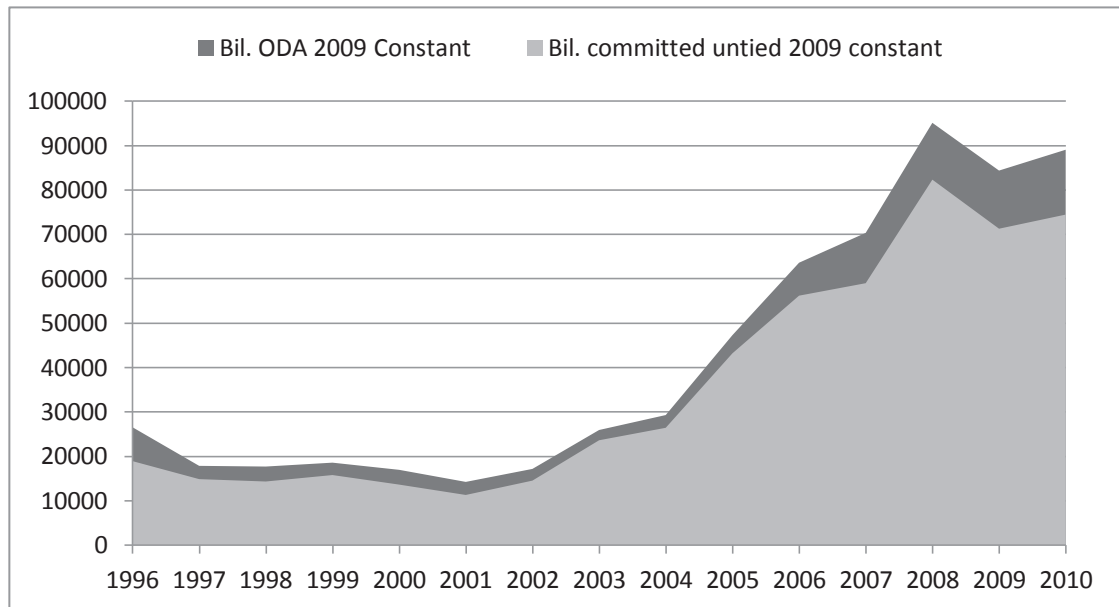
**Figure 7 Tied, Partially Tied and Untied Aid as % of Total Bilateral ODA Commitments of DAC Members (Source: stats.oecd.org; Access 31/03/2014)**

In preparing for the fourth High Level Forum (HLF) on Aid Effectiveness in Korea in 2011, the OECD DAC listed the untying of aid as one of three areas in which aid effectiveness made the most progress<sup>17</sup>. Nevertheless, the DAC's data on the tying status of (committed) foreign aid provides little basis for this assessment. While the overall share of tied aid has decreased significantly since the 1970s (see Easterly 2007), the share of tied aid of DAC members' bilateral ODA since the late 1990s has fluctuated, without a clear trend, between 25.43% (1996) and 6.75%

<sup>17</sup> [www.oecd.org/document/12/0,3343,en\\_2649\\_3236398\\_46057868\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/12/0,3343,en_2649_3236398_46057868_1_1_1_1,00.html) (Accessed 30 March 2014)

(2005) of all bilateral ODAC, even increasing again after 2006 (figure 8 below). Given the overall rise of bilateral ODA until 2010, the slight rise in tied aid in relative terms means, in absolute terms, that tied aid multiplied from \$2.345 million USD in 2003 to over \$13,346 million USD in 2010.

The strong fluctuations in levels of US-aid in this period, by itself the source of over 60% of all tied aid (Clay et al. 2009), makes this a thin empirical base for judging larger trends in tied aid. Although untied aid in absolute terms has declined rapidly in recent years, its relative share of all bilateral ODA stayed roughly the same.



**Figure 8 DAC Untied Aid to All Bilateral ODA Committed in Constant 2009 US\$ Millions**

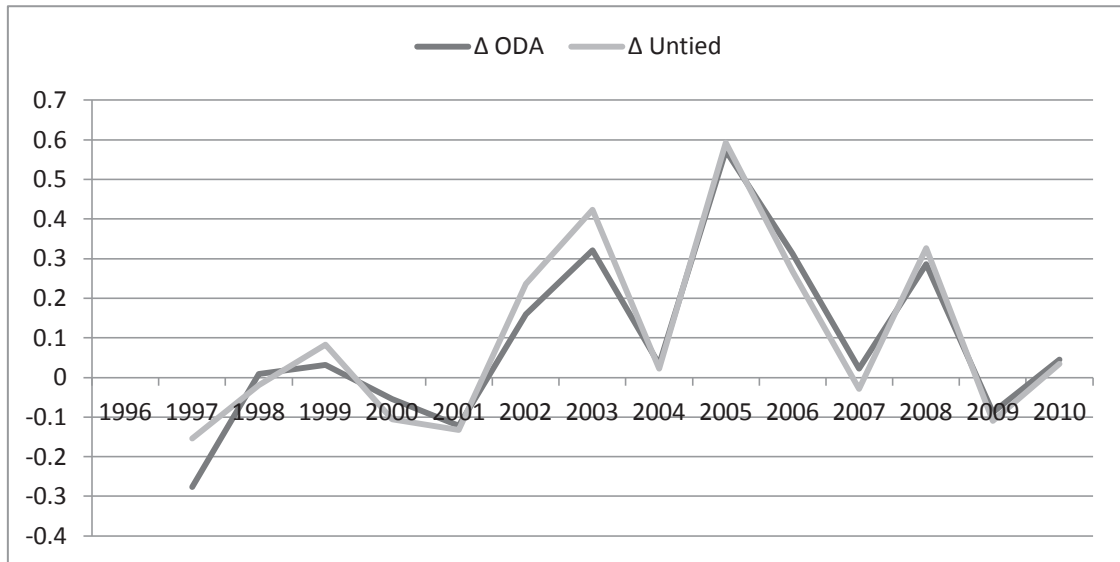
One more reliable indicator that DAC members do indeed pursue a policy of reducing tied aid is the rate of growth of untied aid relative to the growth of all bilateral ODA. I calculated these measures for the years from 1997 onward ( $i = 1997$ ):

$$(4.1) \quad \Delta ODA_i = \frac{ODA_i - ODA_{i-1}}{ODA_{i-1}} \text{ where } ODA_t \text{ is the sum of ODA committed in year } i$$



$$(4.2) \quad \Delta \text{untied}_i$$

$$= \frac{\text{untied}_i - \text{untied}_{i-1}}{\text{untied}_{i-1}} \text{ where } \text{untied}_t \text{ the untied aid committed in year } i$$



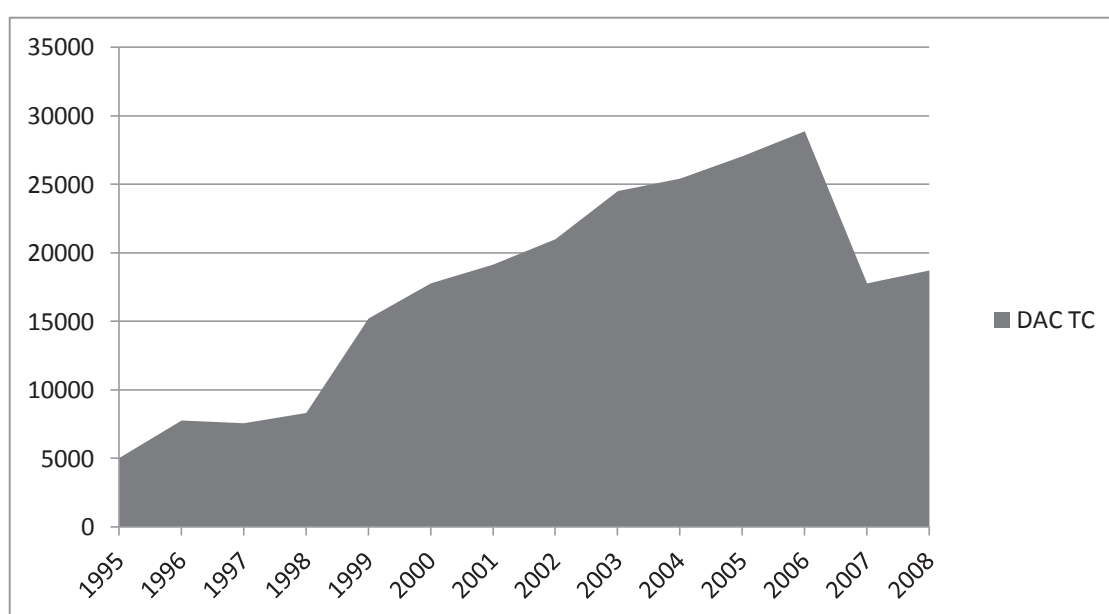
**Figure 9**  $\Delta$  ODA and  $\Delta$  Untied Aid Committed in Constant 2009 US\$ Millions

As seen in figure 9, untied aid only outgrew overall ODA briefly in 1999 and again in the years 2002-2003. These latter years coincide with the DAC's original recommendation to untie aid and the UK's 2002 international development act.

In conclusion, the PD arguably picked low-hanging fruit in trying to advocate untying of foreign aid, an idea already well-established several years before the PD. This does not preclude any influence of the OECD DAC in general, as evidenced by the positive trend following the DAC's earlier 2001 recommendation. As tied aid is found unevenly among the different donors, with the USA accounting for more than half of all tied aid, transatlantic politics, rather than North-South relations or the DAC's advocacy for untied, could well be the key variable for trends in untied aid.

#### 4.2.4. Technical Cooperation

Technical cooperation (TC) – especially as freestanding bilateral projects unrelated to investments or implemented through parallel Project Implementation Units (PIUs), often with weak links to country development strategies – is widely cited as a form of foreign aid at odds with aid effectiveness (EC 2008, Easterly and Pfutze 2008, Knack et al. 2010). The OECD DAC (2007) repeatedly criticises TC for being too donor driven and identifies it as one of “six major priority areas requiring the attention of policy makers in the development field” (2007). Signatories of the PD committed to implementing the progress indicators 4 and 6 of the PD, which relate to TC practice and the use of parallel PIU structures (OECD 2005). Consequently, one would perhaps expect a decline in TC following the PD, as TC efforts are discontinued or folded into coordinated programmes, as well as a drop in the share of overall bilateral aid as other modalities are given preference. At first glance, DAC TC indeed drops between 2006 and 2007 after having increased steadily (along with ODA more generally) over the previous 15 years, as seen in figure 10.

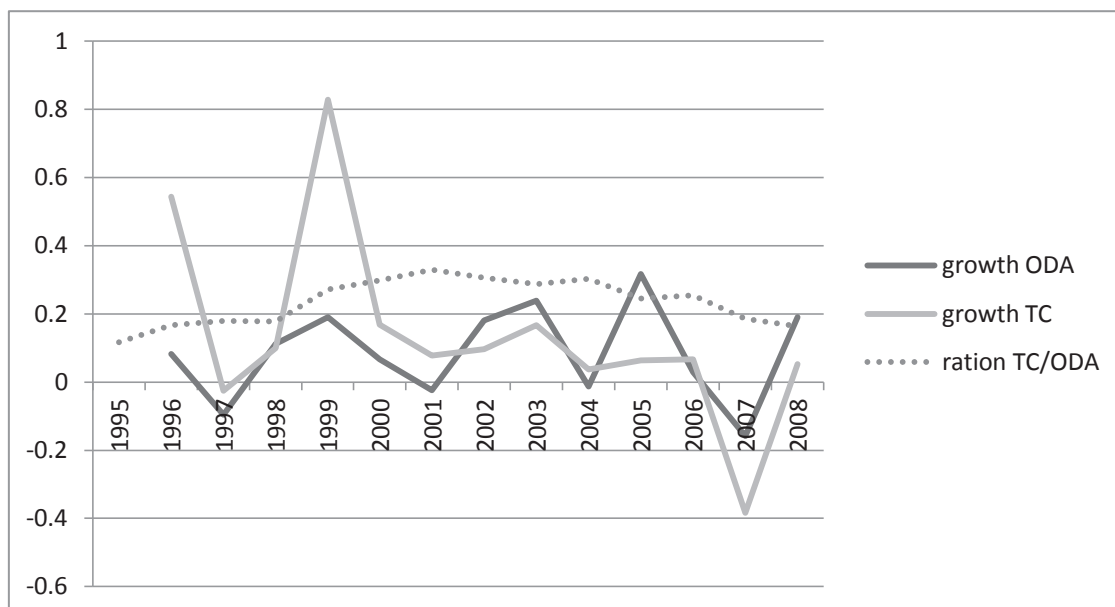


**Figure 10** DAC Bilateral TC Disbursements in Constant 2008 US\$ Millions

This can be deceptive however; figure 11, below, shows continuous growth of both ODA and TC, as well as the ratio between these two variables.

$$\Delta TC_t = \frac{TC_t - TC_{t-1}}{TC_{t-1}} \text{ where } TC_t \text{ are ODA commitments to TC at time } t.$$

$$\Delta ODA_t = \frac{ODA_t - ODA_{t-1}}{ODA_{t-1}} \text{ where } X_t \text{ are ODA commitments at time } t.$$



**Figure 11**  $\Delta$  ODA,  $\Delta$  TC and Ratio of TC to ODA disbursements

The specifics are even more ambiguous. The wording of the PD's progress indicator is modest enough for the target to have been achieved easily in 2008 through both minor reforms (World Bank 2008, p. 21) and a sizable reduction in US TC at the time. In addition, the dip in 2007 is explained almost entirely by a concurrent drop in overall ODA, which is in turn almost entirely due to the effect of a drop in US ODA and project assistance (see Annex 2). The ratio of TC in overall ODA hovers around a steady average of 23%, declining in recent years from its overall peak of 32% in 2001 to about 16% of ODA in 2008.

While trends in TC are ambiguous at best, an important caveat is that, unlike some of its critics (e.g. Easterly 2007), the PD does not advocate phasing out TC

entirely. Instead, the principles of the PD call for a transformation of TC from a donor- or supply-led activity, which was implemented parallel to the existing structures in developing countries, into a more demand-led, integrated, and “country-owned” modality. For this reason, many reform-efforts by donors (e.g., EC 2008) consider the recommended discontinuation of parallel PIUs to be closely related to reforming TC more generally. However, neither the integration of TC into recipient-led, coordinated, and programme-based approaches to aid, nor the reform or discontinuation of PIUs, is well-documented. The 2008 survey on implementing the PD notes that indicator 4 regarding aligned and co-ordinated TC increased from 48% in 2005 to 60% in 2008 (with the target being just 50% by 2010). Likewise, parallel PIUs recorded in 33 countries declined from a total of 1817 in 2005 to a total of 1601 in 2007 (OECD 2008). Lacking other sources of data, especially over longer periods, and, given that the aid effectiveness agenda actively encourages donors to increase their selectivity and focus to spend foreign aid on fewer recipients and fewer sectors (see Easterly 2007), few conclusions about genuine shifts in TC can be drawn from these numbers.

#### **4.2.5. Summary: Mapping Reforms Sympathetic to the Paris Declaration**

In summary, mapping changes in the foreign aid policies of donors sympathetic to the aid effectiveness agenda (and monitored by the OECD DAC in its progress reports on the implementation of the Paris Declaration [OECD 2006, 2008, 2011], provides a mixed but not an entirely inconclusive picture. Notably, there is a decisive shift towards programme-based aid and SWAPs over project-based aid. Although no explanatory model was presented here, a mock-regression using dummy variables also illustrates that the years 2005/2006 constitute an incisive time for these changes.

Whatever the cause of these changes, they appear to be contemporaneous with the Paris Declaration and its first post-PD cycle of peer reviews and progress-implementation reports by the OECD DAC. On the other hand, the trend seems to extend to general budget support, although a calculated approximation for sector budget support (SBS) points to a greater use of this foreign aid modality after 2005.

The agenda to untie aid proves to be rather more ambiguous. One reason for this is the fact that efforts to untie foreign aid were already well-advanced when the PD itself was written. Another reason is the heavy distortion of data on tied aid courtesy of the fluctuations in the United States' ODA; the country's contributions represents over a quarter of all DAC ODA, and it is responsible for an above-average share of tied aid. A possible reading of the data suggests that much of the persuasion concerning the benefits of untying aid already predated the PD and the aid effectiveness agenda.

Finally, the advocated changes to technical cooperation are perhaps the most elusive to measure with the available data. First, the precise provisions of the PD concerning TC are more muted compared to many of the more openly critical accounts of TC found in the academic and grey literature. Rather than reducing TC levels, the PD promotes transforming TC into integrated efforts for capacity development, a concept notoriously difficult to pin down. Second, little data exists outside the scarce numbers found in the OECD's own monitoring of the PD. These monitoring surveys rely on the subjective judgement of donor governments that respond to OECD questionnaires regarding their own performance, and they do not provide sufficient data to exclude plausible alternative explanations grounded in broader geographical or temporal shifts in foreign aid.

<i>Operationalization</i>	<i>Observations in the Data</i>
1) A relative increase in programme-based aid over project-based aid agrees with the aid effectiveness agenda.	<b>Positive findings:</b> A distinct shift, both relative and absolute, towards programme-based aid is evident, and can be linked via tests for structural breaks in time series to the years 2005/2006.
2) Greater use of direct budget support agrees with the aid effectiveness agenda.	<b>Mixed findings:</b> There is no evidence for increases in GBS, but approximations for SBS show distinct change that can be linked to the years 2005/2006.
3) A shift in ODA from tied to untied aid agrees with the aid effectiveness agenda.	<b>Mixed findings:</b> A distinct trend to untie aid is evident, yet appears to largely to predate the Paris Declaration.
4) A reduction in uncoordinated TC agrees with the aid effectiveness agenda.	<b>Inconclusive data:</b> Limited data available on the more ambiguous provisions of the Paris Declaration concerning TC and the significant outlier of US ODA prevent any definite assessments to be made concerning TC.

**Table 7 Summary of Observations in the Data Concerning Aid Modalities**

### 4.3. Chapter 4 Conclusion

Has bilateral foreign aid changed in the last decade? If yes, are these changes that align with and could conceivably be related to the provisions of the aid effectiveness agenda? Anecdotal evidence found in the literature seems to indicate that the aid effectiveness agenda has left a significant mark on the way donors manage and implement foreign aid. Hyden (2008), for example, notes that "many DPs [development partners, i.e. donors] have been quite enthusiastic about the new modality for dispensing aid. They have tried to put it in place in those countries where there is a perceived commitment to poverty reduction and the governance record is good enough not to be immediately called into question" (p. 268).

Chapter 4 of this thesis sought to illustrate this perceived enthusiasm for applying the new aid modalities advocated by the Paris Declaration and the aid effectiveness

agenda as a whole. Four principles, or provisions, from the PD were highlighted as proxies for the larger aid effectiveness agenda: Greater use of programme-based aid, greater use of budget support, untying of aid, and less freestanding technical cooperation. Subsequently, this chapter investigated changes in foreign aid policy along these four dimensions over time, with mixed findings. On one hand, there seem to be significant policy changes in agreement with the PD, for example in the use of programme-based aid. On the other hand, use of general budget support or untied aid did not change as clearly during the years following the Paris Declaration.

Although this chapter can only provide a descriptive reading of the data, it is clear that these changes to foreign aid policy did not unfold evenly across these four dimensions. It is likely that complex dynamics, processes and contextual conditions are at work. These dynamics and processes are likely related to the difference in the constellations of interests in political discourses on foreign aid policy at international and domestic levels. In other words, like many international agreements, the aid effectiveness agenda – if it played a role in motivating the described changes in foreign aid policy – is likely a compromise of different political interests and priorities, even as it is presented as a result of concerns transcending politics.

In summary, then, there is sufficient evidence in this data to support a significant amount of policy reform among donors, policy changes that are sympathetic and contemporaneous to the aid effectiveness agenda. The other hand the results, however, are too mixed and ambiguous to argue for a direct translation of the agenda into policy. Instead, the mixed results in the mapping of recent foreign aid policy reforms (which mirror the mixed results in the OECD DAC's efforts to monitor the implementation of the Paris Declaration) suggest the need for a closer investigation of how the Paris Declaration, the aid effectiveness agenda, and the policy norms and

ideas they embody translate (or fail to translate) into donor-country policies. In a nutshell, there are too many reforms and changes to endorse the notion immediately that the aid effectiveness agenda has had no impact at all. However, the observed changes appear too uneven to assert a seamless link between promoted policy reforms and actual policy reforms. As noted, a sizable literature has emerged to tackle the questions of whether and how donor governments comply with either the specifics of the PD or more abstract concepts of effective aid (e.g. Booth 2008, Easterly 2008, Knack et al. 2011).

One omission in this literature is that the nature and origins of the aid effectiveness agenda itself are often neglected in research on how well the agenda does (or does not) translate into foreign aid policy. If, in the words of William Easterly and Claudia Williamson, the agreements that constitute the aid effectiveness agenda the result of “a negotiated political process” (2011, p. 5), a crucial first step is to investigate this political process shaping the aid effectiveness agenda in its current form: Which ideas and principles are parts of the agenda? Which ideas are not? In particular, the role of IOs, especially the OECD DAC and the World Bank, in helping shape the aid effectiveness agenda deserves a more thorough investigation.



## **Chapter 5 – The OECD DAC as “*Purveyor of Ideas*”**

Chapter 4 illustrated the wealth of foreign aid policy reforms sympathetic to the aid effectiveness agenda that have appeared in the past decade. Chapter 5, as well as the subsequent chapter 6, step back from the possible effects of the aid effectiveness agenda to investigate the agenda itself. To do so, chapter 5 presents a case study of the OECD DAC as a political actor and advocate for the aid effectiveness agenda. The purpose of this chapter is to investigate the specific processes through which the OECD DAC – in strategic institutional self-interest – helped shape the aid effectiveness agenda, and with it the ideational framework of ideas and standards that specifies, in the words of Peter Hall (1993), “the goals of policy and kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing” (Hall 1993, p. 279) in the field of foreign aid today.

Both case studies in this thesis – in chapters 5 and 6 – provide evidence in support of the argument that the aid effectiveness agenda was shaped, in no small part, by the strategic agency of both the OECD DAC and the World Bank. This case study, chapter 5, explores the ideational artistry and ideational agency (Marcussen 2001) on the part of the OECD DAC in shaping and advocating the aid effectiveness agenda.

Though the focus here is on the OECD DAC (and on the World Bank in the next chapter), neither case study makes claims to an exclusive causality. Though the political role of these IOs in shaping the aid effectiveness agenda has been mostly neglected, their strategic agency – their “strategic social construction” (Finnemore and Sikkink 1998) by which IOs help define “the interests that states and other actors come to hold” (Barnett and Finnemore 2004, p. 162) – must be placed in a broader context of international and domestic politics. The importance of this context is discussed in chapter 7.

The case studies in chapters 5 and 6 are structured into three parts, which are designed to mirror the approach to process tracing described in the literature:

The scholar traces the environmental pressures impinging on certain decisions, allowing that at least some of them were relatively unambiguous (“intersubjectively present” or, in more positive language, “objective”), and concludes that they did not fully determine a choice of action. The implication is that we need to interpret the ideas or beliefs or norms or practices that did. The author then traces out the logic by which certain ideas connected indeterminate environmental constraints and incentives to a specific strategy or action. Counterfactual analysis often sketches how the actor might have done something different given different ideas. (Parsons 2011, pp. 134-135)

In line with Parsons’s outline, this case study on the OECD DAC starts by investigating environmental pressures, notably those relating to the crises of legitimacy experienced by the OECD and the DAC. In the 1990s, after the end of the Cold War, broad geopolitical changes undermined the authoritative function and legitimacy of the OECD and the DAC in global affairs. The geopolitical changes of the late 20<sup>th</sup> century thus constitute an intersubjectively present change, as Parsons termed it, which triggered crises of institutional legitimacy for the OECD and the OECD DAC. Changing geopolitics demanded decisions and new strategies from the DAC and the OECD. Yet they also provided an opportunity for incisive change similar to what historical institutionalism describes as punctuated equilibrium.

Second, this chapter investigates the specifics of the aid effectiveness agenda as a product of ideational innovation by the OECD DAC. It demonstrates how the agenda connects indeterminate environmental constraints with pre-existing narratives to create a coherent, strategic social (re-) construction of foreign aid in IR.

This construction emphasises the DAC's role as a pivotal institution in the international governance of foreign aid. In agreement with recent research on the "interpretivist turn" (e.g. Hay 2011) in political and IR investigations, this stresses how the agency of the DAC, as a political actor in a specific historical context, is directly tied to the diffusion of the aid effectiveness agenda. Rather than considering aid effectiveness as a cascading of a policy paradigm without agency, chapter 5 demonstrates how the ideas and principles embedded in the agenda closely and deliberately correspond to the institutional strengths and the specific needs that drive the political agency of the DAC, as a part of OECD, at this particular point in time.

Third, this case study turns from the aid effectiveness ideas, the substance of the agenda, towards the ideational agency of the DAC as an institution. I examine the specific actions and strategies that the DAC *derives* from the aid effectiveness agenda, especially following the successful adoption of the Paris Declaration, and employs in the context of aid effectiveness reforms around the world. With this, the process-tracing in this case study turns to the DAC's active efforts to diffuse the ideas of the aid effectiveness agenda among its member states, their policymakers, government bureaucracies, and the agencies that deal with foreign aid policy.

Tracing these mechanisms provides supporting evidence for the hypothesis that the DAC is not merely a beneficiary of opportunity and expedient change, but is a strategic force that elicits paradigmatic change in global aid relations by its own means of expert-based, technocratic influence.

### **5.1. Aid Agenda as Result of Institutional Crisis and Change**

Aid effectiveness is not an abstract policy idea that appeared from nowhere. Rather, it is a strategy of social construction employed by IOs to influence the ideas and standards defining policymaking in a particular field. This is done in response to environmental pressures that result from historical circumstances and political change. The genesis of the aid effectiveness agenda specifically is closely tied to the strategic agency of two IOs: the OECD DAC and the World Bank. The first, the OECD DAC, is central to the story of the aid effectiveness agenda.

The first part of this case study on the DAC outlines the environmental pressures facing this institution, shaping its actions and transformation. In particular, these pressures consist of a shift of priorities in foreign aid and, for the OECD DAC, an institutional crisis of legitimacy experienced after the end of the Cold War. The aim is to illustrate that, while ideas matter, they matter under specific circumstances. The circumstances surrounding the earliest precursors of the later aid effectiveness agenda were defined by uncertainty, as the OECD – and with it the DAC – faced a legitimacy crisis in the post-Cold War landscape of IR. Campbell writes on conditions of uncertainty: “In the extreme, actors perceive such situations as crisis. [...] Indeed, crises often trigger institutional shifts” (2004, p. 115). For the OECD DAC, as an actor specific to foreign aid relations, the profound geopolitical changes of the 1990s were both crisis and opportunity. The crisis of legitimacy the DAC experienced helped animate and shape its resulting agency, which in turn helped define the aid effectiveness agenda as it is known in foreign aid policymaking today.

Although this study focuses on the DAC in particular, this first historical part examines the DAC as part of the OECD. I start with a brief history of the origins of the OECD and the DAC. I then turn to the legitimacy crisis of the 1990s and the

specific criticisms levelled at the OECD and the DAC during that time. Finally, I examine the OECD's emphasis of its role and mission as a "Knowledge Bank" (Authers 2005; quoted in Woodward 2009, p. 81) and "Purveyor of Ideas" (Mahon and McBride 2008, p. 3) as a strategic, purposeful response to its crisis.

### **5.1.1. The OECD, the DAC, and the Aid Effectiveness Agenda**

Today, the Organisation for Economic Cooperation and Development (OECD) is an international economic organisation of 34 states. It was founded in 1961 as a successor to the Organisation for European Economic Cooperation (OEEC). The mandate of both the OECD and the DAC, which became a part of the OECD in July 1961, emphasises their role to counsel member and non-member states on issues of economic development and foreign aid policy. For the OECD, the second of three objectives laid down in Article 1 of the OECD Convention states that it shall promote policies designed:

[...] (b) to contribute to sound economic expansion in [m]ember as well as non-member countries in the process of economic development (OECD 1960)

The origins of the DAC lie with the Development Assistance Group (DAG), launched just a year before the DAC's inception as a part of OECD. The DAC's mandate is:

[...] to consult on the methods for making national resources available for assisting countries and areas in the process of economic development and for expanding and improving the flow of long-term funds and other development assistance to them. (OECD 2010)

Due to its origin, the DAC remains distinctly different from other OECD committees. Notably, DAC members are not necessarily OECD members, and the DAC is headed by a permanent chairperson, who is considered to be a “semi-independent official, in but not quite of the OECD, capable of leadership in the procedures of the DAC and the policies of its members” (Rubin 1966). Currently, the DAC has 24 members, including the European Commission (EC), which acts as a full member. The World Bank, the International Monetary Fund (IMF), and the United Nations Development Program (UNDP) are all observers.

At the DAC’s highest level, ministers, agency heads and senior advisers from member states meet annually at DAC high level and senior level meetings. At the operational level, eight subsidiary working parties and networks bring together policymakers and experts from aid ministries and agencies around major thematic areas in development. Crucial, for the topic of this thesis, is the Working Party on Aid Effectiveness (WP-EFF), which is concerned with supporting, facilitating, and monitoring the implementation of the aid effectiveness agenda. The WP-EFF was created in 2003, following a consensus reached at the 2002 International Conference on Financing for Development in Monterrey, Mexico. It comprises DAC members, as well as representatives from aid-receiving states, IOs, and civil society. The WP-EFF is central to the inception and evolution of the aid effectiveness agenda.

The DAC also conducts peer review of the policies of about five to six of its member states each year. These peer reviews examine the cooperative system and policies in place in bilateral foreign aid. Peer reviews, more generally, are a common instrument of the OECD across many policy areas. The biennial Economic Surveys on the economic policies of OECD members are the most prominent peer review facilitated by the OECD. Yet, unlike the Economic Surveys and other OECD peer

reviews, the DAC's peer reviews of foreign aid policies very explicitly emphasise aspects of global governance as they aim "to raise the overall effectiveness of aid throughout the donor community" and "analyse the measures the members have put in place to make their development co-operation policies coherent with partner country agendas and strategies" (OECD 2010a, p. 12). The aid effectiveness agenda plays a crucial role in these peer reviews, as the DAC also carries out "mid-course" checks, usually two or three years after an initial peer review, to evaluate the relative progress governments have made in implementing reforms that strive to improve aid effectiveness.

The OECD's Development Co-operation Directorate (DCD) provides research and inputs to all areas of the DAC's work. OECD documents often refer to the DCD as serving as a DAC secretariat (OECD 2010a, p. 5), as the DAC establishes the work programme for the DCD.

Finally, the OECD hosts the Development Centre. Based on its own mission statement, "the OECD Development Centre helps policy makers in OECD and developing countries find innovative solutions to the global challenges of development, poverty alleviation and the curbing of inequality"<sup>17</sup>

The Centre does not primarily serve the DAC. The Centre's president is responsible directly to the OECD Secretary-General and Membership of the DCD is open to both OECD and non-OECD countries. The primary focus of work and research in the Development Centre involves topics specific to development cooperation, such as business climate, labour migration or women's rights, rather than aid architecture and the policies of donor countries. Although joint efforts with

---

<sup>17</sup> <http://www.oecd.org/dev/bydate/93/> (Accessed 31 March 2014)

the DAC certainly exist, the Development Centre is not discussed or investigated any further here.

The OECD is often noted for its ability to create “soft law”<sup>18</sup> and, on occasion, is heralded as a leading organ of global governance (Woodward 2009, p. 1). It lacks, however, the more tangible “sticks and carrots” that are available to other actors in IR, including other IOs. The founding Convention for the OECD (1960) does not invest the institution with a system of formal rewards and sanctions that might induce cooperation or obedience of states. Rather, the OECD, as well as the DAC, pursue their mission by institutionalising cooperation between member states and, where appropriate, member and non-member states.

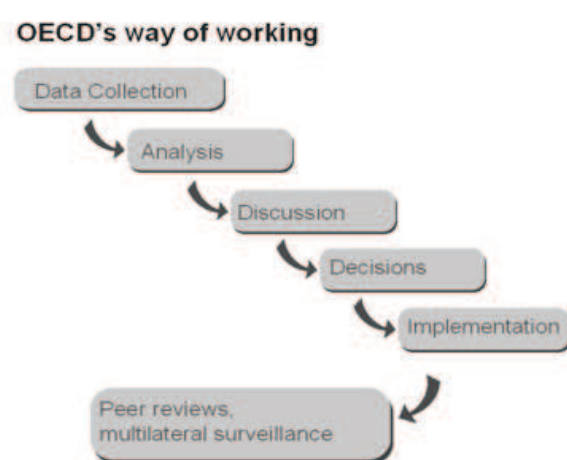
Studies on the OECD cite two main reasons for its uniquely broad, unspecific mandate and its comparatively weak supranational mechanisms. First, as the successor of the OEEC, the role of the OECD was primarily to continue the former organisation’s utility as an informal consultative forum. On the other hand, the OECD was not tasked with implementing anything specific – anything akin to the Marshall Plan for example. Second, the OECD had to compete with the emerging European Economic Community (EEC). Several EEC countries (especially France) were wary of creating an institution that could undermine the budding European integration. Consequently, the OECD has served less as place to coordinate international policies. Instead, it has increasingly become a forum in which states strive to uncover appropriate domestic policies to meet common objectives (Woodward 2009, p. 12).

---

<sup>18</sup> In the context of international law, the term “soft law” covers such things as non-treaty obligations, statements, principles, codes of conduct or codes of practice, often found as part of framework treaties, as well as most Resolutions and Declarations of the UN General Assembly, e.g. the Universal Declaration of Human Rights. Attempts to define the term (e.g. Abbott and Snidal 2000) see “soft law” as legal arrangements that lack one or more qualities of legally binding obligations (“hard law”), such as obligation, precision, and delegation.



The OECD, as well as the DAC, were often described as a “consultative forum”, “think tank”, or “a pool of statistical and economic expertise” (OECD 2010a), even before the OECD’s leadership, starting with secretary-general Donald Johnston, actively adopted these characterisations (Woodward 2009, p. 34). The OECD’s self-depiction of how it operates (see figure 12) emphasises the institution’s services of impartial data collection and expert analysis, both of which serve as basis for policy debates among its members, through the mechanisms provided by the OECD.



**Figure 12** The OECD’s way of working, from: [www.oecd.org/about/whatwedoandhow/](http://www.oecd.org/about/whatwedoandhow/) (Access 03/12/2012)

As a consequence, the methods, instruments and organisation of the OECD and the DAC, along with those of the various Working Parties and the DCD, are predisposed to working in ways that guide policymaking through ideas, knowledge, and the facilitation of expert networks. In this, the “the OECD epitomizes the impartial, technocratic international organization devoted to the production and dissemination of scientific knowledge” (Sharman 2006, p. 129).

The essence of this case study is to trace the processes of the more conscious and active efforts are made by the OECD DAC in its advocacy of the aid effectiveness agenda, which is itself as an idea-based instrument to shape foreign aid policy. The historical context of the 1990s, following the end of the Cold War, is a crucial period

for this. Examining the specific criticisms brought against the DAC and the OECD during this time illustrates the various pressures that forced the DAC to reinvent its purpose as an institution.

Conversely, examining the aid effectiveness agenda through the lens of the DAC's agency reveals how the ideas embodied within this agenda serve as a strategic social construction in the context of foreign aid politics that responds to pressures and criticisms the DAC had to confront. Aid effectiveness, consequently, is not simply a policy solution to a set of problems in foreign aid. It is also a strategic response by the OECD DAC to its crisis of legitimacy during the 1990s.

### **5.1.2. Crisis and Struggle for Legitimacy: OECD DAC after the Cold War**

The DAC's efforts in constructing and advocating the aid effectiveness agenda are a consequence of the unique situation facing both the OECD and the DAC during the post-Cold War period in the 1990s. This period, broadly speaking, marked the end of one geopolitical era and the beginning of another. The geopolitical system shifted from the Cold War's bipolar order to a new structure that was "simultaneously unipolar and a nonpolar, networked system of a globalized world" (Karns and Mingst 2010, p. 23). A pivotal assumption in this study, drawn from institutionalist theory, is that incisive strategic social construction is more likely to succeed in times of uncertainty and crisis (Campbell 2004, 2010). After the end of the bipolar world, which had given birth to the OECD in the 1960s, the 1990s were such a period of crisis and uncertainty for the OECD, robbing it of its traditional role and self-perception in global politics as an "economic counterpart to NATO" (OECD 2004). Crucially, for this case study, the DAC's specialised role in the global

architecture of foreign aid mirrors the OECD's crisis. Foreign aid politics likewise changed profoundly during this period.

In its early years, the OECD worked as a part of the global governance landscape during the Cold War (Woodward 2009, p. 63). The OECD's mission was to foster economic growth by promoting interstate dialogue and cooperation to improve domestic policies. This was seen to complement the West's stance on military deterrence during the Cold War. Many, including the OECD's secretaries-general, viewed the OECD as an integral branch of the Western economic and security framework established after the World War II (Masefield 1989). The DAC was no exception.

Nevertheless, portraying the end of the Cold War as immediate cause for the crisis of the OECD and the DAC would be too simplistic. Rather, these historic changes were crucial, because they triggered new assessments of the OECD and the DAC. In a changed geopolitical world, many saw these institutions and their role in global affairs in a new light.

The following outlines three key issues facing the DAC and the OECD in the 1990s. These are the obsolescence of the OECD's bureaucracy, a sidelining of the OECD and DAC by other IOs and, for the DAC, the lack of a persuasive mandate in global aid relations.

***Bureaucratic obsolescence:*** In the early 1990s, both the DAC and OECD were seen as remnant institutions of a bygone time. They were criticised, in the words of then secretary-general Jean-Claude Paye, as being “too bureaucratic and not responsive” (Friedman 1994). Member states increasingly questioned the OECD's capacity to serve their rapidly changing needs efficiently and effectively. These

criticisms involved the DAC particularly, as priorities for foreign aid changed at a time when aid budgets were generally in decline.

After rising continuously for decades, bilateral ODA declined from a peak of \$55.3 billion in 1991 to a low of \$39.7 billion in 1997<sup>19</sup>. The nature and objectives of aid shifted due to different geostrategic considerations, as well as a swing in emphasis away from infrastructure investments and trade promotion and towards efforts in humanitarian relief, peacekeeping and the promotion of democratic governance. Adrian Hewitt noted that there generally was

[...] the feeling that four decades after the Marshall Plan and three decades on from the foundation of the OECD donors' club, the Development Assistance Committee (DAC), the old mechanisms and policies of aid-giving may be anachronistic, especially with a second generation of post-independence leaders less attached to the attractions of being aid recipients. In short, a feeling that aid may be not merely an instrument of the Cold War, but a relic of early post colonialism. (1994, p. 2)

Shrinking budgets and a staff shortage left the OECD and the DAC struggling to re-affirm their relevance in global affairs. The OECD thus launched a thorough reform effort to respond to declining budgets, for IOs in general and for the OECD in particular.

At the 1996 Ministerial Council Meeting (MCM), the OECD member states explicitly embraced a modernisation of its mandate. Their communiqué instructed the OECD to “accelerate the process of structural change [...] with a view to further enhancing the relevance, efficiency and effectiveness of the Organisation” (OECD

---

<sup>19</sup> In constant 2009 USD from USD \$81.1bn. in 1991 to USD \$54.6bn. in 1997: <http://stats.oecd.org/> (Accessed 31 March 2014)

1996a). Initial consequences were reforms to create a leaner organisation. Between 1996 and 2000, the OECD's budget declined by about 18% in real terms (Woodward 2009) and regular staff was reduced by about 15% from a high of 1,934 in 1995 to a low of 1,632 in 2000 (OECD 2004). A new Executive Directorate was set up to supervise support services, simplify management and administrative processes, improve the efficiency of support services, eliminate costly fringe services, and outsource numerous functions.

A second consequence was the expansion of OECD membership to new countries, including Mexico in 1994 and Korea in 1996. The OECD also aimed to engage non-members with initiatives such as the Centre for Co-operation with European Economies in Transition and the Emerging Market Economy Forum (EMEF), established in 1990 and 1996 respectively.

***Institutional competition:*** The OECD's mandate was always unusually broad. Likewise, the purpose of the DAC, beyond serving as a forum for donors, has always been ambiguous. Although this served both institutions well for decades, it turned into a challenge for them when both the OECD and the DAC started facing more competition from other institutions and IOs, often with more precise mandates and more robust governance mechanisms.

Most notably, the European Community, which included a majority of OECD members, "sapped the moral and quality of the OECD secretariat as talented personnel, lured by the relative lucidity of purpose and supranational vocation, departed for the European Commission" (Woodward 2009, p. 29). The 1986 Single European Act accelerated this trend by revitalising the integration process and the prospects of a single European market. Likewise, the WTO eclipsed the OECD's role in the multilateral trade system (Wolfe 2007), where it had a mandate "to

contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations” (see OECD 1960).

Within its purview of development aid, the DAC was similarly beset. In its early years, a core product of the DAC and its OECD secretariat was its statistical expertise, along with interpretation of research and analysis based on newly available data on international aid and development finance. However, the OECD and the DAC’s relevance for data collection and analysis in the field of development were soon overtaken by other organisations. In the early 1980s, the World Bank established itself as the leading provider of “much of the necessary research, coordination, setting of standards, goals, etc., that came mainly from the DAC a decade ago” (Woodward 2009, p. 29). The advent of non-governmental and civil society organisations, which both implemented development activities and brought their political voice to bear on issues of foreign aid policy, challenged the DAC’s traditional, government-focussed instruments of technical interchange and peer review. While the OECD and the DAC competed for influence with other actors in global affairs, both old and new, more and more doubts were raised concerning the need for either organisation.

***Mandate of the DAC:*** The DAC has long struggled to legitimise its work in monitoring, reviewing, and advising foreign aid policy. Crucially, the heart of the DAC’s initial mandate was a vision of a “common aid effort” (Rubin 1966). The Working Group on the Common Aid Effort, created in 1961 at the Tokyo session of the Development Assistance Group (DAG), was the first working party of the DAC. This group was responsible for initiating the DAC’s annual aid review, starting in 1962, which quickly became the DAC’s core procedure for assessing aid politics (Rubin 1966, p. 71). Nevertheless, the DAC ultimately disburses no funds and its

shared aims for bilateral aid have long rested, as Goran Ohlin (1968) notes, on the margins of national policy:

But it must be remembered that bilateral aid to developing countries is usually bilateral for some good reason. To a large extent, it springs from historical circumstance or some particular interest. This is why the work of DAC must to a large extent be an exploration of the margins within which a joint or common policy exists or can be created. (Ohlin 1968, p. 235)

The DAC's concern with the so-called common aid effort was a reflection of the OECD's overall role as an institution during the Cold War. A pivotal notion that legitimised the DAC's early work was the idea of "burden-sharing" (Ohlin 1968) among the DAC members in their efforts to promote economic development abroad. Burden-sharing required a joint effort and, as a consequence, rules for sharing (Ohlin 1968). This joint effort, for the USA in particular, was largely seen in the use of foreign aid as an instrument in competing with the USSR for the allegiance of newly independent developing countries:

The US planned to use the DAC to encourage European countries (and, later, Japan) to increase their foreign aid as their balance of payments positions improved, in part to offset expected cuts in American contributions as the country's balance of payments position weakened. (Porter and Webb 2004, p. 3)

Burden-sharing, as an idea, underpinned much of the DAC's early work. A notable example is the DAC's 1969 definition of Official Development Assistance (ODA). This provided the first shared definition of aid that could be used to compare aid among countries, as well as distinguish it from "Other Official Flows"

(OOF). ODA was quickly established as a standard (Führer 1996) and remains the basis for the DAC's analysis of data on aid flows to this day. Its exact definition, however, was revised several times.

Although the DAC successfully restored its legitimacy with what is today the aid effectiveness agenda, the “common aid effort” in bilateral aid, as described by Rubin (1966), lost much of its purchase in the early 1990s for two reasons. First, burden-sharing, and with it, the DAC concepts of aid harmonisation and coordination, pursued largely quantitative ambitions against now-shrinking aid budgets. Second, the requisite joint-effort element was lost when Cold War politics ceased to influence the organisation's relationships with developing countries.

Evidence for this is found in the DAC's 1989 Chairman's Report on *Development Co-operation in the 1990s* (OECD 1989). This report reaffirms the importance of donor co-ordination for effective aid. However, the underlying logic of the report differs markedly from today's aid effectiveness agenda. Currently, the widespread fragmentation of aid efforts is considered a detriment to effective aid, as it needlessly strains and exhausts the capacity of aid recipients to handle the bureaucratic procedures of different donors, credits and grants. Consequently, the assumption today is that donor coordination improves the quality of aid. In contrast, the underlying logic during the 1990s, as evidenced by the chairman's report, drew strongly on the development theorem of a “big-push” of aid as a means to trigger lasting positive change (Guillaumont and Guillaumont Jeanneney 2010). Donor co-ordination was seen as an effort to increase the quantitative impact of aid:

National development assistance efforts must be seen as part of a larger international effort. No individual donor country has an aid programme large



enough in any single developing country to achieve significant development objectives on its own. (OECD 1989; quoted in Führer 1996, p. 52)

Second, the joint, often US-led efforts to employ foreign aid as an instrument in the competition for political allies among developing countries lost its relevance after the end of the Cold War. The 1990s' large drop-off in overall spending on foreign aid has been attributed to this depoliticising of foreign aid. If burden-sharing requires the assumption of a joint effort, then the lack of a coherent political objective consequently deprived the DAC of a unique, overriding concern that legitimised its effort to monitor and coordinate bilateral aid as a multilateral body. In short, without any shared objective for bilateral aid among its members, no demand would exist for the DAC to facilitate any kind of joint effort.

To summarise, both OECD and DAC were founded in the 1960s and endowed with a broad mandate. For the DAC, the task it assumed up until the 1990s focused on monitoring and analysing data on foreign aid flows around the loose but distinctly Cold-War-related concept of burden-sharing. This was largely invalidated in the post-Cold War period by the geopolitical shift towards what Karns and Mingst termed “a nonpolar, networked system of a globalized world” (2010, p. 23). The DAC also faced competition within its traditional purview of research expertise on development from other IOs, including the World Bank. The 1990s also saw more knowledge production by NGOs, think tanks and thematically specialised organisations. As an organisation, the DAC, like the OECD, seemed increasingly out of touch with the rapidly changing demands of its member states, as well as too expensive and bureaucratic for the services it provided. As an institution, the DAC experienced a severe crisis of legitimacy.

### **5.1.3. The OECD and the DAC as Purveyors of Ideas and Knowledge**

As I argue later in this chapter, the shifts in foreign aid policy of the 1990s triggered a crisis, but also created an opportunity for the DAC to reinvent itself, and the idea of aid effectiveness was pivotal in the DAC's reinvention. My aim is to trace, with emphasis on the DAC, "the logic by which certain ideas connected indeterminate environmental constraints and incentives to a specific strategy or action" (Parsons 2011).

Before discussing the DAC specifically, I conclude this section by noting how the OECD, more broadly, responded to its post-Cold War crisis by emphasising its role as a knowledge-based organisation committed to building expertise, intelligence, and guidance for informed policy action (Johnston 2004). This strategy has been continued by Secretary-General Angel Gurría in his efforts to reform the OECD into a "knowledge bank" (Authers 2005).

The conscious effort of the OECD to reshape itself more fully into a knowledge-based organisation is important for two reasons. First, it underscores the methodological approach to this study of the DAC as a "most-likely" case for successful idea-driven policy change. Second, it gives weight to the assumption of a strategic purpose underpinning the OECD's mode of operation. Martin Marcussen (2001) pointedly describes this as "the idea game":

The idea game [is] a question about formulating, transferring, selling, and teaching, not formal regulation, but principled or causal beliefs helping to constrain or enable certain types of social behaviour within the OECD area.  
(2001, p. 3)

Therefore, and despite the fact that the origins of the aid effectiveness agenda lie in the more recent past, it is important to note that both the OECD and the DAC have long specialised in the purveyance and diffusion of ideas, norms, and policy paradigms. Indeed, their founding mandates tie both organisations closely to this mode of operation.

Recent work on the OECD emphasises its authority through ideas. Robert Wolfe writes “[...] the most important thing that changes because of the OECD might be the thinking of the people from technical officials to ministers who attend its meetings or participate in its peer review process. The ideas it develops can have influence far beyond the organization” (2007, p. 17). Similarly, Per-Olof Busch (2009) develops three overlapping categories for the type of knowledge diffused by the OECD, including (a) the “informative knowledge” of accumulated data, (b) the “conceptual knowledge” that describes a shared understandings of problems and issues, and (c) the “analytical knowledge”, which “refers to collective wisdom about the best policies to tackle problems” (cp. Woodward 2009, p. 66).

Nevertheless, considering the OECD – and with it the DAC – as very consciously “knowledge-based” organisations should not imply that their success in advocating policy paradigms, including the aid effectiveness agenda, and in shaping international affairs, including global aid architecture, came easily or automatically. I describe the two crucial aspects of (a) the knowledge-base idea itself and (b) the strategy and actions taken by the DAC to advocate it by drawing on Marcussen’s OECD-specific concepts of (a) an ideational artist, and (b) an ideational agency. The former emphasises how the institution “incessantly invents new ideas” (ibid. 2001, p. 16). The latter shows how it gains credibility “by constantly operationalizing ideas

which are already in demand [...] and by helping member states to concretely implement diffuse ideas” (ibid. 2001, p. 3).

## **5.2. ‘Shaping the 21<sup>st</sup> Century’ and the OECD DAC as Ideational Artist**

How was the aid effectiveness agenda conceived? How did it address the political pressures and the crisis of legitimacy facing the DAC in the 1990s? How did it allow the DAC to reinvent itself in a new role suitable to a new political context?

I address these questions by tracing the aid effectiveness agenda from its origins. Here, the focus is explicitly on the DAC as an ideational artist that develops “new ideas on old policy areas” (Marcussen 2001). This serves to highlight two pivotal aspects. The first is how the aid effectiveness agenda is built from ideas, concepts and narratives prevalent among both aid experts and officials at the time. The second is how the aid effectiveness agenda addresses both policy problems and environmental pressures facing the DAC. I argue that, in discourses on foreign aid policy, the aid effectiveness agenda thus satisfies Campbell’s definition of a paradigm, which is a “cognitive background assumptions that constrain decision making and institutional change by limiting the range of alternatives that decision-making elites are likely to perceive as useful and worth considering” (2004, p. 94).

Evidence is provided from two main sources. The first is a series of interviews conducted by the writer, mainly in Paris, with current and former members of staff at the DAC, who were closely involved with the work on aid effectiveness. The second source is documents, memos and studies on aid effectiveness by the DAC from the 1990s onward that I examined and interpreted. One key document here is the study *Shaping the 21<sup>st</sup> Century* (OECD 1996b), which was prepared for the DAC High

Level Meeting in 1996, along with a statement adopted in 1995 entitled *Development Partnerships in the New Global Context* (OECD 1995). Together, these two documents constitute a vital milestone for two reasons. First, they form the first OECD publication that collects and explicitly connects the core ideas of the future aid effectiveness agenda. The DAC's recent report (Wood et al. 2011) on the evaluation of the PD thus places *Shaping the 21<sup>st</sup> Century* among the founding influences of the aid effectiveness discourse. The second reason that these documents are vital is that the reception of *Shaping the 21<sup>st</sup> Century* led directly to the establishment of a DAC's 'Task Force on Donor Practices' (Carey, R. personal communication, March 17, 2011), arguably the first nucleus in the DAC to work explicitly on the policies and practices of donors.

*Shaping the 21<sup>st</sup> Century*, as a policy documents, advocates four main issues. These are (a) the need for unified global development objectives; (b) a global compact for a development partnership; (c) provisions for making aid work better; and (d) a call for policy coherence beyond the policy field of foreign aid. The second and third issues, which were to become key parts of the larger effort to rethink the fundamentals of foreign aid, are what make *Shaping the 21<sup>st</sup> Century* such a crucial precursor to the aid effectiveness agenda.

The efforts outlined within *Shaping the 21<sup>st</sup> Century* to operationalise development objectives is frequently seen to have "kindled the process toward the MDGs flowing from the Millennium Declaration signed by 189 countries in 2000" (Woodward 2009, p. 40) under the aegis of the UN. In contrast, the fourth issue – policy coherence across sectors of OECD states in dealing with developing countries – failed to gain much purchase until very recently (OECD 2011b).

Three key ideas of the budding aid effectiveness agenda, first spelled out in *Shaping the 21<sup>st</sup> Century*, that are crucial to its success of the aid effectiveness agenda are (i) the shift of focus from aid quantity towards aid quality, with the latter dependent on multilateral oversight; (ii) a new emphasis on foreign aid as instrument for managing global issues in a time defined by globalisation; and (iii) the notion of a global aid partnership as a prerequisite for better aid.

The following examines each with emphasis on (i) their connection to topical concerns and broader discourses in the field of foreign aid and development policy at the time; (ii) the associated ideational shift in the DAC's work and publications; and (iii) the implications for the DAC as institution facing a crisis of legitimacy.

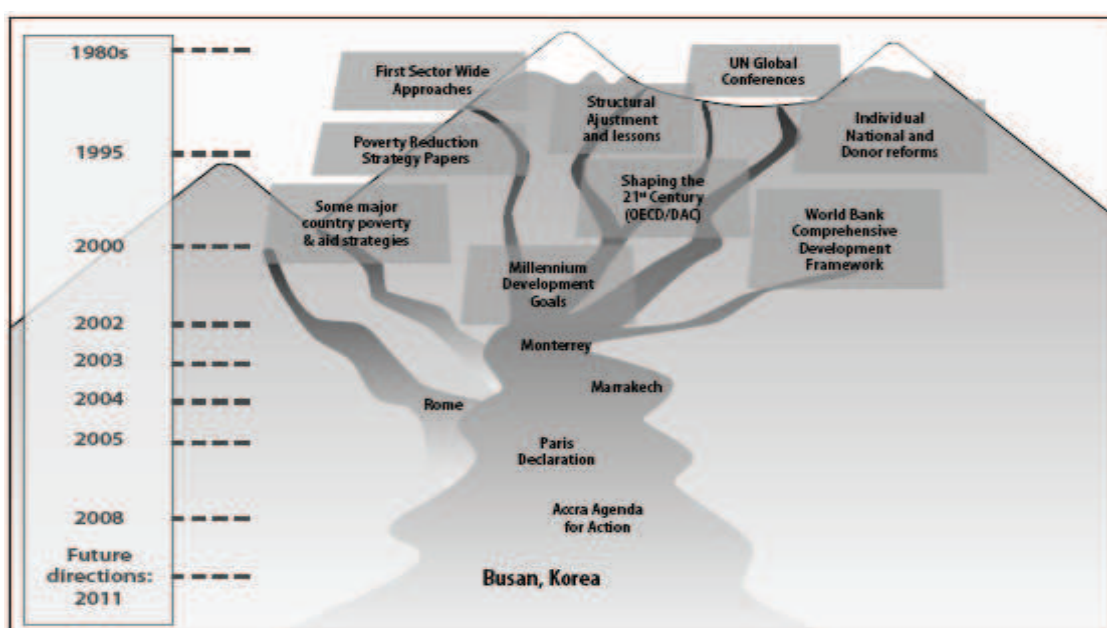


Figure 13 Sources for the Paris Declaration on Aid Effectiveness (Wood, R. et al. 2011, p. 2)

### **5.2.1. Quality of Aid: Adapting to Shrinking Aid Budgets**

Today, aid effectiveness is near-synonymous for quality of foreign aid. The agenda revolves around “more development bang for the foreign aid buck” (Bigsten et al. 2011, 44). Crucially, by defining the problem in a way that casts quality of aid as crucially impaired by a structural lack of coordination among donors, it suggests multilateral coordination as remedy. The DAC’s concern with quality of aid, and the inferred solution of donor harmonisation, was both topical and timely for the discourses on foreign aid of the 1990s, notably those asking why foreign aid had, in previous decades, fallen short of its expectations for development and poverty alleviation after decolonisation. Evident as it may be from today’s perspective, a key innovation in the aid effectiveness agenda was that effective development cooperation needed to be concerned with the quality of foreign aid as much as with quantities of ODA. As a staff member of the DAC said “It is just an observation, during all the ‘90s, that in the aid dependent countries, aid was certainly part of the solution. But it had certainly also become part of the problem” (de Milly, H., personal communication, April 14, 2011).

The DAC was not unique in its concern with aid quality. The highly public criticisms of structural adjustment programmes and the Washington Consensus animated most multilateral and bilateral development institutions to focus explicitly on fighting poverty. The UN launched the Human Development Index in 1990. For the World Bank, almost every World Development Report since 1990 attempted to identify means to reduce poverty (Yusuf et al. 2009, p. 75). In the absence of the geopolitical framework of the Cold War, assessments of what development cooperation and foreign aid had achieved since the end of World War II and the days of decolonisation were generally critical of its results. However, what distinguishes

the idea of aid quality, as embedded in the aid effectiveness agenda, from other debates on improving aid, was that the DAC came to emphasise the low quality of foreign aid as a negative externality of the highly fragmented foreign aid efforts on a global level.

It is seen as an issue of donor coordination; avoiding too many different frameworks, too many different templates, a country having to report the same thing in 20 different templates. This exists because of growing administrative entropy. If you do not really make the effort to coordinate, then by themselves, they [donors] evolve differently as each one has its own bureaucracy. That was the main thinking in Rome<sup>20</sup>. Please let's try to harmonize procedures. (de Milly, H., personal communication, April 14, 2011)

The DAC thus located a cause impairing the quality of foreign aid within its own purview of coordinating (mainly bilateral) foreign aid. What was different was the shift in the rationale for bilateral aid coordination. Where the DAC's previous key notion of "burden-sharing" was founded on the theorem of a "big push" of foreign aid as a necessity to kick-start effective development, the new discourse on aid quality instead stressed the concept of "*absorptive capacities*". The latter emphasises the diminishing marginal utility of foreign aid due to the finite abilities of aid recipients to deal with administrative complexities in foreign aid:

It is generally recognized that the transfer of a given amount of development assistance takes a long time [...]. This happens because of administrative complexities on both sides [...]. All these factors make up what is generally referred to as 'absorptive capacity' of the borrower country, although it is clear

---

<sup>20</sup> Rome Declaration from the DAC High Level Forum on Harmonization in Rome in February 2003.



that the *modus operandi* of the donor institution itself contributes to the limitations on resource absorption. (Tendler 1975, p. 86)

Neither the concept of a “big push” to kickstart economic development nor the limits of “absorptive capacities” were entirely new ideas in the 1990s. The academic debate on both concepts remains lively to this day (Guillaumont and Guillaumont Jeanneney 2010). Consequently, the shift in the DAC’s position from the former to the latter cannot be explained as one of these concepts simply subsuming the other. Rather, with public criticisms of previous aid efforts combining with a waning of ODA in the 1990s, the emphasis on improving foreign aid over increasing foreign aid became topical both at the DAC and within the transnational community of experts and officials who regularly met there. Without the rationales of Cold War politics and in light of criticisms of past aid efforts the idea of burden-sharing no longer mobilised sufficient political commitment.

The logic of a “big push” still featured prominently in the chairman’s report on *Development Co-operation in the 1990s* (OECD 1989). References to absorptive capacity first appeared at the 1994 High Level Seminar of the DAC and the World Bank on *Improving the Effectiveness of Technical Co-operation in the 1990s* (OECD 1994b) and in the *DAC Orientations for Development Co-Operation in Support of Private Sector Development* (OECD 1994a). The latter is among the first connecting absorptive capacity with the idea of donor coordination: “Donors recognise that co-operation is especially important at the country level, in particular as regards local absorptive capacity and the terms at which resources are provided.” (OECD 1994a). *Shaping the 21<sup>st</sup> Century* (OECD 1996) links both donor coordination and absorptive capacity with the idea of a development partnership (see below). Ultimately, donor governments committed publically to “harmonise the operational policies,

procedures, and practices” in the Rome Declaration on Harmonization in 2003 (OECD 2003).

How does the ideational shift in the DAC’s reasoning in favour of donor coordination, away from a quantitative pooling of aid and towards a qualitative allowance for limited absorptive capacities in aid-receiving countries, address the pressures facing the DAC itself?

In short, this ideational shift is an element of the agenda because it addresses perhaps the most pressing challenge the DAC faced in the 1990s: the lack of a unique and compelling mandate within its purview of expertise. Indeed, the aid effectiveness agenda is so strongly tied to the DAC today that it finds itself on the defensive against criticisms of dominating the agenda and thwarting the agenda’s broader application (Atwood 2011; Glennie 2011).

The DAC’s reconstructed post-Cold War mandate builds on the observation that a lack of donor harmonisation causes aid quality to suffer on a systematic level, mainly due to different bureaucratic procedures and different political priorities. Consequently, there is demand for a body with a bird’s-eye view. The DAC is an ideal institution for this sort of oversight, mainly due to, first, its aid-specific expertise and, second, its unique political impartiality. On the first point, collecting, monitoring, and analysing foreign aid data are historically the core competences of the DAC. The highly specialised expertise of the DAC and its staff on aid statistics makes it an authority, not only on the data itself, but on policy action based on the data. As for the second point, the DAC occupies a unique institutional role as “a donor club, but not a donor” (de Milly, H., personal communication, April 14, 2011). This benefits the DAC with a position of impartiality beyond “objective rule- and method-driven expertise” (Barnett and Finnemore 2004). Its exclusivity as part of the

OECD “club” lends it credibility in advocating changes in donors’ domestic policies without the influence of politics found, for example, in the UN.

### **5.2.2. Foreign Aid as Policy Instrument for Global Objectives**

A second key aspect of the ideational change in the DAC’s work and thinking is the outspoken emphasis on development cooperation as a policy instrument for achieving global objectives and addressing global problems. In line with the growing prominence of globalisation and debates on global governance in research and politics during the 1990s, the DAC started to characterise foreign aid as an instrument for a joint global effort to address problems and achieve objectives that surpassed the capacities of individual countries, even of those organised within the OECD. These issues include population growth, environmental sustainability, migration, terrorism, nuclear proliferation, and fragile states, as well as coping with the growing economic interdependence of states at a global level. Although the emphasis on global issues, as ideational innovation, is less-prominent on the aid effectiveness agenda today, it was a key stepping stone for the DAC in portraying the continued purpose and need for (coordinated) foreign aid in the 1990s and provided a base for the DAC’s efforts to advocate the need for global development objectives (see Woodward 2009, p. 1) and a development partnership between donors and recipients (below).

The report on development co-operation in the 1990s by DAC chairman Joseph Wheeler offered first reactions to the observation on how “with breathtaking speed the vocabulary of the development dialogue has shifted” (OECD 1989, p. 11). The report highlighted both prospects of democratisation throughout the developing world and the role of aid in addressing global problems. For the latter, Wheeler

looked ahead to the UN Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992.

The two topics of democratisation and environment became important drivers for major work streams within the DAC. They are visible in reports such as *Development and Environment* or *Participator Development and Good Governance* (Führer 1996, p. 59). They also featured strongly in the DAC's 1993 revision and reform of the ODA concept "...in light of [a] changing international aid scene" (Führer 1996, p. 64).

The idea of (coordinated) aid as an instrument of global governance or global policy-making permeates *Shaping the 21<sup>st</sup> Century*: "Academically, the motivation behind 'Shaping the 21<sup>st</sup> Century' was the idea of global development as a beneficial global good." (Carey, R., personal communication, March 17, 2011). Not surprisingly, the document goes on to outline specific targets and changes that would mark the achievement of a successfully 'shaped' 21<sup>st</sup> century. Most are keyed to the year of 2015. They include halving world poverty, reducing child mortality rates, universal primary education, and access to clean water and healthcare, as well as goals for environmental sustainability and regeneration derived from the UN Conference on Environment and Development (OECD 1996b). It is not difficult to see why they are widely considered precursors to the Millennium Development Goals.

The notion of foreign aid as an instrument of global governance was doubtless crucial to the DAC, as it was to other multilateral organisations, in justifying and re-affirming its role in foreign aid. Nevertheless, unlike coordinating the bilateral aid of donors, which remains closely related to the DAC as an institution (see above), and the idea of a development partnership, which has proven the defining ingredient of

the aid effectiveness agenda (see below), setting global objectives as the overall (shared) aim of policy-making in foreign aid helped create an intersubjectively shared focus. This type of focus brings meaning to a concern with improving processes of foreign aid – such as donor coordination – and to mobilising public and political support for foreign aid beyond humanitarian motives. *Shaping the 21<sup>st</sup> Century* (OECD 1996b) refers to the latter as enlightened self-interest:

Development benefits people not only in poor countries, but also in the industrialized donor countries. [...] Development co-operation is one way that people from all nations can work together to address common problems and pursue common aspirations. (p. 6)

One interviewee (Isenman, P., personal communication, March 17, 2011) noted that the aid effectiveness agenda, at a fundamental level, addresses tensions intrinsic to the conflicts between inherently divergent donor bureaucracies and a common objective, and between inherently divergent donor politics and a common objective. The DAC's "mission" of improving the effectiveness of foreign aid therefore only makes sense if donor countries sign up both to shared global objectives, ultimately in form of the MDGs, and to an intersubjectively shared understanding that the structural inefficiencies involved in achieving these objectives are a result of divergent procedures and political priorities. Without "conceptual knowledge" (Busch 2009) of a shared objective, as well as a shared understanding that this objective is best achieved through cooperation, the divergent bureaucratic procedures or politics of donors would likely not be perceived as problems on a crowded political agenda.

This makes this particular ideational innovation a key element in the effort to trace the origins of the aid effectiveness agenda for three reasons. First, it provides a

legitimate cause to investigate donor practices and procedures as part of a transnational aid discourse. *Shaping the 21<sup>st</sup> Century* would surely not have been written in this form without this motivation and, in turn, a DAC task force on donor practices might never have seen the light of day. Second, it derives meaning for the aid effectiveness agenda from the broader contemporary trends and discourses in foreign aid. Even though I examine the DAC's aid effectiveness in this chapter from a rather narrow focus, its ideas and its cascade are closely linked to complementary trends in how experts and academics conceived of foreign aid, including, not least, the success of the 2000 Millennium Development Goals (MDG) in focussing minds and politics on shared objectives. Third, it provided a necessary, intermediate step for the later concept of a development partnership between aid donors and aid recipients (see below). Even though the development partnership, as expressed in the PD and much of the contemporary discourse on aid effectiveness, focuses on domestic reform in aid-receiving countries, the idea gained traction first on the intellectual basis of a primarily global focus on development cooperation in which "issues can no longer be divided into "domestic" and "international" (OECD 1996b).

### **5.2.3. Foreign Aid and DAC Advocacy for a Development Partnership**

The third and final key idea behind the aid effectiveness agenda is the notion of foreign aid as a shared commitment and partnership between foreign aid donors and recipient countries. The emphasis on a reciprocal commitment and relationship between donors and recipients allows the DAC to expand its role as a broker of information and communication, not only among OECD members, but also between members and non-members. The current broad membership of the WP-EFF reflects

this expansion. Moreover, the notion of a development partnership also gives an added layer of legitimacy to donor coordination, insofar it is aligning the coordination effort with the priorities of aid recipients. The weight placed by the aid effectiveness agenda on institutional reform, political agency, and “ownership” in recipient states agrees with the 1990s’ emphasis on good governance and political transition.

The DAC’s emphasis on a partnership relates to specific trends in development policy and research in the 1990s. Efforts at democratisation and its less-politicised cousin, good governance, became a central topic in post-Cold War thinking about development. This was largely a response to a series of regime transitions in primarily (but not exclusively) post-socialist countries, a trend that Samuel Huntington famously described as “the Third Wave” (1991).

Huntington and his contemporaries revived a historicist notion of development that ties social and economic progress to a political bias for democratisation, and emphasised agency by political elites in developing countries as a precursor to change and progress. Promoting good governance and strengthening democratic institutions became prominent topics for bi- and multilateral donors. Economists, including those at the World Bank, began investigating links between the effectiveness of foreign aid on one hand, and politics or institutional quality on the other (e.g. Boone 1996, Knack and Keefer 1995). Broadly speaking, “...there has been increasing recognition that aid flowing to governments implementing ineffective policies is wasteful, in line with research findings since the early 1990s” (Kaufmann 2009).

The DAC published an early call for a “Donor/Recipient Partnership” in their 1991 *Principles for Evaluation of Development Assistance*. Although written in the

context of a “mandate to strengthen the volume and developmental effectiveness of aid” (OECD 1991), it invokes a notion of ownership and partnership that would not seem out of place today:

Development assistance is a co-operative partnership exercise between donors and recipients. [...] development assistance can only be subsidiary and complementary to the efforts of the developing countries themselves. Aid supports activities for which developing countries have final responsibility and ownership. (OECD 1991)

In subsequent years, the DAC increasingly invoked the partnership idea, not as a relationship between donors and aid recipients meant to advance reforms in aid-receiving countries, but as a premise for development assistance seen as a concern with global objectives (see above):

[...] we need to go beyond “aid” to North-South partnerships, to reciprocal responsibilities North and South, including partnerships in forging regional and global goals [...]. We must integrate global concerns for environment, population and disease control, and migration with national development priorities [...] (OECD 1994a)

This focus on global concerns carries over to the *Development Partnerships in the New Global Context* of 1995, which is annexed to *Shaping the 21<sup>st</sup> Century*. The latter stresses both the global perspective and the domestic element of ownership. It thereby reflects 1990s research investigating factors that contribute to either effective or ineffective aid:

[...] to give substance to our belief in local ownership and partnership we must use channels and methods of co-operation that do not undermine those values.



Acceptance of the partnership model, with greater clarity in the roles of partners, is one of the most positive changes we are proposing in the framework for development cooperation. (OECD 1996b, p. 13)

The idea of a development partnership was clearly present in discourses on aid effectiveness from the start. However, the concept's final permutation was the result of an institutional opening of the DAC through the creation of the WP-EFF after the Monterrey Consensus and the subsequent institutionalised participation of aid-receiving countries. This final change constitutes the priorities of aid-receiving countries for development and poverty alleviation in their countries as the principal orientation for a coordinated aid effort:

[After the Rome Declaration] the group [WB-EFF] changed and turned to partner countries, which were becoming more vocal. It included more partner countries. And relatively cleverly, the concept changed a bit. The harmonizing among donors would be easier, and more politically correct, if you actually aligned on country systems. It makes life easier. (de Milly, H., personal communication, April 14, 2011)

It is precisely this trend of placing greater emphasis on a development partnership and attributing a distinct role to the political priorities of aid-receiving countries, that came to define the WP-EFF and aid effectiveness discourse in the aftermath of the Paris Declaration, leading up to the subsequent High Level Forums in Accra, Ghana and Busan, Korea.

I think the OECD [DAC] has changed enormously. After the Paris Declaration, they broadened this working party [WP-EFF]. They said it could not be just about the 23 or 24 DAC members. It has to be wider. It should be widened to

include 23 partner countries, which were to be not just to represent themselves, but to coordinate with other partner countries in their neighbourhood. Brining that representation to the table was a major change. (Hammond, B., personal communication, May 6, 2011)

The same significant changes, however, make this particular aspect of the aid effectiveness agenda more difficult to interpret with a view towards the DAC as institution. This is especially true with respect to the institutional self-perception of the DAC, as it shifts from an exclusive forum for aid experts and officials from OECD member states towards a role as an “honest broker” in a global development partnership of its own making. The partnership idea is thus the most incisive aspect of the aid effectiveness agenda. It consciously departs from the DAC’s and the OECD’s tradition as exclusive, value-centred “clubs” for a limited number of states. The implications that follow, both from the prominent introduction of the development partnership and from the DAC’s role as a “broker” in this partnership, indicate a new institutional purpose for the DAC. This purpose pivots notably around the task of facilitating communication between aid recipients and OECD member states.

To provide a contrast, the DAC’s bias for donor coordination (under impartial, multilateral monitoring) to improve and assure the quality of foreign aid also constitutes an ideational change. However, unlike the development partnership, it is a change that simply re-legitimises, within a new political environment, the traditional role of the DAC as a forum, node, and facilitator among the more exclusive group of OECD donor states. The partnership idea forces the DAC to walk a political tightrope. It has to balance its credibility as a donor club against its

legitimacy as a broker endorsed by a broader constituency of countries, risking the loss of credibility for either. So what advantage does the DAC draw from this?

This apparently odd squaring of the circle by the DAC – aiming to act both as an exclusive donor forum and as a platform for an inclusive global development partnership – serves to anchor the work on aid effectiveness firmly with the DAC as an institution.

The Paris Declaration's inclusive Statement of Resolve that "[w]e, Ministers of developed and developing countries responsible for promoting development and Heads of multilateral and bilateral development institutions [...] resolve to take far-reaching and monitorable actions to reform..." (OECD 2005) thus provides the DAC with a broad mandate that goes beyond the DAC's bureaucratic expertise in ODA.

The DAC's institutional advantage is that it allows it to hedge its purview for the aid effectiveness agenda against potential competition from other institutions, as well as affording it the necessary independence, legitimacy, and credibility to continue negotiating the agenda vis-à-vis its own member states.

In many ways, the ambiguity of the DAC's mandate in aid policy reform as, on one hand, an exclusive forum for policy experts and, on the other, an inclusive policy-discourse broker fills this role better than any new IO of specific design likely could.

### **5.3. Diffusing the Aid Agenda: the DAC as Ideational Agency**

So far, this case study has contrasted key ideas of the emerging aid effectiveness agenda against environmental pressures facing the DAC in the 1990s. This highlights the changes and innovations undertaken by the DAC, acting as an

ideational artist that constructs and frames the political issue of ineffective aid from the vantage point of its own expertise in analysing bilateral aid

Expertise, in this fundamental sense, alerts individuals to the problems that exist in the world, the connections between these problems, and the appropriate solutions to these problems. (Barnett and Finnemore 2004, p. 67)

The above analysis shows how aid effectiveness is an ideational paradigm that draws both on the DAC's own *expertise* relating to ODA and on many very prominent issues that shaped policy discourses on aid and development cooperation during the early and mid-1990s. The ideas embedded in the aid effectiveness agenda suggest policy solutions to perceived problems, yet do so in ways that specifically (re-)constitute the DAC with a renewed legitimate purpose in the global governance of foreign aid. This is an immediate result of the observation that the aid effectiveness discourse itself has strong roots in the DAC's own soul-searching and internal debates, which followed from its institutional crisis in the years after the Cold War. The aid effectiveness agenda is thus biased in favour of the DAC's perspective as a political institution and the DAC, as ideational artist, is pivotal to its creation.

However, the main objective of this thesis is to investigate the aid effectiveness paradigm as an *intersubjective* agreement on the nature of a specific policy problem and on the appropriate policy responses. The changes in aid policy described in chapter 4 suggest that aid effectiveness successfully shaped policymaking in most DAC member states. Examining the DAC as an ideational artist does not yet explain why the aid effectiveness agenda successfully “cascaded” to become a widely shared paradigm for aid policymaking.

Consequently, the final third of this case study turns from tracing the DAC's role as an ideational artist to tracing its role as ideational agency. Instead of viewing the DAC (only) as an institution, which "incessantly invents new ideas" (Marcussen 2001, p. 16), a study of the DAC as ideational agency must also focus on its role in disseminating its ideas. In the terminology of the "interpretive turn in IR theory" (e.g. Hay 2011), if ideational artistry parses the conceptual, even narrative self-representation of an institution from a structural view, then ideational agency, in contrast, covers the "translation" (Freeman 2009) of the latter into strategic action from – as the name implies – a perspective of agency.

Such an agency perspective serves to assess three crucial aspects. First, ideational agency in global governance focuses on actions taken to diffuse ideas through transnational networks and communities of policymakers. Second, the ideational agency of IOs is responsive to the demands and needs of policymakers. Just as ideational innovation of expert-based IOs must be responsive to existing ideas, themes, and discourses, expertise-based agency can only succeed if it meets existing demands and creates convergences of interests. Third, ideational agency serves the purpose of the agent by, ultimately, reflecting legitimacy back on the agent. Ideational agency of policy paradigms, including the aid effectiveness agenda, only succeeds if the subjacent ideas are eventually shared by the various stakeholders of the ideational agent, and if the implied, legitimate function of the agent as an institution is thus equally intersubjectively agreed upon. Successful ideational agency thereby allows IOs as agents to reinvent their purpose and legitimacy. Quoting Susan Strange (1998), Marcussen (2001) emphasises this observation with respect to the OECD:

By studying the OECD as an ideational agency, one may better understand why international organizations so rarely die away (Strange, 1998). Each time an IO confronts a new crisis, it is able to reinvent itself in a new form that fits well to the political context. (2001, p. 17)

There are three elements to the DAC's ideational agency for aid effectiveness. First are the DAC's efforts to connect communities of practitioners and expert networks, thus spreading discourse on aid effectiveness to different policymakers. Second is the DAC's effort to monitor and evaluate the progress of DAC member states in implementation of the PD. Both the cyclic and public monitoring of PD indicators by the DAC and its assessments of the reform of aid agencies are essential in sustaining the momentum of the aid effectiveness agenda. Finally, there is the assistance of the DAC in implementing aid effectiveness principles in foreign aid practice. The DAC and, notably, the WP-EFF have been active not only within the OECD's traditional purview in policymaking, but increasingly also in policy implementation.

### **5.3.1. Connecting Communities of Practitioners and Expert Networks**

As an ideational agency, the OECD and the DAC are famous for acting as a node and an intermediary for policy discourse. In this function, they (i) facilitate the diffusion of ideas; (ii) anchor and expand transnational networks of government officials as well as (with the WB-EFF at least) non-professionals and experts from beyond the public sector; and (iii) link separate communities of practice with existing or emerging policy discourses. Evidently, acting in this function helps ideas to become intersubjectively shared norms and paradigms of policymaking among a

broader group. Beyond merely sharing knowledge, agency in this sense also seeks to create convergences of interests across institutions and national borders.

Since, initially at least, agents may not share information and understanding, and have interests that are not immediately commensurable, the politics of network governance must therefore concern, in some measure, the forging of relationships between agents and the bringing about of a convergence of interests. (Finlayson 2007, p. 545)

A caveat to this observation is that the institutional architecture of the OECD and DAC, often described as a “consultative forum,” a “think tank,” or “a pool of statistical and economic expertise” (Woodward 2009, p. 3), brings together officials and experts only from the select segments of member state governments and the international community who are working on a given policy field. In the case of aid effectiveness, these would largely be officials and experts concerned with international financial flows designated as ODA.

Two short examples illustrate how the DAC, as an ideational agency, has moved beyond this role as a consultative forum, think tank or pool of expertise by actively working to expand and connect the aid effectiveness discourse to different spheres of politics and policymaking outside the narrow field of aid experts. The first shows how DAC peer reviews, at the domestic level of DAC member states, actively strive to include different government sectors and line ministries in the debates on reforming foreign aid, in particular following the 2005 PD. The second shows how the DAC’s purposeful engagement of other transnational communities working on other issues of global governance seeks, at an international level, to anchor insights and principles of aid effectiveness outside the discourses specifically concerned with ODA. An example of the latter is recent work (starting about 2009 and gaining

traction with the 2010 Bangkok Call for Action) by the DAC on applying aid effectiveness principles to international, non-ODA finance to combat climate change. These efforts exemplify how the DAC strives to bring about a convergence of interest for the aid effectiveness agenda. They extend the legitimacy and support for the agenda beyond the immediate convening of foreign aid policymakers at the DAC and into the political economy these foreign aid officials and experts face domestically or internationally.

First, the interviews conducted for this thesis with DAC staff responsible for peer reviews show they explicitly consider the domestic political economy in DAC member states – beyond foreign aid institutions and policymakers, who are their immediate counterparts – to be a key subject to address for any successful implementation of aid effectiveness reforms:

But one other thing we noticed collectively [in peer reviews] when reviewing lots of different countries and speaking to people is the soft, practical side to implementing a political commitment. Countries obviously sign up to things in 2005 and it all sounds excellent. The [Paris] principles make sense to most logical people in theory. But sometime implementing that with issues like having a domestic annual budgeting system or getting domestic auditors on board to change the way that you're programming your money and things like that [...] Practical things often mean what they've achieved from commitments they made in 2005 or 2008. (Jackson, P., personal communication, January 17, 2011)

Consequently, the DAC peer reviews on foreign aid policy deliberately and consciously strive to do more than monitor reform progress. Peer reviews, in a DAC ideal, are themselves instruments that allow domestic policymakers to leverage their



issues vis-à-vis other actors in domestic politics with the added authority of international peers and the DAC behind them.

In the country I finished reviewing, the agency in-charge of development had convened a meeting with anyone from any of the other ministries involved in development, of which they were quite a lot in this case, to just to discuss aid effectiveness with us. So, in the peer review, they were making sure that everyone that they would interact with really understood the principles of aid effectiveness. [...] They used the opportunity to raise awareness outside of their agency. Because – the whole thing as it is surrounded by jargon – people outside of development, but who are actually probably involved in development cooperation and activities, may not have been involved and have awareness of these discussions. (Jackson, P., personal communication, January 17, 2011)

The DAC recently took steps to systematise the use of peer reviews and to create support for aid effectiveness in the broader context of domestic politics of its members:

For years, we always had one chapter just on aid effectiveness in the peer reviews. But one reason why I mentioned practical issues is because we decided that we would ask every donor when we did the reports last year, what they found were practical reforms that had helped them to implement and make progress on the agenda and what practical obstacles were in their way. (Jackson, P., personal communication, January 17, 2011)

The DAC, as ideational agency, acts purposefully within the context of domestic national policy processes. Published guidelines, such as *Managing Aid: Practice of DAC Member Countries* (OECD 2009), include chapters that explicitly address how

aid agencies might better raise public awareness of and political support for reforms in line with the aid effectiveness agenda. Ultimately, the DAC seeks to create convergences of interest among bilateral aid agencies, line ministries, policymakers, and the DAC itself as a political actor for global governance. This draws on the authority of the DAC and the aid effectiveness agenda to strengthen their position in domestic politics. The DAC itself benefits from a greater disposition of political preferences towards its own interest in the aid effectiveness agenda and in its institutional legitimacy to influence aid policymaking as a multilateral IO.

At the international level, there are efforts by the DAC to link different expert communities with the aid effectiveness discourse and the ideals behind the agenda.

We work closely with the UNDP Bangkok office and they've been exemplary in organizing sort of these dialogues. I can give you an example of climate change, for instance. [...] There is a huge amount of financing going into climate change. And yet, many of the lessons of aid effectiveness are not being learned, because it is a different type of community. (Fyson, S., personal communication, January 17, 2011)

In contrast to the DAC's indirect engagement with domestic politics through advice and support for bilateral aid officials, experts, and policymakers, the DAC takes a more direct strategy in linking the aid effectiveness discourse with political dialogues on climate finance. For example, the DAC actively established dialogue with the transnational community of experts centred around the UN Framework Convention on Climate Change (UNFCCC):

In UNFCCC discussions, aid effectiveness is very... well, it's a struggle to get the Paris Declaration or the Accra Agenda mentioned in these particular arenas.

There is a real disconnect between climate-change financing people and aid effectiveness practitioners. So what we've done is bring the two communities together, for the first time in Malawi. Then, the UNDP, through its Bangkok office, organized a series of consultations in different countries mainly in Asia. And we came up with this Bangkok Call for Action<sup>21</sup>, which is kind of a commitment around how to use the aid effectiveness principle for climate-change financing. (Fyson, S., personal communication, January 17, 2011)

Potential benefits for the DAC as institution from expanding the aid effectiveness discourse are largely hypothetical at this point. Evidently, the 2010 Bangkok Call for Action and the debates on applying aid effectiveness principles to international climate finance are comparably recent developments. Nevertheless, the potential scope of the DAC's expert-based authority grows as a shared understanding of aid effectiveness extends to new policymakers. As Barnett and Finnemore (2004) observe on the IMF's expertise-based authority, "[p]ersuasion and education of this kind depend on reducing information asymmetries, not exploiting them, to exercise power" (p. 48). Also analogous to observations at the IMF, staff at the DAC sees their recommendations as objectively warranted and the aid effectiveness principles as objective improvement, not just for ODA, but all international monetary transfers for achieving shared objectives or safeguarding global public goods.

### **5.3.2. Monitoring and Measuring**

The 2005 Paris Declaration (PD) is the keystone document for the aid effectiveness agenda. One pivotal feature, which sets the PD apart from other

---

<sup>21</sup> Bangkok Call for Action: <http://www.oecd.org/dac/environmentanddevelopment/46517810.pdf> (Accessed 26 April 2014)

documents on aid effectiveness and affords it such a prominent place in the aid effectiveness discourse, are the PD's 12 progress indicators "to be measured nationally and monitored internationally" (OECD 2005). Adopted, along with the PD, by the signatories, these indicators and the targets set for 2010 have since been the basis for the DAC's monitoring of reform progress.

I absolutely think of that as the difference between the Paris Declaration and a lot of other wordy declarations. It did have twelve targets, which were monitorable and it had good indicators developed. (Hammond, B., personal communication, May 6, 2011)

Ironically, many experts regard the indicators to be methodologically weak. Yet the value of these indicators is not entirely in their technical quality, but in the monitoring routine they launched. As one interviewee told me, "at least it gave the Paris Declaration something to do, to monitor something". Unlike peer reviews, which are used throughout the OECD, the system of monitoring the Paris indicators is unique to the DAC. It was created, partly, as an alternative to the peer review process for the WP-EFF's expanded development partnership.

So, yes, there is this possibility of the peer reviews being used by reformers to help the reform. But that is among donor countries. The spirit of the working party [on aid effectiveness] was a bit different. [...] The originality was that we opened this group of participants and it became an international partnership with 80 members or partner countries and donors. You cannot have the same kind of specific and detailed evaluation of each member as we have with the peer review mechanism. This is why we have this system of the [Paris] Declaration with indicators and the monitoring system, which is

methodologically weak. (de Milly, H., personal communication, April 14, 2011)

Yet even if the resulting progress indicators and the system for their monitoring were unintentional, the actual multilateral monitoring of the PD in the 2006, 2008, and the final 2011 surveys on the Paris Declaration (see OECD 2011a) greatly contributed to the widespread diffusion of the aid effectiveness agenda among policymakers. Compared to established OECD practices, especially the peer reviews, the PD's progress indicators and its system of national measurement for a multilateral monitoring have two distinct advantages. First, they established a shared, common set of goals for signatories of the PD to work towards through their reforms of foreign aid. Second, the actual monitoring surveys led to distribution of questionnaires throughout the aid agencies and government bureaucracies concerned with foreign aid. The monitoring of the PD thus allowed the pursuit and establishment of a far more universal agenda compared to the selective and often country-specific focus of OECD peer reviews. It permeated the donors' aid bureaucracies and systems far more thoroughly than the limited interviews and investigation of a peer review ever could.

First, the success of the DAC in getting donors to agree on measurable targets and indicators for the aid effectiveness agenda was, to a large degree, only possible because the whole effort was a joint aim that transcended boundaries and responsibilities of individual states. Even though this is, in no small part, a result of concessions to countries (especially the USA, according to my interviewees) that were unwilling or unable to sign up to individual, bilateral targets, it does little to stop assessment of the performance of signatories.

In particular, the Paris targets were collective. Therefore, some donor countries said “oh yeah”, we like that target. They are not individual targets for us. [...] They were not taken to be something that applies country by country, institution by institution. That said, it is of course not difficult to understand what the position is of country X or country Y vis-à-vis each collective target. Are they ahead or behind average? Have they made more or less progress? (Hammond, B., personal communication, May 6, 2011)

The DAC was not primarily striving to reform the foreign aid policies and systems of individual donors. Rather, DAC staff mostly see their efforts as a contribution to reforming the transnational institutional architecture for foreign aid, which could deliver more effective development results by transcending bilateral interests and diverging bureaucratic path dependencies. As noted earlier, the DAC’s self-perception remains firmly rooted in the notion of a common aid effort. This common aid effort runs through the concept of the “burden-sharing” of aid distilled from the bipolarity of global politics during the Cold War through to the 1990s effort. It reconstructs aid as an instrument to secure, as Richard Carey, author of *Shaping the 21<sup>st</sup> Century* and former DAC chair, called it, “global public goods” (personal communication, March 17, 2011). Within this common aid effort, the DAC enjoys a central function in foreign aid policy, far more so than the OECD does in other policy fields, such as education or health policy. In these fields, the OECD has, at best, a supplementary role in helping policymakers achieve better results. In the case of aid effectiveness, the DAC itself is instrumental in achieving better results.

Second, the widespread distribution of questionnaires through national agencies and bureaucracies concerned with foreign aid, as a means of assessing the progress

on the PD “measured nationally and monitored internationally”, helped to create a much more homogenous pool of knowledge and expectations regarding the aid effectiveness agenda. The reforms recommended by a peer review could – and often are – subject to the unique challenges of a country and tailored to the needs of a particular government. In contrast, the monitoring of the PD creates a far more standardised assessment. A rationale for this lies in the intent of the DAC to assess individual country reforms, as well as to monitor a given country’s individual reform efforts with respect to the multilateral, common effort to reform global aid governance as a whole. The result is a more pervasive diffusion of the aid effectiveness idea throughout the community of people working in the institutions of foreign aid in the DAC member states.

### **5.3.3. Facilitating the Position of Aid-Receiving Countries**

This ideational agency of the DAC is not limited to facilitating discussions of foreign aid among experts and policymakers. In the years after the signing of the Paris Declaration, the DAC increasingly found a role assisting with the implementation of aid effectiveness reforms and in serving as an impartial broker:

[The advantage of] the secretariat and the working party [WB-EFF] is that we can be seen as a broker, as an honest broker if you will in this process, because we are not a donor. We don’t provide any aid to these countries, only represent a community that is broad based. (Fyson, S., personal communication, January 17, 2011)

If diffusing aid effectiveness principles among policymakers in donor countries addresses the “supply-side” of foreign aid – the question of what foreign aid policy

should try to achieve – the efforts of the DAC to bring in and represent aid-receiving countries deal with a “demand-side” of foreign aid. They forge and strengthen complementary and congruent expectations among aid recipients and, crucially, aid agency staff in the field on how effective aid should be implemented. They also strengthen the DAC’s position in aid effectiveness discourses from one of mainly “expert authority” to one imbued with elements of “moral authority” (Clegg 2010, p. 477), representing the interests of aid recipients vis-à-vis the DAC donor states. From a perspective of mechanisms, the DAC expanded its repertoire of traditional knowledge-based mechanism with forms of persuasion that include “both something akin to communicative action AND something more normatively coercive, entailing shaming” (Johnston 2001, p. 13).

This most closely resembles the DAC’s innovation, in acting as an ideational artist, when it advocates a development partnership. This sort of (ultimately global) development partnership is the DAC’s most visible departure from its established, traditional role as an exclusive forum for its members. It is also the most incisive departure by the DAC as ideational agency from its traditional work with policymakers in DAC member states, as it approaches aid recipients and aid agency staff in the field. Both innovations are related to the idea of a development partnership and both extend the authority of the DAC and the WP-EFF. Conversely, they are also the reasons why alternatives are sometimes considered that would detach the WP-EFF from the institution of the OECD DAC (see Glennie 2011).

Two brief examples illustrate the work and internal changes of the DAC and the WP-EFF. First is a series of workshops run by the DAC in ODA-receiving countries. Their aim is to establish a greater, shared understanding of key concepts in the aid effectiveness agenda. Second are organisational changes within the WP-EFF that



seek to create space for discussions and concerted opinions by aid receiving states in the policy discourses on foreign aid.

The DAC's aid effectiveness workshops and seminars in aid-receiving countries, address aid effectiveness at the level of policy implementation, not policymaking. Compared to the DAC's core activities, these regional workshops are relatively minor, limited to approximately a handful a year<sup>22</sup>. They are noteworthy, as implementation of policy ideas into practice can change things in many ways, especially if implemented by a multitude of organisations and countries:

When we act to implement a policy, we change it [...]. Implementation will always be evolutionary; it will inevitably reformulate as well as carry out policy. (Majone and Wildavsky 1984 p. 177, 179-180; quoted in Freeman, 2009, p. 431)

It illustrates how the DAC and the WP-EFF are “constantly operationalising ideas which are already in demand among member states and by helping member states to concretely implement diffuse ideas” (Marcussen 2001, p. 3). As noted, reducing information asymmetries and establishing a shared body of pertinent knowledge and expectations is a crucial aspect of the DAC's engagement:

The other big change has been to make much more use of regional workshops on all the topics on aid effectiveness. They [DAC staff] issue these workshops on procurement, on public financial management, on fragile states, etc... . All these are happening in the developing world. So that gives more pertinence to

---

<sup>22</sup> A precise quantification is difficult, as there is no standard format. Some regional workshops, such as the 2007 Latin American and Caribbean Regional Workshop on Harmonisation and Alignment, address aid effectiveness topics very explicitly. Others, such as the more recent 2012/2013 series of African Regional Workshops on Green Growth and African Development Bank Partnership focus on different topics (e.g. green growth), with the DAC managing only part of the programme.

dialogue. It is not happening in Paris. It is actually happening in these countries. (Hammond, B., personal communication, May 6, 2011)

These workshops by the WP-EFF go beyond education on relevant specialist subjects. Within the respective topic areas, they contribute to bringing the implementation of foreign aid policy in line with the principles of aid effectiveness. The following is a topical example of the WP-EFF's work on the subject of the use of country systems, as encouraged by the PD:

Ghana, for instance, had a problem with country systems in the sense that the last survey showed that it had increased quality of its systems, but donors reduced the use of these systems by 10%. There wasn't a correlation between, as put in the survey, 'strengthening of country systems and their use by donors'. And there was a problem in the country with donors not necessarily coordinating with the government on these issues. So, what the working party [WP-EFF] did is we organized a dialogue with the government to look at what they thought were the main blockages when it came to using country systems. And then we organized a similar dialogue with the partners – the local donor representatives in Ghana. (Fyson, S., personal communication, January 17, 2011)

As ideational agency, the DAC thus reaches beyond a function as consultative forum. With these workshops, it takes an active hand in translating the agenda into implementation.

The second aspect of the work and internal changes of the DAC and the WP-EFF encompasses the changes designed to give aid-receiving countries a better institutional voice. These seek to ensure representation from all sides in a

development partnership in the institutional architecture for aid policy debates on the DAC and WP-EFF:

So the donor stakeholders were well represented in the process [of drafting the Paris Declaration]. I am not sure about the developing countries. They were not as well represented certainly in setting the targets. But they have been more and more vocal indeed since Paris. Their participation in the structure and the monitoring has increased. They have parity of numbers. So their views are being much more listened to. (Hammond, B., personal communication, May 6, 2011)

The recent restructuring of the WP-EFF has the explicit objective “to move [it] from a working party to the international partnership of aid effectiveness”<sup>23</sup>. This includes creating of a member category for states receiving ODA, as well as a category for states that are both donors and recipients of aid. For the process leading up to the fourth High Level Forum on aid effectiveness in Busan, Korea in November 2011, specific focus groups were created that would be chaired by a DAC co-chair from an aid-receiving country (at the time Egyptian economist Talaat Abdel-Malek). They explicitly meet without the involvement of donors.

They [meetings of the focus group] are facilitated in the sense that we [WP-EFF] get them a meeting and then we make sure that they meet. We invite them to the meeting, but we do not attend the meeting, because it is entirely for partner countries. We are not actually in the room. (Fyson, S., personal communication, January 17, 2011)

---

<sup>23</sup> [www.oecd.org/document/23/0,3746,en\\_2649\\_3236398\\_43415127\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/23/0,3746,en_2649_3236398_43415127_1_1_1_1,00.html) (Accessed 10 April 2014)

In line with the development partnership, this ideational innovation implies a new, changed role for the DAC, acting increasingly as honest broker between donors and aid recipients. This extends the role of the DAC beyond serving as a consultative forum, a role more similar to the functions commonly associated with the OECD. The DAC's efforts support this new institutional role in two ways. First they reduce information asymmetries among different stakeholders involved in the aid effectiveness discourse. This agrees with observations by Barnett and Finnemore (2004) on IOs' authority through expertise. This aids the social construction aspect of the aid effectiveness agenda in that an increasingly large audience operates on its shared assumptions and terminology. Second, and perhaps more notably, the DAC's efforts create complementary expectations in aid-receiving countries and aid agency staff regarding how foreign aid is delivered. This second aspect has made the aid effectiveness agenda an increasingly relevant instrument to help aid-receiving countries manage their relationships with donor states in the international politics associated with foreign aid.

#### **5.4. Chapter 5 Conclusion**

The aim of this case study is to trace the aid effectiveness agenda from its origins and genesis to its eventual diffusion and cascade in transnational policy discourses on foreign aid, making it an authoritative policy paradigm. The aid effectiveness agenda thereby constitutes a significant shift in line with John L. Campbell's assessment that:

[...] it comprises a wholesale shift in policymakers' perception and understandings of the problems they confront and the solutions available. In

turn, this entails significant shifts in assumptions regarding the instruments and settings that they prefer and believe to be appropriate. As a result, paradigm shifts constitute a new policy-making logic. (Campbell 2004, p. 48)

Chapter 4 provides a descriptive illustration of the changes in foreign aid that reflect the provisions of the aid effectiveness agenda. This case study then presents evidence for the hypothesis that aid effectiveness needs to be considered as a policy paradigm that is integral to global aid politics. In both content and implication, the aid effectiveness agenda is tied closely to the institutional history and eventual crisis of the OECD DAC as well as to its resulting ideational artistry and agency. The emergence of the agenda as a functional policy paradigm is thus shown to be an example of the sort of process that Finnemore and Sikkink have famously termed a “strategic social construction, in which actors strategize rationally to reconfigure preferences, identities, or social context” (1998 p. 888).

In considering the above, one should nevertheless not conclude that the aid effectiveness agenda, the PD with its principles, or any other part of this evolving discourse is a mere cynical self-service without any grounding or substance. Evidence and support certainly exist for many of the provisions of the PD. Indeed, as noted, its principles and prescriptions have their roots in research and debates that precede the PD and the aid effectiveness agenda. Similarly, none of the persons I interviewed in the course of my research, especially at the DAC, questioned the potential benefits and gains that might ideally be realised with aid effectiveness in general. When doubts were raised, they most often revolved around fears that the current aid effectiveness agenda is not extensive or comprehensive enough to realise its ambitions.

However, as the main argument of this thesis asserts, a “good idea” on its own does not sufficiently explain such a reconfiguration of preferences, identities, or social context. A pivotal cause of successful social construction is, in the words of Finnemore and Sikkink (1998), the rational strategising of actors – or, as the case presented here suggests, a combination of critical factors that allow actors to strategise successfully in their rational interests. In the case of the OECD DAC and the aid effectiveness agenda, there were several critical factors. First, there was the opportunity for incisive change in a path-dependent IO in times of crisis. Second was the successful ideational artistry that combines existing narratives and topical ideas in ways that meet the prevailing problems and demands of the time. Third were the capacities and mechanisms for an authoritative, active agency for policy ideas and paradigms. These last factors not only diffuse the paradigm itself, but also diffuse the new paradigm’s implied legitimate role and function as the ideational agent that thereby “reinvents itself in a new form that fits well to the political context” (Marcussen 2001, p. 17). Thus, in this particular case of the OECD DAC, we find that its crisis of legitimacy called into question the institution’s purpose and function in the global governance of foreign aid. Its efforts as an “ideational artist” reconstructed and redefined its traditional concern as an IO with a common aid effort to the new and changed political landscape of the post-Cold War period. Finally, its ideational agency ensured that its own self-perception, or perhaps self-construction of its legitimate role, became intersubjectively shared among the broader community of foreign aid experts and officials. Through a convergence of interests, the DAC was then supported by its member-base and constituency, which consists, traditionally, of foreign aid donors and, latterly, of foreign aid recipient governments, as well as other stakeholders.

## **Chapter 6 – The World Bank**

Chapter 6 presents the second case study in this thesis. Similar to the case study presented in the previous chapter, this case study traces processes of internal formulation and external advocacy for the aid effectiveness agenda by an International Organisation (IO). In this chapter the World Bank (also “the Bank”).

Chapters 5 and 6 do not present truly independent case studies. Rather, both case studies trace processes, which helped shape the emergence of the aid effectiveness agenda as the framework of ideas and standards that helps define many problems perceived to be in need of political solutions, and even policies considered appropriate to addressing these problems. Doing so, both case studies pursue the research question of this thesis: How did IOs help shape the emergence of the aid effectiveness agenda? They also investigate the context and motives that defined these IOs strategic interest, as well as external and internal limits that constraining them as institutions in their efforts to shape the aid effectiveness agenda. This case study on role of the World Bank in shaping the aid agenda reveals both similarities and differences to the case study on the OECD DAC. Though these are noted in the following, the aim is not to make an argument based on a comparison across cases.

Noteworthy similarities include the inception of key ideas, which would later define the aid effectiveness agenda, (i) within a context of legitimacy crisis and organisational reform, through (ii) a process of internal ideational renewal conceived as a strategy of adaptation to changing external circumstances and expectations, and (iii) the engagement in external ideational agency as a complementary mechanism to (re-)legitimise the role of the institution and function in global affairs. As with the DAC in the previous chapter, the latter often carries elements of ex-post legitimisation for pre-existing activities of the World Bank.

Important differences are (i) the observation that aid effectiveness at the Bank never gained traction in the form of a dedicated institutional body or department, as it did with the DAC's enthusiastic adoption of the paradigm in the OECD. Moreover, the observation that (ii) the Bank's diverse operations in lending, financial services, and technical assistance make it a more full-fledged development and financial institution than the DAC, fundamentally shaping the Bank's perception on aid effectiveness. Finally, that (iii) the Bank's interest to actively drive the aid effectiveness agenda forward appears to have declined sharply in recent years.

This case study is structured in three parts. The first part of this chapter investigates both external, environmental pressures and constraints the World Bank faced in the 1990s and the ideas and efforts for reform it in response to changing geo- and aid politics. Notably, these are the internal reforms and the external advocacy efforts initiated by Sir James David Wolfensohn as ninth president of the Bank between 1995 and 2005. As with the DAC, historical and institutional context defines both the internal germination of aid effectiveness ideas and their external advocacy. The second part focuses on the ideational processes that shaped the World Bank's take on the aid effectiveness agenda. Aid effectiveness, ultimately, became an international agenda, established not least through the Rome (2003), Paris (2005) and Accra HLF (2008), all co-chaired by the DAC and the Bank. Nevertheless, the two institutions emphasised different aspects of the aid effectiveness agenda, especially in the formative years before the agenda spread more widely to become a truly global policy paradigm. Pre-existing narratives and discourses within the Bank and among its staff strongly determined both the Bank's concern with aid effectiveness and the efforts undertaken by the Bank to advocate the agenda. The third part of this case study shifts from an internal perspective to an external



perspective to trace the Bank's evolving relationship with the aid effectiveness agenda, with the core principles of the agenda, with the main stakeholders, with the client countries and, not least, with a broader audience of the international community of foreign aid experts and policy makers. As noted, the Bank's recently cooling relationship with aid effectiveness, as a political agenda, provides a stark contrast to the political engagement of the OECD DAC. Where the DAC's identification with the aid effectiveness agenda has itself become an issue of controversy leading up to the latest HLF in Busan (e.g. Atwood 2011; Glennie 2011), the Bank's involvement with the agenda has, on a level of global governance, notably chilled. Accounting for this divergence is an important focus in the final third part of this chapter.

### **6.1. Crisis and Reform of the World Bank in the 1990s**

Aid effectiveness is not merely an abstract policy idea, but the product of a strategy of social construction pursued by – as argued in this thesis – IOs as they respond to environmental pressures; such as those resulting from historic or political change. As one of the key architect that helped shape the aid effectiveness agenda in its early stages, this is as true for the World Bank as it is for the OECD DAC, even though the Bank is clearly a different kind of organisation. However, like the OECD in general and the OECD DAC specifically, the Bank, as an institution, had to confront a crisis of legitimacy in the 1990s, with both its “moral authority” as politically neutral, unbiased IO, and its “expert authority” (Clegg 2010, p. 477) to deliver development results efficiently and effectively were called into doubt. This crisis, and the Bank's efforts to adapt to it, defined the Bank's approach to aid effectiveness.

Even more so than the OECD, the Bank, throughout its history, was repeatedly forced to adapt to changes to its authorizing environment. In its earliest years, the Bank faced a direct challenge to its post-World War II reconstruction mandate from the Marshall Plan. Decolonization and the surge of newly independent countries in Africa and Asia, which were largely not eligible for loans from the International Bank for Reconstruction and Development (IBRD), led to the creation of the Bank's "soft loan window", the International Development Association (IDA). The repercussions of the 1970s' oil crises on the Bank's client countries proved catalytic for its adoption of "structural adjustment" as a new paradigm for development.

In all these episodes of change, the Bank adapted to new challenges by re-defining its function and mission in foreign aid. Outclassed by the Marshall Plan in the reconstruction of post-World War Europe, it began emphasising its "secondary" mandate for development. Faced with the deep-seated problems of the many newly-independent developing countries in the 1960s, the Bank moved away from a self-conception as a bank, first and foremost, to become a more broad-based development institution. As oil shocks shattered the "implicit assumption of a fairly orderly, linear progression towards greater prosperity – for individual countries and the world" (Marshall 2008, p. 39), the Bank became increasingly concerned with transforming basic economic structures in the countries that were borrowing from the World Bank, and far less focused on financing investment projects.

Like OECD, the 1990s saw the Bank caught up in sweeping geopolitical changes. Facing tough criticisms and direct challenges to its legitimacy, the years surrounding the Bank's golden jubilee in 1994 are considered by scholars and Bank staff alike to be the Bank's most incisive crisis yet. Katherine Marshall quotes an anonymous task force leader saying "the Bank faced a choice between failure to change, leading to

obsolescence and death, and a major revamping that could make it the world's premier development institution" (2008, p. 49). The Bank responded to the crisis with internal reforms and extensive intellectual soul-searching, trying to re-interpret its role for a changed world. Grappling with aid effectiveness was a part (though not all) of the Bank's effort to re-define itself in the global aid architecture after the Cold War. This link is examined in two parts. The first part briefly outlines the World Bank's history as an institution. This provides the basis for an outline of the external environmental changes and the resulting criticisms that the Bank, along with the International Monetary Fund (IMF), had to confront. Though the Bank's crisis in the 1990s was more complex, I highlight three issues that were central to the criticisms voiced at the time and to the subsequent reform efforts by the Bank. They are (i) development results, (ii) a shifting intellectual conception of development and (iii) demands by stakeholders and activists – as a result of its 1990s crisis – for more transparency, accountability and responsiveness from the World Bank.

The second part focuses on initiatives launched to respond to the crisis and to reassert the Bank's role for the 21<sup>st</sup> century. Specifically, I look at two initiatives launched under the Bank's ninth president, James Wolfensohn. These are (a) the 1997 Strategic Compact and (b) the Comprehensive Development Framework (Wolfensohn 1999), which Wolfensohn presented to the Board of Governors in 1998. Though broader in scope than aid effectiveness, these two initiatives emphasised topics that would later define the Bank's vision of aid effectiveness. A third issue, though not entirely of World Bank origin, is the use of poverty reduction strategy papers (PRSP) as a central policy and planning instrument for countries negotiating debt relief and, increasingly, development assistance in general.

### **6.1.1. The World Bank's Post-Cold War Legitimacy Crisis**

The Bank is a multilateral financial institution. It provides financial and technical assistance for economic development and poverty reduction in low- and middle-income countries. Financial support is allocated through low-interest loans and grants, which it provides for a wide range of sectors, including health, education, infrastructure, public administration, financial and private-sector development or agriculture.

The Bank has two main funds, often called lending windows: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). A broader term, “The World Bank Group”, includes these two lending and grant-making activities and three separate entities: the International Finance Corporation (IFC), which provides finance to private companies in the developing world; the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID) (see Ottenhoff 2011). The focus of this thesis rests on the two main windows, the IBRD and the IDA. Specifically, it rests on key aspects of the aid effectiveness debate within the Bank, which includes the discourses on country ownership and poverty reduction strategies, donor coordination and aid harmonization (Eriksson 2001, Thornton, Kolkma and Fostvedt 2010) and highly aid dependent countries with a strong donor presence. These issues usually fall under the purview of the IDA.

The IBRD was established at the Bretton Woods Conference in 1944. It is the “original” World Bank. The IBRD is structured much like a cooperative, which is owned and operated for the benefit of its currently 187 member countries. The IBRD raises most of its capital on capital markets, where it benefits from its excellent

status with credit rating agencies. Profits on commercial lending, plus investment earnings generated by accumulated capital, cover the IBRD's administrative costs. This resulting financial independence of the IBRD "give[s] it flexibility and leeway that many other development institutions lack" (Marshall 2008, p. 4).

The IDA, established in 1960 as subsidised lending window, provides assistance to countries that do not qualify for or cannot afford the conditions of IBRD loans. IDA assistance is often referred to as "soft", as it provides both grants and concessional credits (as opposed to IBRD loans) without interest for periods of up to 35 or 40 years. While the IBRD raises funds on capital markets, the IDA is funded by contributions from donor governments, who convene usually every three years to replenish IDA funds. Additional funds come from the IBRD's income and from repayments of earlier IDA credits. For the period from July 2011 to June 2014, 51 countries contributed a total of US\$ 49.3 billion for IDA's 16<sup>th</sup> replenishment. Today, the IDA serves 81 of the poorest countries, 39 of which are in Africa.

Given these differences, it is evident why aid effectiveness concerns prevail in countries served by the IDA. In these countries, foreign aid more often makes up a significant portion of a country's budget and donors thus often hold a greater amount of political influence. The government's capacities to lead the design and implementation of aid programmes are more likely to be weak. In IBRD client countries, foreign aid tends to be more marginal.

Since 1944 and up until the 1980s, the World Bank – including the IDA since 1960 – has steadily grown in both absolute and real terms. For the IBRD, evolution in lending volumes in the 20<sup>th</sup> century has been divided into three distinct phases by Dilip Ratha (2005). The first phase, beginning with the IBRD's first loan of US\$ 250 million to France in 1944, lasted until FY 1979. It was marked by steady increases in

investment lending. Adjustment lending was introduced in the second phase, which starts in 1980, to address structural balance-of-payments difficulties emerging in many developing countries in the wake of the 1970s' oil crises. The third phase begins in the 1990s, after the resolution of the debt crisis and the end of the Cold War. Dilip Ratha (2005) comments the underlying reasons for these changes:

As governments embraced market economies and embarked on privatization drives, there was a surge of private capital flows to developing countries. In this phase, IBRD lending commitments exhibited volatility around a rather flat trend line. [...] these fluctuations came almost entirely from adjustment loans [...]. (p. 411)

The trend for the IDA is broadly similar. The initial replenishment in 1960 provided US\$ 1.1 billion, including US\$ 900 million from donors and US\$ 210 million transferred from IBRD net income. In subsequent decades, IDA's supply of financial resources increased by about 6% per year in real terms, or about 9.5% in nominal terms. Since IDA6 (FY81-84), resources for IDA have been flat in real terms (World Bank 2007) and declined steeply with IDA11 (FY96-98), largely because China graduated from IDA-eligibility (Moss and Leo 2011). Demand for IBRD loans and IDA replenishments grew steeply again early in the 21<sup>st</sup> century.

The combination of the demand for IBRD loans reaching a plateau and the IDA replenishments stagnating can be seen as a mirror to the 1990s' broad decline of foreign aid (see chapter 5). Catherine Weaver identifies shrinking support and demand for the Bank as the catalyst for its institutional crisis:

Dramatic shifts in the authorizing and task environments in the early 1990s stimulated widespread pressure for reform in the Bank. The most prominent

catalyst came in the form of a shift in the preferences of major donor states regarding their financial support for, and demands on, the Bank. Much of the political rationale for development aid disappeared after the collapse of communism in 1989-91. Domestic budget constraints and waning public support for foreign aid compelled governments to cut back commitments and streamline their multilateral development banks. (2008 p. 143)

Despite the Bank's relative financial independence, stagnating demand and budgets were symptoms of a crisis. More substantive aspects of the crisis were qualitative challenges to its legitimacy and *raison d'être* as the world's premier development institution. One characteristic of the Bank's 1990s crisis was that it was beset by critics from opposing ends of the political spectrum with often irreconcilable or conflicting demands. In 2000, Nancy Birdsall, a former senior Bank staff member, wrote on the occasion of anti-Globalisation and anti-Bank protests:

[T]he World Bank [was] caught in a squeeze [...] Those on the left say that the Bank is a vehicle for globalization that is run by finance and corporate insiders, imposing austerity and "conditionality" [...] that hurts the poor. Those on the right say the Bank is crowding out private lending in middle income countries and using loans to grease the wheels of wasteful and corrupt Government practices (quote in Phillips 2009, p. 36).

This assessment of the Bank's criticism from 2000 holds true for much of the 1990s. Most literature on the Bank's crisis and on its subsequent reform efforts has therefore approached the subject from the predicament of seemingly irreconcilable external demands (Phillips 2009, Pincus and Winters 2002, Ritzen 2005). Catherine Weaver in particular identifies "organized hypocrisy" (2008, p. 34) at the Bank as a

way for the Bank to resolve conflicts between external demands on one hand and its internal institutional configurations on the other.

This thesis argues that the political motives of the Bank's critics are not really what matters. The criticism, in that particular historical context, was sufficient to tarnish the Bank's legitimacy. As a crisis of legitimacy, it is the contents of the criticisms levelled at the Bank, which went to the core of the Bank's legitimacy, which is – as Jacqueline Best describes – attributed from outside on a basis of “perception and belief” (2007, p. 472) for an IOs' authority.

Three criticisms stand out. The first criticism was doubt cast on the Bank's ability to effectively deliver development results commensurate with the resources it invests. The second consisted of challenges to the World Bank's (and the IMF's) intellectual leadership on development issues by broad shifts in development (policy) thinking in the 1990s. The third took the form of public protests against the Bank during the 1990s which cast severe doubts on the Bank's motives and on its accountability for its actions; its “moral authority” (Clegg 2010, p. 477) as apolitical expert bureaucracy. These criticisms directly challenged core aspects of the Bank's (self-) perception and legitimacy as an effective, expertise-based and impartial, technocratic, accountable global bureaucracy. I discuss each of these in turn.

***Development Results:*** A perception that foreign aid was not producing the hoped-for development results, along with the problem of (easily) demonstrating the outcomes of foreign aid, became key issues in the 1990s. This was amplified by critical studies from the Bank itself, including task force report known as Wapenhans Report (1992) leaked to the public in 1992. Catherine Weaver (2008) explains.



The report uncovered shocking statistics regarding the effectiveness of the Bank's programs. Specifically, the number of projects judged unsatisfactory at completion had jumped from 15 percent in 1981 to 37.5 percent in 1991. The share of projects with major problems had grown to 20 percent in 1991. Moreover, borrowers' compliance with conditionality agreements reached an all-time low, with only 22 percent of all legal agreements fulfilled in 1991. (p. 147)

As early as 1992, the Wapenhans Report highlights problems in the performance of World Bank projects and the Bank's use of conditionalities. It also draws attention to the importance of stakeholder participation and country ownership as prerequisites for successful aid projects. After being leaked to the public, the negative, self-critical diagnoses found within the Wapenhans Report were widely publicised and become – as remembered by Kapur, Lewis and Webb (1997) – part of the criticisms levelled against the Bank as it approached its 50<sup>th</sup> anniversary:

The approach of the Bank's fiftieth anniversary raised its profile rather awkwardly. [...]. "Fifty years is enough" became a rather shrill theme. [...] And the World Bank [...] was given little credit for self-criticism. The press lionized the negative findings of the report of the task group on portfolio management in 1993. (1997, p. 33)

While the Bank's 1994 jubilee marked the height of the Bank's crisis in public, concerns about its performance lingered. A 1996 report by the U.S. Government Accountability Office (GAO) argues that the Bank continually misdirected aid away from the countries that were most in need, promoted loans based on poor analysis and did not take enough effort, during implementation, to resolve problems. In 2000, the International Financial Institution Advisory Commission of the U.S. Congress,

chaired by Allan H. Meltzer, published a report known as the Meltzer Report (2000). It also was highly critical of the Bank's performance.

A further side to the contentious issue of results from foreign aid was the widespread perception that the Bank itself was a bloated, overstaffed institution. Though such assessments of massive bureaucratic waste at the Bank – at least in this severity - do not always hold up to closer scrutiny (cp. Phillips 2009, p. 34), the perception was clearly there: “More stakeholders starting asking: Is their money well spent? Was the Bank delivering ‘value for money’?” (Phillips, T., personal communication, October 24, 2011)

In summary, legitimacy from outcomes (Best 2007, Bodansky 1999) became far more crucial for the Bank (and foreign aid in general) after the end of the Cold War. Delivering results became a more central concern for the Bank's staff and leadership, just as internal and external scrutiny cast severe doubt on the Bank's ability to deliver results.

***Intellectual Leadership:*** The Bank's extensive 1997 reform, the Strategic Compact (see below), was launched because “the development paradigm was shifting, and the Bank risked losing its leadership role” (World Bank 2001, p. 1). As noted in chapter 5, development policy discourses were shaped by a new appreciation with institutions, governance and democratisation, a greater focus on transnational and global problems and – more specific to the Bank than the DAC – the importance of increasingly liberalised global capital markets.

The transition of countries emerging from the end of the Soviet Union (Stiglitz 1999, p. 577), many joining the Bank, and the concern at the time with democratisation (Huntington 1991; Fukuyama 1992) gave centre-stage to institutions

and governance in development thinking. Its most zealous critics increasingly saw the World Bank on the wrong side of a “Markets vs. Democracy” divide (Danaher 2002). A calmer, but no less vexing, conundrum was raised by studies linking the “success” of foreign aid with good policies and governance, just as studies following the Wapenhans Report cast doubt on the ability of conditionalities to induce just these sorts of favourable conditions from the outside (Dollar and Pritchett 1998). There was an acute sense of “failure of aid given to dictators in the 1980s” (Dethier, Jean-Jacques, personal communication, October 24, 2011) in the Bank, along with demand for greater aid selectivity (Dollar and Levin 2006).

Development discourses also shifted to topics such as environmental sustainability, population growth, migration, nuclear proliferation and fragile states. “Global public goods” became a much-debated concept at the Bank, as it did with the DAC (e.g. OECD 1996b). Despite this, topics such as environmental protection made only slow headway in the Bank initially (see Rich 1994). Other global institutions, notably the UN, were more visible and active in addressing these topics.

Finally, the 1990s saw great increases in foreign direct investments (FDI) to emerging markets and developing countries following a liberalization of capital markets:

FDI is possibly the strongest factor in contributing to development [...] in the 1990s. By the end of the decade, FDI has reached a level of at least five times the flow of Official Development Assistance to poor and middle-income countries. (Ritzen 2005, p. 77)

In many ways, this vindicated the emphasis placed (not least by the World Bank) on liberalization and free markets in development during the 1980s. Yet critics of the

Bank also made the intuitive case that the Bank was then no longer needed to provide capital or facilitate foreign investment (Weaver 2008, p. 145), since countries eligible for IBRD loans increasingly benefitted from unprecedented access to capital markets. Along with the Bank's new emphasis on combating poverty, this is likely a factor in what Devesh Kapur calls a "creeping constitutional coup" (2003, p. 8), which sidelines the IBRD in favour of the IDA.

In summary, the intellectual climate in foreign aid was shifting rapidly in the 1990s. An extensive literature scrutinises the Bank's organisational culture (e.g. Weaver 2008) and its bias for neoclassical economics (Stiglitz 1999). In many ways, the Bank's strong focus in this area turned out to be a handicap for agilely incorporating new policy agendas such as governance (Miller-Adams 1999). It thus lost some of its analytical and intellectual "edge" in international development, just as the Bank's traditional strength in financial assistance as a defining feature was rapidly declining in importance to many of the Bank's client countries.

***Accountability and Responsiveness:*** Many of the above criticisms converged in public criticisms of the Bank by Civil Society Organisations and protest movements, most of which made efforts to influence the Bank's authorizing political environment; i.e. the (constituents of the) governments on the Bank's board. The vocal group<sup>24</sup> dedicated to *50 Years is Enough* (Danaher 1994), as the Bretton Woods Institutions approached their fiftieth anniversary in 1994, is likely the best known, representing "a view among certain groups that these institutions [World Bank and IMF] had done at least as much or more harm than good" (Stiglitz 1999, p. 577). Their arguments extended beyond the above criticisms, which saw the Bank as

---

<sup>24</sup> A loose alliance of Northern NGOs led informally (at least for the highly critical groups) by the San Francisco-based Global Exchange, founded by anti-globalisation activist Kevin Danaher (and others) in 1988.

ineffective or irrelevant. Rather, these groups argued that the existence and work of the BWI itself was harmful, possibly malicious in intent. Though *50 Years is Enough* faded from the public after 1994, it is still remembered by members of the Bank's staff. Many of my interviewees named it as the mark and the peak of the Bank's crisis, as well as being an important trigger for the Bank's efforts to reform. Three main themes ran through *50 years is Enough* and its contemporaries.

A first a common claim was that the World Bank and its staff were out of touch with the realities and causes of poverty in poor countries. Living in Washington, they allegedly visit client countries on missions in an insulated bubble of luxurious flights, hotels and conference centres, and readily fall victim to the biased perception of client countries through their often exclusive contact with ministers, senior civil servants and the countries' ruling elite. Whether accurate or not, the unflattering picture stuck, expediting later efforts to decentralise more of the Bank operations to the field. These criticisms also were a backdrop for efforts to encourage more participatory mechanisms for planning and programming foreign aid.

A second prominent claim was that – by design or as a consequence of the Bank's biased access and approach to client countries and their ruling elite – its work effectively represses democratisation and perpetuates established power relations. Adjustment loans and conditionalities were often criticised for this (e.g. Danaher 1994, p. 4). Structural adjustment programmes were also an inviting target. The (early) adjustment loans often The Bank's stabilization and structural adjustment programmes were thus accused of aggravating the problems of poverty in many countries, rather than solving them (Budhoo 1994, p. 20). Structural adjustment, as a term, quickly became a near-synonym for failed and even harmful foreign aid interventions (Cling, Razafindrakoto and Roubaud 2002).

Finally, the World Bank was portrayed as an instrument for perpetuating global dependency and inequality. Laced with concepts of world systems (Wallerstein 1974, Shannon 1996) and dependency theory (Ferraro 2008, p. 58-64), these literally accusations saw the Bank working at a cross-purpose with its mission of lifting people out of poverty. In addition, they portrayed the Bank as contrary to the idea of aid assistance for developing states of – in world systems theory analogy – the “periphery” to catch up with the industrialised countries of the “core”. In this reading, the IMF and the Bank not only imposed costs on the poor and vulnerable in developing countries, but did so to “bail out” U.S. and European banks or investors, who “recycled” surplus petrodollars in emerging and developing countries.

#### **6.1.2. World Bank Reform during Wolfensohn’s Presidency**

The World Bank in the 1990s faced a crisis of legitimacy, manifested in challenges to the Bank’s (i) efficiency and effectiveness in producing outcomes; (ii) its specialised expertise as the basis of rational, technocratic decision-making; and (iii) its political impartiality. The Bank responded with internal reform efforts and with re-thinking its role and function as a key element of the global financial architecture, and of foreign aid in particular.

Exemplary for these efforts were the 1997 Strategic Compact (hereafter the Compact) and the 1998 Comprehensive Development Framework (CDF). Both were launched on the initiative of James D. Wolfensohn during presidency of the Bank from 1995 to 2005. Though there is a danger of drastically oversimplifying a decade of institutional changes by casting it through these two initiatives, the Compact and CDF are iconic for the issues and debates pervading the Bank in the 1990s. They are

exceedingly well-researched initiatives (e.g. Phillips 2009, Pincus and Winters 2002, Ritzen 2005, Weaver 2008). They exemplify the topics and discourses that formed the backdrop for the Bank's approach to aid effectiveness.

The Compact encapsulates many ideas for internal change that prepared the way for a more emphatic concern with aid effectiveness issues. These include, among others, efforts to decentralise the Bank's hierarchy, emphasis on country ownership and broad stakeholder-consultation in the design of country strategies, as well as support for a more "result-based" working culture among Bank staff.

Despite being initially drafted by Wolfensohn on his own, the CDF in contrast epitomises key aspects of the Bank's externally oriented, post-Cold War vision for development cooperation. Notably, it identifies the two issues of "poverty alleviation and development effectiveness" (Wolfensohn 1999, p. 2) as key concerns. For the former, it aims to marry macroeconomic concerns as the BWIs' traditional focus with "structural, social and human aspects" (1999, p. 3). For the latter, the CDF highlights demand for donor coordination and country owner- and leadership, both key principles of the later aid effectiveness agenda.

A third building block was poverty reduction strategy papers (PRSP). PSRPs had initially less grounding within the Bank itself, but were an instrument advocated in the context of campaigns calling for debt relief for highly indebted poor countries (HIPC). PRSPs eventually became a mechanism adopted by the Bank, which it used to translate the new and still largely theoretic emphasis on ownership, partnerships and donor coordination into standardised operational working processes.

*The Strategic Compact*, launched in 1997, was a response addressing many of the above criticisms through comprehensive reform of the Bank itself. Its aim was

“fundamentally transformed institution – quicker, less bureaucratic, more able to respond continuously to changing client demands and global development opportunities, and more effective in achieving its main mission – reducing poverty. (World Bank 1997, p 1)

Even within the Bank, the Strategic Compact was seen “as a response to the diagnosis that the institution was under substantial stress and in possible decline” (World Bank 2001, p. 1). ‘Effectiveness’ is a key term found throughout the Compact, which itself carried the sub-title *Renewing the Bank’s Effectiveness to Fight Poverty* (World Bank 1997, p. 1). Originally budgeted at US\$ 400 million, the final costs for the reform amounted to about US\$ 576 million for the entire 30-month reform initiative (Xu and Weller 2009, p. 88). Scope and urgency of the Compact demonstrates how important the need for a thorough re-imagining of the Bank as an organisation was to the Bank’s leadership and stakeholders.

The Strategic Compact was divided into four pillars known as (1) refuelling current business activities of the Bank; (2) refocusing the development agenda; (3) retooling the Bank’s knowledge base; and (4) revamping institutional capabilities.

At the heart of the Compact were a decentralization of staff and a shift of decision-making away from Washington DC to the Bank’s offices in client countries, most notably relocating most of the Bank’s country managers. Under labels such as ‘client responsiveness’ and ‘shifting resources to the front-line’, the Bank’s organisation was reformed to be more responsive to priorities of its client countries. Moreover, the second and fourth pillar of the Compact represented efforts by the Bank to hire staff, build expertise and develop products and services in the new thematic areas dominating the development agenda in the 1990s, including “social dimensions of sustainable development, financial sector development, Africa



capacity building and anti-corruption” (World Bank 2001c). The Bank responded to “the environmental lobby” (Phillips 2009, p. 26), the new focus on institutions in development thinking, and to criticisms of its neglect of the social aspects of poverty reduction. The Compact’s third pillar urged the Bank to truly become a ‘knowledge bank’ – which is itself a reaction by the Bank to its declining role, relative to global capital markets, in financing investments. Training programmes were expanded and a “knowledge-sharing infrastructure” (World Bank 2001c) set up to create and share knowledge with expert communities outside the Bank. A later, iconic initiative for this was the Global Development Network. Moreover, efforts were made to improve evaluations and to consolidate the Bank’s varied activities, while simultaneously offering expertise and services for a growing portfolio of topics.

In conclusion, there are clear link between key criticisms directed at the Bank in the 1990s and the Compact’s emphases for reform. They are readily apparent even in internal Bank documents, and the Bank reacted very consciously to its legitimacy crisis. Scholars such as Catherine Weaver (2008) perceptively emphasise the contradictory aims of the Compact, which she sees as result of an “external goal incongruence” of the Bank’s various critics, to stress this very nature of the Compact as a response to exogenous demands:

The reform [...] produced mixed results because it adopted contradictory goals.

This was a result of divergent environment pressures and the preferences of external actors upon whom the Bank depends for critical resources and conferred legitimacy (p. 172)

There are certainly contradictions in the Compact, especially if assessed purely as a reaction by the Bank to the changing political interests of the Bank’s stakeholders. Yet, the Compact was not only a passive response. It was an offensive move, which

succeeded, not least, in acquiring several hundred million dollars for technology (such as video conference infrastructure to link the Bank's HQ with the newly empowered country offices), staff training and administrative costs in a period of foreign aid austerity and widespread criticism of the Bank. The Compact, in many ways, truly was a deal presented to the Bank's largely sceptical board, promising a 'new Bank' in return for a sizeable investment. For this, emphasis was placed on 'client orientation' – in the language of corporate reform – or broader “partnerships for development” (World Bank 1998), as it became known in foreign aid – as a precondition for “Renewing the Bank's Effectiveness to Fight Poverty” (World Bank 1997). On paper, the partnership idea reconciles any “external goal incongruence” (Weaver 2008) by stakeholders insofar as it claims to improve efficiency and effectiveness of Bank operations (and, in theory, foreign aid in general) through emphasis on responsiveness and country ownership. The Compact, though oriented inwards, incorporating elements of a “strategic social construction” (Finnemore and Sikkink 1998, p. 888), which was subsequently elaborated and refined in the Bank's more outward-oriented work, including the CDF.

*The Comprehensive Development Framework* (CDF) is one of the stranger documents from the World Bank's history. Written, as noted by Wolfensohn's biographer Mallaby (2005), by Wolfensohn himself in his winter retreat, the CDF (initially 'New Development Framework') was hardly a 'Bank product' at all. The circulation of 'Wolfensohn's CDF' within the World Bank's senior staff and the political community raised consternation and, according to Mallaby, even near-revolt within the institution, both for the in parts self-aggrandizing tone of the document and for its failure to acknowledge prior incarnations of several core ideas, which

blended Wolfensohn's "own instincts with the intellectual fashions of the moment" (Mallaby 2005, p. 234).

Nonetheless, the CDF highlights key issues of policy discourses on foreign aid at the time. It calls for countries to take charge of their own development and to set their own priorities. It calls for breaking with imposed conditionalities, whose effectiveness had been refuted by studies building on the Wapenhans Report (e.g. Collier 1997; Dollar and Pritchett 1998). It stresses the pivotal role of governance and institutions for development and emphasises transparency and "accountability for performance" (Wolfensohn 1999). For the latter, it proposes a two-way aid partnership of donors and recipients (similar to *Shaping the 21<sup>st</sup> Century* (OECD 1996) and the Bank's own *Partnership Initiative* [World Bank 1998]). The CDF discusses aid coordination as a central concern. For this, Wolfensohn again drew on the idea of a 'management matrix', except now applied on a country-wide scale to encompass all donors and stakeholders, with the aim of creating an overview of what all donors in a given recipient country are doing "to create real chances of achieving longer term targets in an effective and accountable manner" (Gulrajani 2007, p. 53).

More than previous concept papers, the CDF gave unprecedented profile to these issues, not least because of Wolfensohn's own empathic lobbying for the framework. As a later review of the CDF notes, "While the [CDF's] principles are not new, bringing them together as a unified concept and championing the package as important to the global development community is an important innovation" (Elliot, Eriksson and Fostvedt 2003).

As an indicator of the changes that were afoot in the Bank, the CDF is arguably even more important than the Strategic Compact. The Compact takes on many, if not most of the aforementioned criticisms that were directed at the Bank at the time.

Doing so, however, the Compact largely starts from the assumption of a dysfunctional World Bank and promises to “deliver a fundamentally improved institution in the future” (World Bank 1997). The CDF, in contrast, starts from the assumption of a systemic dysfunction of the global foreign aid architecture in its entirety. For this, the CDF draws strongly on the budding consensus that the way foreign aid is delivered and implemented, not just its volume, determine the effectiveness of foreign aid. The CDF commends the World Bank, as a successfully reformed institution “that is results-based and not volume- or procedure-based” (Wolfensohn 1999), for a special role and as a guiding example for the proposed reforms to the global aid architecture more broadly. This narrative shift is an underappreciated innovation of the CDF. A few years earlier, the World Bank was widely criticised as exemplary of a dysfunctional aid system, offering reforms such as the Compact to improve itself. With the CDF, the Bank now presented itself as a dynamically reforming institution, whose experiences offer intellectual leadership on the question of how to tackle the systemic dysfunctions of the aid system as a whole.

Despite internal and external controversies surrounding the introduction of the CDF, it rapidly became a key reference for the Bank’s conceptual work on country-led partnerships, aid coordination, harmonization of procedures and result-oriented management (e.g. World Bank 1999; 2002a; 2002b). For the years, the World Bank treated the CDF as a near-synonym for an emerging development consensus, which emphasised partnership, country ownership and participation (Gulrajani 2007, p. 52).

However, the CDF lacked operational guidance or even broad indicators providing direction as those later included in the PD. As a consequence, the various

‘CDF pilots’<sup>25</sup>, initiated within months of the CDF and on the back of the Bank’s newly decentralised organisational structure, still in flux after the Strategic Compact, gave entrepreneurial Bank staff in countries such as Vietnam, Bolivia (Gulrajani 2007), Uganda (Mallaby 2005, p. 207-231) and the Kyrgyz Republic (Jacobs 2005) unprecedented leave to test different approaches to this new aid paradigm in different countries. The CDF pilots thus became experimental laboratories for key tenets of the future aid effectiveness paradigm, long before aid effectiveness had developed into a broader policy agenda. The CDF pilots were also heavily discussed by various multilateral agencies in the Working Party on Donor Practices, coordinated by the DAC (World Bank 2000). Two topics raised from CDF pilots were (a) transaction costs of foreign aid in the absence of working donor coordination and (b) the need for harmonizing the operational procedures, such as procurement, of aid institutions.

Despite the incisive role the CDF played in pioneering concepts such as donor coordination (to reduce transaction costs) and harmonization within the World Bank and beyond, references to the CDF are increasingly missing in the Bank’s recent work on aid effectiveness (for an exception see Wood et al. 2011, p. 2). Many concepts covered by the CDF – such as development partnerships and managing aid for development results – were later subsumed in the aid effectiveness agenda. The CDF as a frame of reference for aid policy eventually drifted into obscurity.

**Poverty Reduction Strategy Papers** were a third ingredient to define the Bank’s 1990s shift in approaching development. The Strategic Compact principally sought to improve the quality and effectiveness of the Bank’s operations by reforming its organisation. The CDF turned many of the criticisms directed towards the Bank into

---

<sup>25</sup> The World Bank country offices piloting the CDF were Bolivia, Côte d’Ivoire, Dominican Republic, Eritrea, Ethiopia, Ghana, Jordan, Kyrgyz Republic, Morocco, Romania, Uganda, Vietnam, West Bank and Gaza.

virtues as it emphasised the need for a long-term, holistic and country-driven effort to reduce poverty to achieve development results. PRSPs, finally, offered the Bank an instrument to implement aid in a coordinated, anti-poverty-oriented, government-driven fashion. PRSPs, however, were not originally a Bank invention.

Rather, PRSPs gained prominence in connection with the 1990s' second HIPC debt-relief initiative, led in particular by the Jubilee 2000 movement. They were inspired by specific country experiences, notably those made in Uganda in the early 1990s. Uganda's relative success in fighting poverty had been lauded and publicised, emphasising the Ugandan government's strong dedication to the cause ("ownership"), as well as the thorough reform efforts launched to strengthen public institutions and budget procedures, thus ensuring that public and foreign aid resources could be spend reliably on development priorities. *"Uganda's Myth and Miracle"* (Mallaby 2005, p. 206) was an important influence for the CDF and its emphasis for putting countries in "the driver seat" (Wolfensohn 1999). The fruitful cooperation of Uganda's government with the Bank's director for East Africa, Jim Adams, who went on to become a strong advocate of ownership and country-led development in the Bank (Xu and Weller 2009, p. 109), served as a blueprint for the CDF. Campaigners for debt-relief pointed to Uganda as an example of a country capable of reform and willing to tackle poverty, yet crippled by crushing debt that needed to be serviced at the expense of investment into fields such as education or health. In the HIPC-process, Uganda established a Poverty Action Fund in 1998 to direct funds made available from debt relief into key areas of social infrastructure.

To the economists at the World Bank, the Poverty Action Fund [in Uganda] was a gimmick. It ignored the elementary point that money was fungible. [...]

To get out of this hole, the Bank and the finance ministries and the Jubilee

campaigners borrowed a bit more from Uganda. Candidates for debt relief should come up with development strategies that covered the waterfront of public spending, [...]. The model for this broad strategy was Uganda's Poverty Eradication Action Plan. (Mallaby 2005, p. 252)

The result, ultimately, was the introduction of PRSPs, which were initially modelled on the Ugandan Poverty Eradication Plan. In 1999, the IMF and the IDA adopted them as instruments for their foreign aid efforts (IMF/IDA 1999). For IDA especially, PRSPs quickly grew beyond debt relief and became a central tool for almost all its operations:

To summarise, the new millennium found the Bank in a unique position with respect to the increasingly global efforts to improve the effectiveness of foreign aid through reform of the international aid system. Driven by painful criticism in the early 1990s, and to a lesser degree the need to distinguish itself from the IMF as the global custodian of macroeconomic prudence (see Mallaby 2005, p. 207-211), the Bank had launched thorough organisational reform to improve its result-orientation and its responsiveness to client countries' demands. With the CDF, it began broadcasting its vision of how the new aid system should function. CDF pilots in client countries allowed the Bank to collect unparalleled experience on the challenges and pitfalls, as well as the potential of the emerging new agenda in practice. With embracing the PRSP process, the Bank moved towards taking the lead on an instrument that promised to translate CDF ideals such as country-ownership into the day-to-day realities of foreign aid practice in the recipient countries.

## **6.2. The World Bank and Aid Effectiveness**

The World Bank's efforts to promote the aid effectiveness agenda in the early years of the 21<sup>st</sup> century, alongside the DAC, were driven by several trends. These trends emerged within the Bank against the backdrop of changes brought by the Compact, the CDF and the adoption of PRSPs as described above. Three topics were of particular importance. The first is the Bank's 'harmonization agenda', which was strongly motivated by efforts to develop universal standards for procurement and, later, other operational procedures and practices (World Bank 2001a; 2002b). Bank staff contributed insights from their work in these fields to the efforts within the DAC's Task Force on Donor Practices. Ultimately, the Bank's 'harmonization agenda' motivated the 2003 HLF in Rome on Harmonization (OECD 2003) with, as an interviewee said, "the OECD as a junior partner [...] from the perspective of the Bank" (Soe Lin, personal communication, October 26<sup>th</sup>, 2011). Second is the World Bank's emphasis on donor and aid coordination at a country level. The World Bank evidently has a strong presence in virtually all developing countries and usually benefits from greater flexibility and better political access than to other donors. It almost always heads, chairs or co-chairs PRSP processes that frame countries' development policy agenda. Consequently, the Bank is often well placed for a leading role in coordinating donors at a country level. Third, the Bank worked to build support and diagnostic tools for advancing the use-of-country-systems principle to support a risk-management approach to foreign aid. Ideally, this approach would facilitate a transfer of authority for foreign aid to aid recipients, while addressing the legal and fiduciary concerns of donor government.

Against the backdrop of the changes in aid policy thinking during the 1990s, these three topics all share common qualities. First, they ranked high on the agenda of



Bank staff, mainly as a result of the Bank's efforts to decentralise and its CDF pilots. Second, these concerns lacked the higher, political forum that was necessary to make progress with other donors, organisations and agencies. Regulation cannot be harmonised unilaterally. The same is true for improving selectivity of foreign aid. Furthermore, aid coordination, even if implemented at country level, requires basic agreements at the political level to achieve the desired gains in efficiency and effectiveness. Third, these concerns reflect not only the principles of the emerging aid paradigm, but areas where the Bank saw its comparative strengths and possibilities for providing its services and its know-how as an institution.

#### **6.2.1. Harmonization and Procurement Reform**

The fairly bureaucratic, specialist issue of procurement reform is an unlikely successor to the CDF's sweeping visions of eye-to-eye development partnerships between aid donors and aid recipients. Yet precisely the technical, operations-based, and politically low-key qualities make procurement reform an exemplary for the Bank's post-CDF approach to aid effectiveness. The issue gained prominence from the conflicts and difficulties that came with the decentralisation of Bank operations to borrowing countries and with the Bank's partnership efforts. Here, the new, decentralised decision making clashed with existing standards and rules to ensure fiduciary compliance, which were designed to ensure a vertical oversight through the hierarchy from the field offices all the way up to, ultimately, the Bank's stakeholders. Procurement reform was thus launched in the 1990s to reflect:

[...] the changing development paradigm, particularly the importance of sound country policies and institutions and the Comprehensive Development

Framework goals of country focus, partnerships, and harmonization. As a result, the centre of gravity of procurement fiduciary work has shifted from project-level assessments to institutional ones, and from portfolio focus to a diagnostic focus. This increased country and institutional focus [...] has placed significant pressures on procurement staff and financial resources. (World Bank 2002d, p. 1)

In the shortest of summaries, Bank efforts for procurement harmonization went in two directions. First, the Bank pursued ‘external harmonization’ with partners at the global, regional and country level. Notably, a forum for Heads of Procurement (HoP) from MDBs was established and meets biannually. The aim was to streamline and standardise procurement across institutions. Second, the Bank pursued an ‘internal procurement’ agenda, with operational and research units working on diagnostics, trainings and capacity-building efforts.

Efforts to harmonise procurement in the 1990s were anchored in the Bank’s procurement network, located under the Operations Policy and Country Services (OPCS) vice-presidency. However, the ambitions of this network were quite explicitly to branch out and to include other parts of the Bank in their work. Likewise, collaboration and harmonization efforts with other institutions at the global, regional or country level, including an MDB HoP working group and inputs from bilateral donors through the DAC. They were fed back to OPCS and OPCS, in turn, drew on these experiences for a series of highly influential reports to the Bank’s board, ultimately recommending the organisation of a HLF on harmonization.

The shift within the Bank towards an aid-partnership and a greater county-focus had launched procurement and other operational procedures up the agenda, as these regulations sat at cross-purposes with the anticipated new aid agenda. In an

interview, Homi Kharas noted, “They [joint aid programmes] could not be implemented in practice if agencies would not give up their own practices” (Kharas, H., personal communication, October 20<sup>th</sup>, 2011). Joint or co-financed programmes were often unable to proceed, unless they received a “waiver” from their respective board or leadership to refer to one of a multiple set of rules from the different institutions. According to Ian Nightingale, a procurement expert from the Bank, obtaining waivers of this sort would “generally take several months”. Moreover, he notes that “procurement tends to be used as the ‘show stopper’. It is often a front for other issues” (Nightingale, I., personal communication, October 25<sup>th</sup>, 2011).

With its global presence, the Bank encountered procedural obstacles to implementing joint aid programmes worldwide. Faced with the proliferation of other donors’ efforts, the Bank even saw a need for “Harmonizing the Harmonization Process” (World Bank 2001b). Moreover, despite the seemingly technical nature of procurement, auditing and other operational procedures, they often touched on politically sensitive issues, such risks of corruption or (disputed) perception of biased procurement procedures by aid organisations themselves – for example, that the World Bank favours U.S. companies while the Asian Development Bank favours Japanese companies. A consensus quickly emerged in board reports on harmonization that sustained “high-level political support” (World Bank 2001b). Ultimately, the OPSC reports to the Bank’s board started promoting the idea of:

[...] convening and participating in a high-level forum early in 2003 [...] to consolidate the work completed on the harmonization action plan, [...] and facilitate the preparation of implementation plans in donor agencies and partner countries, closely aligned and coordinated with CDF/PRSP processes.

(World Bank 2002c, p. 12)

Simultaneously, the DAC Task Force on Donor Practices, which received its two-year mandate in December 2000, launched a sub-group to work on pre-implementation stages of aid projects, which included work on procurement. The eventual 2003 High Level Forum (HLF) on Harmonization was held in Rome and was co-chaired by the Bank. It produced the Rome Declaration on Harmonization (OECD 2003) and prepared the way for the 2005 Paris Declaration.

The Bank's 'harmonization agenda' is an excellent example for an 'inside-out process' of an IO's internal discourses shifting into efforts of external advocacy, which would in turn advance an internally evolved agenda by involving crucial actors beyond the IO itself. In this case this meant promoting the Bank's harmonization agenda among a broader range of political decision makers. People I spoke to in Washington unanimously considered the OPCS reports on harmonization and the work that went into preparing them as a "germ of the idea" (Soe Lin, personal communication, October 26, 2011) of the political aid effectiveness agenda, which is seen as being inaugurated in Rome in 2003 as much as in Paris in 2005.

The Rome Declaration was an important milestone for the later aid effectiveness agenda. For the World Bank itself, and its specific concerns, the Rome Declaration is viewed more critical. Though there has been progress since 2003, there is yet no true 'cross-procurement' between MDBs, much less between multi-lateral and bilateral donors. Many people in the Bank consider the progress made in harmonizing procurement, audit and similar operational procedures to be the results of work, which was done largely in parallel to the aid effectiveness agenda since 2003, by procurement experts from the different MDBs. One former staff member stated:

Rome [High Level Forum] was flawed in many ways. There were no CSO [Civil Society Organisations], no parliaments, etc... . In Rome, the focus was on

good practices of aid, which [...] gave a boost to the OECD to build the Task Force on Donor Practices into an expanding Working Party on aid effectiveness. [...] It challenged perceptions of aid and built the foundation for Paris [High Level Forum]. It side-stepped intractable topics: Procurement for example. (Soe Lin, personal communication, October 26, 2011)

### **6.2.2. Aid Coordination and the World Bank**

The World Bank traditionally plays a prominent role in aid coordination, especially at the country level. As a development institution, it differs from most other aid agencies, especially bilateral ones, by its conscious efforts in the field of aid and donor coordination, even before the Rome and Paris Declarations. Aid and donor coordination became an important topic in the World Bank in the 1990s as (i) up-scaling of project-level aid to sector-wide and programme aid was increasingly seen as crucial to improve the impact of aid and (ii) the recipient country's governance and the capacity of institutions – along with the administrative burdens placed on these institutions by donor procedures – received more attention in foreign aid research and policy discourse. Finally, (iii) coordination of donor efforts was increasingly considered a prerequisite for aid recipient-country ownership – for aid-receiving countries to be “in the driver seat” (Wolfensohn 1999).

Thanks to Wolfensohn's proposal of a “Matrix of Development Activity” (1999, p. 24), the CDF was widely, and controversially, perceived as attempt “to show that the World Bank could be a global leader in coordination” (Kharas, H., personal communication, October 20, 2011). Moreover, not unlike the Bank's ‘harmonization agenda’, the concept of aid coordination made headway in CDF pilot countries.

Vietnam is an often-cited case and appears in several studies on “Transaction Costs of Aid” (Brown et al. 2000), which sought to better define and, ideally, quantify the “cost” of insufficient coordination in monetary values. Just as the PD would later advocate, the initial view was that the responsibility for aid coordination should ideally be transferred to developing countries themselves. However, this came with two caveats. First, donor coordination was also seen as an instrument of donors to improve their chances of inducing reforms and compliance. Second, among the poorest countries in particular, the very issue of uncoordinated aid was mainly problematic *because* it strained limited capacities and institutions. Concerning the first, John Roome from the World Bank noted on his experience with these concerns from, mainly, South- and South-East Asia:

A lot of coordination was getting a common donor position on tough governance issues. [...] What happens if country X does Y? How can donors formulate common positions around politicized issues? (Roome, J., personal communication, October 24, 2011)

On the latter, the Bank’s Operations Evaluations Department (OED) described the effect as “Aid-Bombardment Syndrome”:

This syndrome (an unintended consequence of poor aid coordination) is apparent in countries where the sheer volume of resources and number of donors, activities, and complex and inconsistent procedural requirements overwhelm the government’s capacity to plan, budget, manage, monitor and evaluate. (World Bank 1999, p. 14)

The implication with either was that, even if “increasing government ownership of the co-ordination function” (Brown et al., 2000) was the long term ambition, the

responsibility for coordinating donors could be expected to rest with a ‘lead-donor’ in most countries for the foreseeable future. The Bank adopted this role in a great number of countries early on:

World Bank-led aid coordination mechanisms and processes [...] expanded substantially over the past four decades. They cover a wide gamut of development issues and participants, and include some 60 recipient countries and 50 official donors. In a context of declining per capital aid disbursements for most countries, the Bank’s support for aid coordination has helped to protect the level of resources mobilized for individual countries and to achieve a greater aid focus on development priorities. (World Bank 1999, p. xi)

A later survey (2011) shows that in IDA countries after 2005 “the Bank is heavily engaged in AC [aid coordination] fora, participating in 542 of the 638 reported fora, or 87%. [...] about 17% of the reported AC fora are either chaired or led by the Bank, and participation is substantial in an additional 37%. The World Bank’s chairing/leading role is highest in budget support fora [...]” (World Bank 2011a).

In many aid-receiving countries, the Bank continues to be well placed to provide its services as an institution specializing in aid and donor coordination at the country level. Moreover, the Bank also capitalises on its lynchpin role in many partnership approaches to aid (including PRSP). In the latter, the Bank tends to benefit from its often-close relationship with the aid-receiving governments and from its ability, as relatively independent financial institution, to provide aid with greater fungibility across sectors and topics than most donors.

One of the things IDA can do is take a view on country priorities across sectors and move resources in significant volumes. [...] If you have a donor

coordination mechanism that allows donors to choose a sector, [then] IDA can move money around to balance. IDA thereby has a ‘natural’ coordination position and can take a country view. [...] Say a country wants to focus on Health and Malaria. If IDA knows they do this reliably, IDA can do something else. (Roome, J., personal communication, October 24, 2011)

The idea is strikingly similar to Wolfensohn’s “Matrix of Development Activity” (1999). Additionally, while the CDF is rarely cited today, the Bank advocates donor and aid coordination in the context of both the aid effectiveness agenda and the PRSP process. The latter, anchored at the country-level, has been given a greater focus by the Bank today, if with frequent references to the principles of the PD.

It [PRSP] is supposed to be a vehicle for coordination and harmonization among donors and reduces the costs of donor fragmentation. [...] In many countries, the PRS process has become the main forum for donor coordination. (Dethier 2008, p. 19)

### **6.2.3. “Use of Country Systems” and the “Risk-Management-Approach”**

A third interest of the Bank that can be traced from both the 1990s’ paradigmatic changes in development thinking is the idea of ‘use of country systems’ for foreign aid to reduce the use of parallel structures and implementation units in foreign aid.

Today’s prominent concern in foreign aid with ‘use-of-country-systems’ is difficult to imagine without the 1990s shift towards emphasising institutions, the criticism towards conditionalities, and demands for greater aid selectivity. From these, a realisation grew that foreign aid implemented by international experts, often heavily insulated from aid-receiving countries to comply with the financial



management standards of donors, was often not sustainable and, in many cases, leeching qualified staff from the national institutions. The OECD states:

However, over the last decade the international community has come to understand that country systems, like muscles, must be exercised if they are to grow stronger. [...] Strengthening and using country system, therefore, is an essential component in development effectiveness. (OECD 2009, p. 18)

As pointed out, not least by the Wapenhans and Meltzer Reports, conditionalities of adjustment lending usually failed to induce the hoped-for reform dynamics. Moreover, the replication, or scaling-up, of successful approaches often failed because recipient countries frequently lacked the expertise or routine to effectively translate experiences made by donor projects into their own policies. The response, as advocated by the CDF, was to reduce the reliance of foreign aid on parallel structures and external experts. The idea was to give recipient countries greater responsibility, exercising their institutional “muscles”, as well as increase selectivity of aid on the basis of governance criteria to induce or reward reform.

Taken to its conclusion, donors would provide sector or general budget support to the best performing countries for their poverty reduction efforts. PRSPs would safeguard against fungible uses of aid, ensure participation and set objectives, for which countries could be held accountable. In practice “the unfortunate truth was that many of the Bank’s client countries lacked the institutions and conditions to assume this responsibility” (Mallaby 2005, p. 259).

Thus, there remains a discrepancy between the ideal of transferring responsibility for aid to aid recipients and the challenges resulting from weak institutions, lack of transparency, often unrealistic PRSPs, as well as insufficient capacities for managing

aid to the fiduciary standards demanded by donors and IFIs. Therefore, the Bank favours a sequenced approach (as do other donors) that ties the use of country system and the transfers of responsibility to parallel efforts in ‘risk-management’. Soe Lin described this idea to me as follows:

A risk-management-approach starts with assessments of the [country] system to identify weaknesses. The Bank makes use of the system on a step-by-step basis and addresses crucial reforms as it moves along. Measures are implemented to protect the Bank. [...] Even in the Bank it was difficult to get agreement for this approach. What if things go wrong? Who will be responsible? (Soe Lin, personal communication, October 26, 2011)

Soe Lin also point out one of the biggest caveat to this approach. Bound by strict regulations to ensure the proper use of funds, few donors are willing, or even allowed from a legal perspective, to compromise on stringent fiduciary standards. As a result, the Bank often adopts the role of an intermediary.

In summary, the Bank emphasises bureaucratic, rule-based neutrality as its qualification for representing recipient countries’ priorities vis-à-vis donors. As one interviewee from the office of the Bank’s U.S. executive director noted:

It is easier for a multilateral to take the “country-perspective”. For a bilateral donor it is hard to be thoroughly country or demand-based, because it is tied to parliamentary processes. To take a “country-perspective”, it helps to be de-politicised and have a rules-based approach. (Phillips, T., personal communication, October 24, 2011)

Moreover, the Bank often highlights its expertise in analytics and country diagnostics. This builds on the demand that, in order to be ‘used’, country systems

need to satisfy the operational principles of the donors. Above all, this concerns the public financial management (PFM) systems of aid recipients. Anecdotic country experiences from the 1990s, notably those of Vietnam and Uganda (Mallaby 2005, p. 207+), are still used as illustrative cases where thorough reforms of PFM-systems were implemented and afterwards considered pivotal preconditions to these countries' development successes at the time. Yet, to apply the idea systematically on a global scale requires standardised PFM diagnostics:

Undertaking a periodic performance assessment of a country's PFM system is one of the key elements in donor's decisions to use that system in the delivery of their aid. [...] Overall, PFM assessments are crucial to donor considerations on use of country systems. (OECD 2009, pp. 55-56)

The Bank strongly advocates this logic, with "PFM in particular being area of trial and error" (Soe Lin, personal communication, October 26, 2011). Strikingly, indicators 2 and 5 of the Paris Declaration (OECD 2005), which measure progress in PFM reform and use-of-country-systems, make direct use of the Bank's Country Policy and Institutional Assessment (CPIA). CPIA is one of several diagnostic tools developed by the Bank in the late 1990s to expand its analytical work beyond macroeconomics to factors such as the quality of institutions, in this case in public financial management (PFM), as a response to the shifts in development thinking in the 1990s and the Bank's effort to set itself apart as a 'knowledge bank' vis-à-vis the IMF. Next to CPIA, similar diagnostic tools are the Bank's Public Expenditure Reviews (PERs) and Country Financial and Accountability Assessments (CFAAs). With these, the Bank developed a suite of services for foreign aid donors. It promotes these, for example, through its work in the DAC's Joint Venture on PFM.

In this joint venture, the World Bank and the European Commission, still by far the largest donor for direct budget support, hold prominent positions.

To summarise, the Bank's engagement with aid effectiveness in the early 21<sup>st</sup> century was rooted in technical and operational concerns, which had grown from its own attempts to deal with its legitimacy crisis in the 1990s. However, the Bank's interest in the agenda, while keen and likewise driven by a strategic institutional interest, was more faceted, even fractured, in comparison to the strategic agency for the aid effectiveness by the OECD DAC.

### **6.3. The World Bank's Disenchantment with Aid Effectiveness Politics**

Last but not least, the Bank's work on aid effectiveness is set apart from the DAC's work in this field by the Bank's relative declining interest in the political 'high-level' agenda on aid effectiveness, which is marked – above all – by the High Level Forums (HLF) in Rome (2003), Paris (2005), Accra (2008) and most recently in Busan (2011) in South Korea.

A commonly heard opinion at the Bank is that “Rome was a World Bank meeting. In Paris, there was a rebalancing toward the DAC” (Quesnel, B. personal communication, October 26, 2011). Following the Paris Declaration, as the aid agenda gained political momentum, the focus of the HLFs expanded. At the same time, the Bank slowly shifted from a leadership role to becoming ‘simply’ one participant among many. The Accra HLF in 2008 greatly expanded on the idea of bringing the voices of NGOs, civil society and aid-receiving countries into the discourse at centre stage. This matched not only the widespread criticism of the PD as being too narrowly focussed on donor governments, but also agreed with the

Bank's emphasis on partner-led development. In contrast, the key themes shaping the Busan HLF in 2011 were efforts to reach beyond the DAC member states and to include new, non-DAC donors, most notably China. Ideas were also piloted on working more closely with non-ODA sources of international finance, for example as those dedicated to combat climate change (see Chapter 5.3.1.). The Bank played a key role in organizing the Accra HFL, both logistically and in preparing its key themes. Its contribution in Busan, in contrast, was more limited, consisting mainly of thematic inputs to a select few topics, which were considered to be of crucial importance within the Bank. Procurement reform, for example, was one of them.

That the Bank's shift away from a leadership role in the HLFs to a more moderate participation should not be seen as negligence or as an expression of disregard. As the Bank distances itself, consciously, from leading the aid effectiveness agenda, this parallels other past initiatives where the Bank's leadership was crucial initially, before it took a step back (but not out) to let new dynamics and actors take on a greater role. A good example here is the Global Development Network (GDN), the seeds of which were sown by entrepreneurial Bank staff. It was supported by the Bank in its efforts to become a "knowledge bank" (Stone 2003) before the GDN split in 2001 to become a non-profit organisation of its own. The Global Development Learning Network (GDLN)<sup>26</sup> is a similar, World Bank-coordinated partnership.

Indeed, the majority of Bank documents and Bank staff are highly reflective and aware of the comparative strengths and weaknesses of the World Bank; and of the benefits and drawbacks associated with different courses of action. It is one of the qualities, that makes the World Bank, as a political actor in world affairs, a good

---

<sup>26</sup> <http://gdln.org/about> (Accessed 25 February 2013)

example for the “strategic social construction” Finnemore and Sikkink (1998) identify as important driving force for cascading norms and paradigm changes.

Consequently, the Bank’s increasingly distant relationship with the aid effectiveness agenda (at the international level) must be traced with respect to its strategic priorities. The gradual disconnect of the Bank with the agenda is, this thesis argues, a consequence of the Bank’s more implementation-based approach to aid effectiveness, as outlined above. While the work of the DAC emphasises political commitment, transnational discourse and policy ideas, the Bank focuses on its role in the practical application of foreign aid under the premises of a re-conceived foreign aid landscape. Its advocacy as IO focuses explicitly on the country level. As the aid effectiveness agenda cascaded as a policy agenda among donors, while simultaneously passing over many of the technical or procedural specifics, many of which were the Bank’s most immediate concerns, the World Bank increasingly moved away from an active leadership role. People working at the Bank clearly recognise the need for creating political consensus within the aid community, though their opinions also strongly reflect that policy discourses of this sort are not at the core of the Bank’s mission, nor fully reflect the entirety of aid effectiveness as perceived by the Bank through its operational focus:

The substance of the agenda has shifted. On the Working Party [WP-EFF] itself. Again, it is a little odd that it is held in Paris, in the OECD conference rooms, with OECD rules of behaviour, which are perfect for the OECD when they get together and talk within their membership. But it doesn’t work very well when you have NGOs and multilaterals and partner-countries and you have little flags that say “France”, “United States”. That is not really how we work. It’s a bit of an odd fit now. [...] The agenda needs a much more realistic

context, one it doesn't have now. (Lee, B. telephone interview, October 28, 2011)

Highlighting this ambivalence created by the aid effectiveness debate within the Bank, I sketch the tensions resulting from the current aid agenda within the Bank. On one side of this ambivalence is the success of the agenda, most notably in the form of the PD. Today, DAC donors (i.e. excluding donors like China) and, increasingly, aid recipients rarely need persuasion to pursue the ideal of coordinated, harmonised and aligned foreign aid in a recipient-country driven development partnership. As one Bank staff member notes for the issue of aid coordination: “*It has become ‘politically correct’ to do aid coordination. You have to be seen doing this*” (Roome, J. personal communication, October 24, 2011).

On the other side are (i) disappointment with the lack of progress on harmonizing operational procedures; (ii) the perceived burden and ‘tax’ on staff capacities in managing aid coordination; and (iii) controversy on the prospects for realizing country-led aid management. The mechanisms of the DAC’s inter-governmental policy dialogue are, I argue, thus ultimately less amenable to the specific interests of the Bank for aid effectiveness. In contrast to the DAC, which thrives in the aid effectiveness discourse, the World Bank’s primary focus (next to lending) as a service provider in aid relations at the country level, arguably is better served by more specialised, more technically minded platforms.

### **6.3.1. Harmonization**

A first source of ambivalence comes from the Bank’s mixed assessment of its own efforts to harmonization operational procedures. The Rome Declaration

(OECD 2003) was clearly a success in mobilizing political attention for the broader topic of aid effectiveness. It also is, with good reason, considered the predecessor for the 2005 Paris Declaration and an important source for the momentum that led DAC donors to sign up to the PD in 2005. Yet, a view persists among experts in the Bank that considers the Rome Declaration a missed opportunity for finding solutions to many of the operational challenges that had, from a Bank perspective, animated the HLF in Rome in the first place. To return to the sub-theme of procurement as an example, the Bank's ambitious agenda to achieve greater openness in international competitive bidding (ICB) has largely run aground and "[t]he Bank deemed the piloting program a failure and had discontinued the program" (World Bank 2011b, p. 4).

Other aspects of the Bank's original harmonization agenda, such as joint diagnostics, assessments and evaluations, as well as the use of programme-based approaches in foreign aid, are similarly sidelined. Recent evaluations on the progress made with the PD (OECD 2011) reveal lacklustre results in these fields in particular. Regarding coordinated donor missions, the total percentage of joint donor missions rose from 20% in 2005 to 24% in 2007 before dropping back to 22% in 2010, far from the target of 40% set for 2010 by the PD. Likewise, co-ordinated country analytical work remains at around 44% in 2010, unchanged from 2007 and only slightly ahead of the 2005 baseline of 41%. The original target for 2010 of 66% appears overtly ambitious in retrospect. Direct budget support and programme-based approaches, which would in theory rely on joint assessment missions and diagnostics, have similarly increased very little between 2005 and 2010:

The global target of providing 66% of aid through programme-based approaches was not met in either the 32 baseline countries or the full group of



78 countries participating in the 2011 Survey. Only 45% of aid captured in the 2011 Survey was provided in the context of PBA. [...] Direct budget support [...] accounted for almost half of all aid provided through PBAs, and in share of total aid to the countries participating in the survey has remained constant since 2005. (OECD 2011, p.63)

### **6.3.2. Aid Coordination as “Coordination Tax”**

Aid coordination is a topic of ambivalence and tension within the Bank. As seen above, initial concerns with aid effectiveness were raised in part by World Bank staff working in country offices. In their work, they were confronted directly with the dizzying confusion of different aid projects, efforts and initiatives, suffering from very little communication between donors and all too often working even at cross-purposes. Therefore, the Bank’s own reports, even ahead of the CDF, note that “the overarching conclusion [...] is that the development community has been well served by the Bank’s support of aid coordination” (World Bank 1999, p. xi). The Bank’s self-perception as a service provider in aid coordination is reflected in the Bank’s strategic recommendations, particularly for the IDA:

Endorse a global role for IDA in donor harmonization. [...] The World Bank, as a preeminent multilateral development institution, is in a unique position to exercise global leadership in working with other development assistance agencies towards meaningful harmonization. [...] IDA should convene a conference of the leaders of multilateral and bilateral development assistance organisations to seek agreement. (Eriksson 2001, p. vii)

Yet, perhaps due to a change in guard of the staff serving in country offices, there is also a commonly encountered sense of frustration and discontent with aid coordination in the Bank:

Donors often cause more headaches than the [partner] government. In government, I know who I deal with, where they come from, and why they are doing it. It may be frustrating to deal with them from time to time, but you are not wasting your time. This comes with the territory. The same cannot be said about donor community [sic]. I think all of us who have to spend a lot of time on donor coordination and donor management find that it is often not productive at all in working with donors who try to drag the coordination to their own direction. (anonymous, quoted: Xu and Weller 2009, p. 121)

An allegory used frequently at the Bank is that of a “donor coordination tax” (Gelb, A. personal communication, October 21, 2011), which is figuratively imposed on limited staff time and resources. Allegories like this contrast with the lack of coordination, which has been similarly described as a “tax” on the capacity of aid recipients. This shift in perception can be attributed both to a lack of appreciation and incentives for Bank staff to work on donor coordination and to a spreading sense that early visions for donor coordination may have been overly ambitious.

On the first, Bank staff, particularly among Bank staff working in field offices, experience tensions between the Bank’s internal incentives and performance monitoring on one hand, which focuses strongly on lending, projects and analytical work, and, on the other, the often time-consuming work on coordinating with other donors. An evaluation by the World Bank states:

The evaluation finds that internal incentives facing Bank staff and management play a role in implementing H&A [Harmonization & Alignment], but such incentives are not very strong in the Bank. Bank staff, in particular sectors staff, coordinate with other partners mostly because coordination is needed for their tasks, and less because they value coordination as important in and of itself. (World Bank 2011b, p. xvii)

On the second, the same evaluation qualifies benefits of aid coordination. While the general view is positive, advanced joint programmes and strategies are seen as failures (World Bank 2011b, p. xii). Finally, progress in transferring responsibility for donor coordination to aid-receiving countries is, despite positive exceptions, considered to be unsatisfactory by the Bank's Independent Evaluation Group (IEG). This mirrors the view of researchers like Woods, who writes that "[s]imply put, the donor's agenda and attention become focussed on inter-donor relations and negotiations. Consultative group and country coordinating mechanism meetings take place, in which the country's representatives listen to donors argue (2011, p. 123).

### **6.3.3. Donor Coordination and Recipient Country-led Aid**

A further ambivalence palpable at the Bank's offices in Washington DC concerns the viability of the aid effectiveness agenda to realise country-led foreign aid. Notably, while the aid effectiveness agenda was successful in raising political awareness for the problems associated with donor fragmentation and the administrative burdens of aid for recipient countries, its success has been more limited in realizing the envisioned ideal of a foreign aid based on recipient country-leadership, ownership and a widespread use of country-systems. Recent surveys on

implementing the PD (OECD 2011) show that many of the targets set out in Paris for 2010 have, globally, not been achieved. Specifically, the evaluation notes:

Donors are not systematically making greater use of country systems in countries where these systems are more reliable. [...] At the global level the relationship between the quality of a country's PFM system and donor's use of them is at best weak. (OECD 2011, p. 50).

Within the Bank, this is matched by the perception that the aid effectiveness agenda failed to institute a truly 'country-led' aid architecture, remaining trapped in intra-donor dealings and concerns. Explicitly, one staff member said, "The World Bank introduced 'country-led' development. But it failed" (Rogers, P., personal communication, October 19, 2011). Another interviewee noted that, in county-led development, "donors, as well as the World Bank, have time and again moved the goalposts" (Stout, S., personal communication, October 19, 2011).

While little disagreement exists in the critical view of the progress made since the PD, or even its predecessors, such as the CDF, there are different opinions, including within the Bank, on the causes for the slow progress and on how to address them. One sees the problem in overloading the agenda with new issues before the PD's original aims have been achieved. Soe Lin noted that "In Rome and Paris we fought hard to keep the agenda focussed on aid effectiveness and not to expand the topic" (Soe Lin, personal communication, October 26, 2011). In a stark simplification, there is a sense that the central aims of the PD runs the risk of being diluted by an ever-expansive aid effectiveness agenda, which tries to do much more, arguably too much, and thus risks achieving very little at all.

The other side however, with advocates both outside and, increasingly, within the Bank, sees a cause for the mixed progress precisely in the fact that the aid effectiveness agenda had an overtly narrow focus, was too (DAC-)’donor-centred’, and not responsive enough to aid recipients, third parties, and measurable improvements in delivering development results. Here, a more inclusive agenda is seen as a remedy to the perceived limitations of the PD:

Inclusiveness is now what the agenda is all about. [...] You cannot have the country absent from the discussion. So we put a lot of emphasis on things like country-led aid management, rather than donor harmonization. On one hand, the donors say countries have to be in the driver seat. On the other hand, they create structures where donors-only are welcome to come and discuss among themselves. That is a rather extreme way of painting it, but that is very much how I think the substance of the agenda has shifted, as this inclusiveness has become more accepted. (Lee, B, telephone interview, October 28, 2011)

Part of this division within the Bank can be attributed to a change in guard among the staff in charge of the Bank’s contribution to the aid effectiveness agenda. People who made crucial contributions in the late 1990s and early 2000s have, in many cases, moved on, climbed the Bank’s hierarchy or retired. With the responsibility in new hands, new ideas are inevitably brought into the debate. In other way, this division also reflects criticisms of Bank related to PRSPs (see Cling 2002). Michael Wang and Frances Stewart (2003), for example, note that the Bank tended to impose further conditionalities on countries and modify existing PRSPs through the supporting Poverty Reduction Strategy Credits (PRSCs) or through Letters of Development Policy (LoDP). They argue that the Bank thereby undermines the principles of ownership that PRSPs are meant to operationalise.

In effect, ambivalences concerning ‘country-led’ foreign aid highlight many inherent contradictions and limits of the Bank’s approach to aid effectiveness. They are in no small part grounded in the institution’s potentially contradictory roles as (i) a bureaucratically neutral broker, (ii) an intermediary service provider (for donors, more than aid recipient countries), and a multilateral donor itself. The Bank itself recognises these difficulties:

Despite the general consensus on the importance of ownership, [...] [i]t has not been possible to move matters beyond theory. The challenge [...] is to find ways to foster strong country ownership, and at the same time provide adequate assurances to both multilateral and bilateral sources of financial assistance that their resources will not be wasted. (World Bank 1998, p. 10)

As with the other World Bank ambivalences outlined, it became apparent that the issue of country-led aid was unlikely to progress much on the global stage as a part of the aid effectiveness discourse. The reason for this are partly that the challenges for implementing country-led aid went over and beyond “mere” concerns about donor’s domestic accountability for financial assistance and aid recipients’ capacities. Rather, determinants for successful country-leadership are often found with more local, bilateral characteristics, including a recipient country’s ability to shape the political discourse with their donors or to employ the various instruments of foreign aid, including PRSPs, to their benefit. Therefore, the natural forum for the Bank would remain at the country level. Perhaps even more so now, as a general global political consensus has largely been achieved as a consequence of the Paris Declaration, but national implementation remains lacking.

Moreover, as the DAC’s WP-EFF expanded and aid recipients (and NGOs) became better organised, better represented and better able to articulate their position

in the global aid effectiveness discourses, the need diminished for the Bank to represent arguments for ‘country-led’ aid-partnerships at the global level to the degree it may have done in the past.

To conclude, ambivalences were identified around three key themes, which defined the Bank’s approach to aid effectiveness since the 1990s. The first is the Bank’s privilege for the technical over the political, as in the debates on the harmonization of operational policies and procedures. Closely related to the first is the Bank’s strategic outlook towards benefits and costs to the Bank and to its staff as a financial lender and service provider in international development. This is evidenced by the continuous ‘cost-benefit’ calculations that colour the Bank’s strong involvement in aid coordination. The latter is a role that the Bank as institution has very actively sought out, has presented itself as a global leader in aid coordination and has advocating its unique institutional qualifications for the task. Finally, in aid effectiveness debates at least, the Bank exhibits a signature country-level perspective. It can partly be considered a result of the mixed success of the decentralization efforts of the Strategic Compact and the Bank’s own experiments with novel forms of partnerships following the CDF. The latter in particular, though strongly shaping the Bank’s operational policies for a time, had arguably fewer lasting reverberations outside. The Bank has since repeatedly emphasised its capacity to communicate and represent the priorities of aid recipient countries:

We [the World Bank] bring that country level reality up to the global conversation in a way that many others cannot because they don’t have the field presence and frankly, even if they have a field presence, they don’t have access to government as we do. [...] We can bring that kind of partner-country-perspective in a way that the bilateral donors cannot. I think that has been a

huge comparative advantage of the Bank. (Lee, B. telephone interview, October 28, 2011)

#### **6.4. Chapter 6 Conclusion**

Paralleling the previous case study chapter, this second case study set out to trace the aid effectiveness agenda, starting from its original roots, through its cascade in transnational policy discourses on foreign aid, all the way to its institution as an authoritative paradigm for foreign aid policy. Where the focus rested OECD DAC in the previous chapter, this chapter's case study traced the same cascading paradigm from the perspective, or lens, of the World Bank. The Bank is explicitly and, historically, quite visibly the second multilateral institution with a pivotal leading role in shaping and advocating the aid effectiveness agenda.

As in the first case study, this chapter presents evidence supporting the main hypothesis of this thesis: that the aid effectiveness's successful cascade as a policy paradigm is the result in IR of what Finnemore and Sikkink named a "strategic social construction, in which actors strategize rationally to reconfigure preferences, identities, or social context" (1998, p. 888).

The context shows the Bank to be a prominent actor in the global discourses on foreign aid policy, which faced a severe crisis of legitimacy. Evidence for the Bank's response to crisis in efforts of strategic social construction were shown and discussed in three exemplary fields.

The first of these fields covers efforts by the Bank to reform operational procedures, most notably the harmonization of procurement across MDBs and other aid institutions. Interest in harmonised operational procedures clearly relates to the



Bank's unique role of acting, in aid-receiving countries worldwide, as a conceptual and managerial leader of aid programmes, which it does not entirely finance itself (and only rarely does the Bank delegate these tasks to another donor for a programme financed largely World Bank funds). These efforts were shown to be direct precursors and even triggers for the HLF on harmonization 2003 in Rome.

Second is the Bank's emphasis for the need for aid and donor coordination. As a central tenet of the aid effectiveness agenda, the Bank has favoured and promoted itself as a global leader in aid coordination at the country level for many years. Bank staff has very explicitly formulated the comparative advantages that the Bank holds for this role as an institution.

Third is the paradigm shift away from donor-managed foreign aid towards a use-of-country-system, which would be safeguarded against fiduciary risks by a risk-management-approach. Such a risk-management-approach for foreign aid donors requires advanced diagnostic tools and quantitative analytics of development results from foreign aid, which is itself another hallmark of the Bank's expertise. Though this is arguably one of the less successful aspects of the aid effectiveness agenda in practice, the use-of-country-systems ideal remains a key ambition for efforts to improve the systemic effectiveness of foreign aid.

Furthermore, the investigation of the aid effectiveness paradigm through the Bank's engagement with this evolving agenda also reveals important differences to the dynamics investigated in the previous chapter's case study on the OECD DAC. Notably, these are the Bank more dispersed, even fragmented interest in a selection of issues within the broader aid effectiveness agenda. As organisation, different topical interests are rooted in different departments or directorates with the Bank. Moreover, the Bank lacked, particularly in the earlier days of the agenda, a clearly

defined bureau with an explicit aid effectiveness mandate. In no small part, this was a result of the limited success of the Bank's own earlier forays on the global political level, such as the CDF, to construct a paradigm for foreign aid.

Finally, the Bank has, in all matters relating to aid effectiveness, always retained a strong focus for what it calls the country level, which Bank staff emphasises in explicit contrast to the global, political level. In the latter, the Bank early on saw its perceived mission to represent recipient-country interests in the global policy discourse on aid effectiveness. However, to the degree that the aid effectiveness agenda increasingly focused on broader principles over technical specifics and the specific challenges facing donors in specific aid recipient countries, this particular role of the Bank became increasingly less relevant.

Along with other contributing factors, including a change in guard among Bank staff working on aid effectiveness, as well as changes in the Bank's presidency and leadership, these factors contributed to a rather different trajectory in the Bank's engagement with the aid agenda compared to the DAC. Where the DAC identifies itself with the expanding agenda to a point, where the credibility and utility of the DAC as focal point for this global agenda has become increasingly strained and questioned, the Bank has taken an increasingly distant and selective approach to the political aid effectiveness agenda as it unfolds through the series of international declarations (as opposed to the more technical agenda of, for example, procurement reform). Instead, the Bank pursues its interests through a wider range of different, often more specific and technical forums.

The chapter now following these two case studies focuses on what Craig Parsons termed the fourth step of process tracing analysis, using counterfactual analysis to

sketch how the actor might have done something different given different ideas (Parsons 2011, pp. 135).

Next to contradicting views, particularly from the perspective of bilateral agencies that may challenge the narratives from the DAC and the World Bank, chapter 7 will further discuss the specific relationship between, on one hand, IOs' strategic interest and institutional make-up and, on the other, their engagement with a broader political environment through mechanisms of ideational artistry and agency.

Despite the fact that the research design underpinning this thesis is not a cross-case comparison, some measure of cross-case study comparison – with a focus on the noted differences between the DAC and the Bank in their work on the aid effectiveness agenda – will prove helpful in discerning more generalisable insights from the observations and evidence presented in the two case studies of chapters 5 and 6. In turn, the aspects of the aid effectiveness agenda that are uniquely determined by their historical roots in the agency of the DAC and the Bank, will, from a policy perspective, be the aspects most likely to change fundamentally if/as the aid effectiveness agenda increasingly emancipates itself from the DAC and the Bank, who were the agenda's two early key pioneers and benefactors so far.

## **Chapter 7 – Multiple Streams of Aid Effectiveness in Public Policy**

The overall thesis investigates the role of the OECD DAC and the World Bank in shaping the aid effectiveness agenda, but chapter 7 highlights other, additional factors important to the translation of aid effectiveness into public policy. So far, this thesis investigated how the idea of aid effectiveness, as a transnational policy agenda, was formed. This chapter examines further factors might help explain how the idea of aid effectiveness came to the fore, and might even explain how it then gained traction in the sense of actually influencing policy, or – in the worlds of Lieberman (2002) – it found its time.

One reason for adopting this broader perspective is methodology. George and Bennett (2005) highlight several constraints of process-tracing-methods, notably including the observation that these methods often struggle to account for more than one explanation for any observed effects. This presents researchers with “the difficult challenge of assessing whether alternative explanations are complementary in the case, or whether one is causal and the other spurious” (2005, p. 222). This chapter seeks to address this methodological blind spot by considering possible further factors relevant to the emergence of the aid effectiveness agenda.

Another reason is a consequence of this study’s emphasis on – in a dichotomy of agency and structures<sup>27</sup> – the formation of the aid effectiveness agenda by IOs’ strategic agency, rather than on how transnational frameworks such as the aid effectiveness agenda influence policymaking in turn. It is worth noting that dichotomies of this kind – between agency and structure, and between the formation

---

<sup>27</sup> Being aware that both “agency and structural approaches to social analysis are abstractions - simplifications that make complex phenomena tractable for social inquiry” (Finnemore 1996, p. 24)

of a transnational policy agenda and its impact on policy – are abstractions, and looking beyond them can potentially unearth new insights.

Throughout, this thesis pursues a constructivist-leaning question of ‘how’ IOs helped shape the aid effectiveness agenda. Using case studies, this thesis investigates how IOs helped shape the aid effectiveness agenda through “strategic social construction” (Finnemore and Sikkink 1998). The term ‘strategic’ here refers to a notion of self-interest, which is nonetheless constrained, internally by institutional path-dependency of IOs and externally by the global political environment. Two in-depth case studies have shed light on this relationship between IOs and *donor* states in foreign aid politics, a relationship that *potentially* inverts (within limits) the relationship of strategic self-interest and compliance – as it is often portrayed by studies drawing on principal-agent models (e.g. Hawkins et al. 2006), and which has arguably not been sufficiently demonstrated in the field of foreign aid.

By focusing on the question of ‘how’ IOs helped shape the aid effectiveness agenda, this thesis places great emphasis on what constructivist methodology terms “establishment of constitutive relations”. This differs in many ways from the “establishment of causality” (Lupovici 2009, 201). In other words, it is not the primary aim of this thesis to demonstrate how the agency of IOs is causal to domestic aid effectiveness reforms, but how IOs shaped the “framework of ideas and standards” (Hall 1993, p. 279), which in turn likely motivates, informs and influences this multitude of reforms. Tensions between causal and constitutive research are well known. Alexander Wendt writes “there are significant analytical and methodological differences between causal and constitutive theorising, which reflects the different kinds of questions that they answer” (1999, p. 85). The focus in

this thesis is mostly constitutive: It investigates how IOs helped shape the emergence of the aid effectiveness agenda, less how this agenda helps shape policy.

This chapter now turns to alternative and perhaps complementary possible explanations to help account, at least superficially, for the latter, that is to say how agendas influence policy. To reflect this shift in emphasis, the structure of this chapter differs from the preceding case studies. The preceding case studies followed a chronological logic of historical explanation, as their aim was to follow the life cycle of the aid effectiveness paradigm from its ideational origins to its establishment as a shared, normative policy agenda. But this approach is not feasible for exploring other possible explanations including any that follow through from shaping a new aid agenda to actual policy adoption. Instead, the chapter borrows from public policy analysis on idea-driven change (see Cairney 2012, 232+). Specifically it draws on what has been termed multiple streams (MS) analysis (Kingdon 1984, 1995, Lieberman 2002, Cairney 2012) as a method for inspecting political ideas as putative causes of policy change.

In MS analysis, policy changes are not simply direct results of compelling ideas or pressing needs. Instead, successful policy change requires a conflation of multiple factors (e.g. ‘streams’) as a necessary condition under which ideas can be translated into policy changes. These factors, or ‘streams’, are: First, agents with *motives* to champion ideas in politics (‘why’). Second, an institutional position with the *means* to translate ideas into practices (‘how’). Third, a window of *opportunity* where relevant actors (policymakers) are receptive to these new ideas (‘when’ and ‘where’).

Though the emphasis of this thesis is, and remains, the ascendancy of the aid effectiveness agenda, not its application in policy reforms among donor countries, this particular chapter briefly investigates the latter. It does so by discussing which

actors ('why'), factors ('how') and opportunities ('when' and 'where') help explain the impact of the aid effectiveness agenda as a more complete phenomenon, including its impact on foreign aid policy. This query corresponds with Lieberman's (2002) assertion of multi-causality underpinning idea-driven policy change:

An idea's time arrives not simply because the idea is compelling on its own terms, but because opportune political circumstances favour it. At those moments when a political idea finds persuasive expression among actors whose institutional position gives the both the motive and the opportunity to translate it into policy – then, and only then, can we say that an idea has found a time. (p. 709)

The chapter – in keeping with the concept of a 'multiple-stream-analysis-test' – is structured as follows. First, I discuss the three concepts of (i) motives, (ii) means and (iii) opportunity as employed in this thesis. Second I discuss additional, alternative and perhaps even complementary possible explanations relevant not only to the emergence of the aid effectiveness as an influential policy paradigm in the sense of Peter Hall's "framework of ideas and standards that specifies not only the goals of policy and kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing" (1993, p. 279), but also as a multitude of tangible and parallel policy reforms made in most donor countries. Finally, I then assess these other factors against the three-part framework to show where and how each of these explanations comes into play in explaining the emergence and formation of the aid effectiveness agenda in its current form.

### **7.1. The ‘Multiple-Stream-Test’ of Motives, Means and Opportunity**

The ‘multiple-stream test’ that is developed and applied here is adopted from the literature on public policy analysis. It aims to explore why (motives), how (means), as well as when and where (opportunity) ideas became influential in policymaking.

It is important to note that the original multiple streams model does not employ the terms of motives, means and opportunity, as I do in this chapter. The concept of multiple streams goes back to Cohan, March and Olsen (1972) and their notion of “organized anarchy”, which consists of a number of “relatively independent streams” (1972, p. 3). Kingdon (1984) expands on this concept in his work on government policy. In Kingdon’s multiple-stream model, he identifies the three relevant streams of (i) problems, (ii) policies, and (iii) politics.

These three streams are described in Kingdon’s work as relatively independent from one another. Kingdon employs the model to challenge the notion of reasonably rational governance, which assumes an orderly, linear process that starts with (a) the identification of problems, (b) proceeds with developing policies to address these problems, and (c) concludes with vetting and implementing these policies through the processes of politics. The multiple stream model was developed after observing that national politics usually contradict this seemingly rational and linear sequence of policy change.

This chapter discusses each of the three streams – (i) motives, (ii) means, and (iii) opportunity - in turn. For each stream, it outlines their original use in public policy analysis and references Kingdon’s (1984) original designation for these as (i) problems, (ii) policy, or (iii) politics, to clarify the emphasis of each in the context of this thesis.



**Motives:** The first ‘stream’ formalised by Kingdon (1984) deals with policy problems. Policymakers, Kingdon notes, “could attend a long list of problems” but they “pay serious attention to only a fraction of them” (1984, p. 120). With a near infinite number of problems competing for attention on the finite agenda of politics, a crucial question in public policy research is: Which problems make it onto the agenda, and which problems do not? Often the answer is straightforward, such as when a sudden crisis draws attention to a particular field. At other times, political actors might draw attention to problems that justify their policy desires. Inversely, problems may also be ignored, often because of a lack of political appeal, intractability, or excessive costs associated with them (Cairney 2012, p. 234).

The aid effectiveness agenda is an exemplary case of political attention shifting to new and previously little appreciated problems. The notion of turning the perspective of decision makers to the inner workings of foreign aid themselves as a potential policy problem (over and above questions of how to overcome the socio-economic challenges of developing countries) defines and drives the aid effectiveness agenda.

For Kingdon, ideas “come from anywhere” (1984, p. 78). He considers tracing the dominant actors behind the promotion of certain ideas futile, as “nobody really controls the information system” (1984, p. 81). This is unsatisfying for two reasons. First constructivists, including those working on international politics, convincingly demonstrate how ideas, norms and their political urgency are often socially constructed (see Chapter 2). For research with a focus on policy change, it is often a useful abstraction to take politically influential ideas as a given starting point, and to examine how prominent politically influential ideas shape policy; or conversely fail to shape policy as in the case of Sharman’s study on the mostly fruitless attempts, including by the OECD (2006, p. 127 ff.), to regulate international tax competition.

However, this leaves the question – asked by Schmidt – which ideas become those that shape political reality, while others do not (Schmidt 2008, p. 307). One possible answer to this question is cross-national discourses, often facilitated by IOs (e.g. Finnemore 1996), which fall outside the often strictly national frameworks of public policy analysis. But even if the true origin of any given idea is truly untraceable, it is still relevant to investigate what forces and whose agency is bringing ideas to the political agenda. It means asking: Why is somebody investing political (and possibly economic) resources to bring a given problem to the political agenda? For this question, recent constructivist theory (e.g. Wiener 2009) emphasises the competitive contestation by political actors over ideas and norms (and over the interpretation of ideas, which are subject to “the irreducible ambiguity of language” (Sharman 2006, p. 12), and thereby may open divergent, even incompatible motives by different, even competing political actors).

***Means:*** Kingdon further identifies policies as a second, relatively independent stream. One of his key insights is the observation that policy solutions are not necessarily, or even commonly, developed to address specific or acute (political) problems. Kingdon lists several examples of policy solutions that preceded the ‘problems’ they were eventually applied to, as well as policy solutions adapted to different policy problems over time, in different countries or by different political parties. As examples, Kingdon refers to mass public transport, which according to him was framed as a solution to a variety of problems, including traffic congestion, urban pollution and oil shortages (also Cairney 2012, p. 235). Likewise, Health Maintenance Organizations in the US were initially framed in political discourse as means to extend health care delivery to the poor, and later as means to reduce health care costs more generally (Stone 1989, p. 298).

These ‘solutions-without-problems’ mirror the previously described notion that problems without an apparent or feasible policy solution may fail to draw attention from political decision makers for just this reason. Inversely, the motives for drawing attention to a particular problem may include the means to provide a policy solution, which – I argue – goes a long way to explain the interest and agency of the OECD DAC and the World Bank for the aid effectiveness agenda. My research on the OECD DAC and the World Bank points towards crises of legitimacy (see chapters 5 and 6), which both IOs experienced after the end of the Cold War, as incisive events that demanded institutional change (which in turn involves changes to the IO-state relationships crucial to IOs’ identity and authority). As the broader architecture of foreign aid relations changed in the 1990s, these two IOs in many ways became what could be described as ‘policy solutions without problems’. The legitimacy of these IOs was challenged in no small part by the fact that both were originally created to solve problems that no longer held the same urgency to governments in the 1990s.

***Opportunity:*** Kingdon refers to the last stream as ‘politics’, covering a variety of variables that shape the broader political sphere. They range from public opinion over interest group campaigns to electoral change. In essence, Kingdon’s third stream captures the stop-and-go nature of policy change, which often resembles dynamics described with the “punctuated equilibrium-model” of change (True, Jones and Baumgartner 1998). He considers receptivity and opportunity for new ideas and policies to be limited by default. Established processes and policies, he argues, tend to have an established clientele, which new ideas and policies often lack. The result is a default bias for inertia. However, changing circumstances (e.g. election of a new

government, an exogenous crises, etc...) can disturb the status quo and provide windows of opportunities for new ideas to successfully drive policy change.

Opportunity and receptivity are crucial for political ideas to transition into broader political norms, that is, to become “intersubjectively shared, collectively legitimated and/or institutionalized” (Park and Vetterlein 2010, p. 14).

Emphasis on this last aspect of opportunity is also important from a methodological perspective, as it illustrates very well how notions of linear causality struggle to represent the full picture. Successful paradigm shifts not only point towards ideational change, possibly driven by agency, but also imply a relevant audience that is receptive for new political ideas at a particular place and time. That is certainly true for the aid effectiveness agenda, and for the role played by the OECD DAC and the World Bank in shaping this agenda. Their strategic agency and the tools of their (epistemic or discursive) authority are, virtually by definition, grounded in a specific place and time and constellation of political actors.

## **7.2. Discussion of Additional Explanations & Factors**

The OECD DAC and the World Bank played an active part, as strategic agents, to enact and shape transnational ideational changes about how policy makers today think about effective foreign aid policy. The notions of *ideational* and *strategic* are crucial. The former emphasises a constructivist dynamic, which shapes political perceptions, agendas and priorities. The latter emphasises the institutional self-bias behind these two IOs’ agency. Though IOs are confined by path dependencies and structural constraints, I argue that the origins, character and eventual success of the aid effectiveness agenda can only be fully understood by acknowledging the IOs’

efforts to strengthen their legitimacy as international institutions. This should not be confused with a claim to place the sole causality of all aid effectiveness-related reforms, the scope of which was described in chapter 4, at the door of the OECD DAC and the World Bank. There are more and different factors to consider in any attempt to ‘fully’ explain the phenomenon of the aid effectiveness agenda. Indeed, the very notion of IO authority through a strategic *social* construction in IR rests on a notion of authority and influence *within* an active environment of multiple actors, preferences, interests and identities.

John Kingdon’s Multiple Streams approach offers fantastic theoretical toolkit to approach such a more “muddled” notion of causation – in a non-quantitative sense – and as is suggested here for devising a frame for discussing other factors that could be relevant to understanding the contemporary shape and success of the aid effectiveness agenda. Three further explanations, or factors are discussed below.

1. The role of donor states in the formation and dissemination of the aid effectiveness agenda. This explores the role of donor governments, or possibly a smaller sub-group of donor governments, and their domestic constituencies in shaping the aid effectiveness agenda.
2. The role of aid receiving states in the formation and dissemination of the aid effectiveness agenda, with or without the support of NGOs and similar advocacy groups. As the aid effectiveness agenda explicitly advocates, among other things, empowering aid-receiving governments in negotiating the terms of foreign aid and in its implementation, discussion of the role the aid agenda’s nominal main benefactors could be significant.
3. A discussion of the emergence of the aid effectiveness agenda as result of advancing knowledge and scientific insight into the workings of the global aid

architecture. IOs have been described as "science policy bureaucracies" (Finnemore 1996, p. 35), mirroring the Weberian idea of bureaucracies as a rationalization of policymaking in modernity. The tight association between international organisations and notions of rationality, bureaucracy, and science is long standing (Sharman 2006, p. 131). Thus the possibility must be considered that the aid agenda is genuinely an application of advancing scientific knowledge into the workings of foreign aid, facilitated by IOs.

In the space available each of the above will be discussed in turn.

***Strategic construction by donor states:*** The first aspect to consider is the strategic agency by donor governments, or possibly by a sub-group of donor governments, as a factor in the formation and dissemination of the aid effectiveness agenda. This approach is likely the most sympathetic to realism-inspired P-A models on the interactions and relationships between states and IOs. Nevertheless, though this alternative explanation may lead to conclusions congruent with P-A models, it remains, as discussed here, grounded in constructivist theory on the role and impact of political ideas on policymaking. There are two main variants to this argument.

The first variant looks for a potential minority of states among the larger group of donors. Promoting the aid effectiveness principles could be in the interest of some, but not all of the DAC-donors. One possible example for a research-hypothesis along these lines could be that smaller donor governments, such as the Nordic states, often seen to be more sympathetic for the aid effectiveness agenda, perceive and advocate the agenda as a way to increase their influence and their relative "voice" vis-à-vis other larger donors like Japan and the US.

The second variant would be a widespread interest on the side of donor governments, possibly in response to domestic politics, for promoting aid

effectiveness in its current shape. One example hypothesis could be that aid agencies and line ministries in donor countries favour the agenda to boost their own political standing and legitimise their (foreign aid) budgets vis-à-vis other domestic political actors, under constrained public finances, thereby improving domestic accountability for foreign aid budgets.

***Strategic construction by recipient states:*** A second alternative explanation would attribute the aid effectiveness agenda to the efforts of aid recipient states. This explanation has intuitive appeal, as the aid effectiveness agenda is designed with the intent of strengthening the voice of aid-receiving countries in global aid relations characterised by asymmetry in power relations between donor and aid recipient governments. The PD's emphasis on country ownership and mutual accountability and the idea of shaming (potentially) harmful or counter-productive donor practices, such as earmarking or parallel implementation, illustrate the point.

Again, this explanation rests on constructivist assumptions, which would see the success of the aid effectiveness agenda as the result of social interactions of actors in IR, even as the (ideational) agency of aid-receiving countries is "singled out" for investigation. And again, there are two main variations to this. The first would seek ideational agency for the aid effectiveness agenda among (some or all) aid-receiving states aiming to improve their standing in global aid relations. The second variant would seek agency for the aid effectiveness agenda on behalf of aid-receiving states by more indirect means, including possibly through the influence of activist groups and/or international NGOs.

Examples for both variants could be hypotheses based on processes similar to those described by Sharman, in a different, non state-to-state context, as rhetorical entrapment. This is "where weaker actors can defend their interest against the strong

through the use of rhetoric” (2006, 143), which exploit the aforementioned ambiguity of language. Such rhetoric entrapment would start from donor governments publicly proclaimed commitment to promote development through foreign aid – including the Paris Declaration itself, after its signing – as well as potentially other political goals, such as efficient and economic use of public finances, to exert “social influence” (Johnston 2008) over governments, compelling them to cooperate and to comply with the aid effectiveness agenda, motivated by concerns of states with their perception (or status) as ‘good’ donors among peers. Thus Johnston (2008, p. 151) points to

[...] the role that identity, or social category, plays in eliciting cooperation, namely, the link between self-categorization and social rewards/punishment. Given assumptions about status as a motivation for action, identification with a group/role/category creates sensitivity to particular kinds of status markers. The accumulation of these markers becomes a motivation of cooperative behaviour.

Models like the aforementioned of states receptive to social interactions and constructed norms, values and – ultimately – interests, opens up the possibility of strategic agency countering even the asymmetry in power relations that exist in relations between aid donors and recipient.

***Advancement of knowledge:*** A final alternative explanation would attribute the success of the aid effectiveness agenda to progress in scientific (and, in turn, technocratic) knowledge. This could include a new appreciation of factors inherent to the global institutional architecture of foreign aid, including aid fragmentation, institutional structures of bi- and multilateral aid organisations (e.g. disbursement



pressures<sup>28</sup>) and factors intrinsic to the political economy of foreign aid per se (e.g. the absence of a “normal feedback loop available to democratic or market actors” (Easterly and Williamson 2011, p. 8)), as well as new insights into the variables that determine the impact of foreign aid on development and poverty-reduction.

To ascribe the aid effectiveness agenda to genuine scientific progress cuts to the core of a vibrant scholarly discussion on the nature of IOs as “science policy bureaucracies” (Finnemore 1996)), whose “knowledge-based authority or ‘epistemic authority’” (Sharman 2006, p. 12) is fundamentally tied to their identity and perception as science-based and rational (in a Weberian sense) organisations free of political (or any) bias. A wealth of research, including the seminal “Rules for the World” (Barnett and Finnemore 2004), along with many studies drawing on Barnett and Finnemore’s work (e.g. Woods 2006, Sharman 2006, Park and Vetterlein 2010) provide great amounts of evidence on how IO authority in IR predicates on being perceived as rational, technocratic and scientific.

The research challenge here lies in exploring the degree to which the scientific is, in the case of aid effectiveness, the mode of IO agency, or instead a driving cause of the aid agenda itself, facilitated through the work of IOs as science policy bureaucracies. Unlike questions about the role of donors or aid-receiving countries, this alternative possible explanation remains closely tied to the role of IOs.

---

<sup>28</sup> Criticisms of an organisational culture and architecture that incentivises disbursements, and larger disbursements over smaller ones, has been commonly directed at the World Bank in particular (e.g. Woods 2006, p. 180). The OECD, which does not disburse money, would not be affected by it. Bilateral aid agencies, even if they (for the most part) do not operate on interest repayments, may well face the challenges similar to those highlighted by researchers such as Niskanen (1994), where restraining disbursements may risk smaller budgets in future years.

### **7.3. Comparative Assessment of Alternative Explanations**

This section discusses the three explanations introduced above, assessing each of them against the three aspects of the multiple-stream test. Limited evidence is cited to explore the appeals and caveats of each variant explanation, even though it is not possible to offer a truly comprehensive and in-depth assessment here. Nevertheless, they are important to consider the strategic agency of IOs for the aid effectiveness agenda (see chapters 5 and 6) in the broader context. They also offer useful starting points for possible further investigations.

#### **7.3.1. Strategic Construction by Donor States**

The major DAC donors include the world's most powerful states. Without doubt, these states have the means to realise the aid effectiveness agenda. However, one important reason why the aid effectiveness agenda makes such an intriguing research subject is the observation that its principles and provisions appear to both constrain the foreign aid spending of aid donors and to subject donor governments to supranational monitoring and oversight, as well as to the possibility of public shaming. The key then are plausible *motives*, which would see donor states as a driving force behind the aid effectiveness agenda, and not primarily as its targets; as objects of the aid effectiveness agenda's influence.

***Motives:*** If the preferences – or motives – of the major DAC donors are approximated as those of utility-maximizing, rational powers, there seems to be – almost by definition – very little that would encourage them to launch and promote the aid effectiveness agenda as it currently stands. Rational states (in a broadly realist/neo-liberal conception) would, by default, be averse to ceding control over aid

expenditures according to their current and future political preferences. The need to harmonise with other donors, to align public spending with the priorities of recipient countries, and to submit to the name-and-shame audits of the DAC, would all seem to run counter to rational states' desire to employ foreign aid policy as an instrument in what realists claim is an anarchic or highly competitive world. Further reasons that encourage donor countries to support practices explicitly ostracised by the aid effectiveness agenda could include various forms of tied aid, which directly benefits domestic constituencies and industries, and the branding aid projects with national or organisational identities. Finally, donors have strong incentives (and often constitutional obligations) to keep foreign aid budgets under their control and audit of their national institutions, including parliaments, rather than subordinate them to recipient country systems and to the political priorities of recipient country ownership. A central argument forwarded by the aid effectiveness agenda is that divergent donor interests, as well as their divergent administration, *are* one of the structural flaws in today's foreign aid system.

However, plausible motives for donor countries (as a mostly unified group) to support the creation and dissemination of an aid effectiveness agenda along its current lines are easier to deduce, if the analysis extends beyond the interest of states, to the arena of domestic politics. For example, aid agencies, as actors within domestic politics, have an incentive to improve aid effectiveness – however defined – in order to forestall criticisms of aid as a wasteful form of spending public money, or even the more damaging critique that aid might be counterproductive and actually harm the lives of the poor (an argument famously and controversially made before a relatively broad public audience by such books as the bestselling 'Dead Aid' (2009) by Dambisa Moyo). Both critiques could in turn contribute to a decline (from a high

level) of public support for foreign aid (e.g. Glennie, Straw and Wild 2012) and increase pressure to cut aid budgets, which would be unattractive for aid agencies themselves.

An important caveat here is the synchronicity of aid effectiveness reforms across most donor states (see chapter 4), both preceding the signing of the Paris Declaration and in its comparatively rapid implementation. For just as domestic politics differ from country to country, so the domestic political circumstances relevant to explaining the aid agenda can be expected to take on their own individual character accordingly.

**Means:** There is little doubt that the most prominent donor countries have the means to install an aid effectiveness agenda. These donors are among the world's wealthiest and most powerful countries. They are the very objects that the aid effectiveness agenda seeks to influence, above all. But it is important to note there is no necessary inevitability about this. Kingdon's second 'policy' stream (which corresponds with 'means' in this analysis) acknowledges that not all problems may have viable policy-solutions, and certainly even states like the United States, the UK, Germany and Japan do not *always* succeed in reforming their own policies, much less so in a coordinated, international manner. Nevertheless, this scenario offers a close alignment of (loosely speaking) "cause" and "effect", which other scenarios – including the influential role of IOs as argued in this thesis – clearly lack.

**Opportunity:** With respect to the agency of donor states as a driving force shaping the aid effectiveness agenda, opportunity is the most ambiguous among the three multiple-streams that structure this analysis. On first glance, rational donors have little intrinsic interest to address the problems highlighted by the aid effectiveness agenda, such as tied aid, aid fragmentation or aid volatility. In the example of the

latter, recipient countries mostly bear the costs of aid volatility (e.g. Kharas 2008) and aid fragmentation (e.g. Knack and Smets 2012), yet the costs for fixing the problem – reducing the volatility of aid by achieving more predictable disbursements or reducing aid fragmentation through international coordination, in the examples above, fall squarely on the donor governments and their administration.

In the years following the end of the Cold War, donor governments had to confront the same global changes in the field of foreign as IOs, such as the World Bank and the OECD DAC, thus facing comparable needs to adjust foreign aid in this new global context, though arguably not staring at a full-blown legitimacy crisis. Moreover, the early 1990s saw electoral change in many important donor countries towards governments, as “*Third Way*” (Giddens 1998) credentials, social democrat or similar governments come to power in several European countries, like the UK. These governments would (generally speaking) be more sympathetic to devolution of ownership and to a greater emphasis on poverty reduction.

In summary, the third stream of opportunity – or ‘politics’ in Kingdon’s model – must, in absence of more in-depth research, be considered ambiguous with regards to donor agency for the aid effectiveness agenda, especially in the years before the signing of the 2005 Paris Declaration. On the one hand, electoral change – one of Kingdon’s examples, which may supersede the general (assumed) bias for inertia – in a period of significant geopolitical change, may go some way to explain a window of opportunity for change for donor governments who favour and support the rise of an aid effectiveness agenda. The international nature of many problems highlighted by the aid agenda, such as aid fragmentation, or efforts to penalise unilateral free-riders, for example in efforts to curb tied aid, also suggest the need for an international solution.

On the other hand, there are costs associated with addressing these problems, such as coordinating aid internationally, and opportunity costs for forsaking some policy instruments condemned by the new aid agenda, such as tied aid, at least in certain situations, as in countries with high levels of corruption (e.g. Knack and Smets 2012). Ultimately, more research, including in-depth (donor) country case studies and, possibly, game-theoretic modelling, is needed to truly resolve this ambiguity and to explain whether historic factors of this period were sufficient to tip the balance against donor countries' assumed bias for inertia even *without* the agency of IOs in the picture. Such research is beyond the limits of this thesis.

Either way, there appear to be some overlaps with the arguments presented in chapters 5 and 6 on the unique window of opportunity for shape donor preferences that the World Bank and OECD DAC enjoyed at this particular period of time.

***Variant Hypothesis:*** There is an important variant to this discussion on the role played by donor governments in shaping the aid effectiveness agenda. This variant draws attention to a division among groups of donor states, where one group would seek to influence the other by shaping the “framework of ideas and standards” (Hall 1993, p. 279) in a given policy field through efforts of strategic social construction (Finnemore and Sikkink 1998). In the aid effectiveness literature, the argument has been made that smaller donors, in particular Nordic countries, view the Paris Declaration more favourably because they are generally more likely to delegate the implementation of foreign aid (cp. Knack et al. 2010, 14). The aid effectiveness agenda would – in this variant – provide this group of donor countries with additional security that their delegated foreign aid is broadly used as they intended.

The DAC's evaluation of the donors' progress in implementing the PD (OECD 2011) provides some data to explore this latter claim. One case frequently cited in

support (e.g. Knack et al. 2010) is the outlier case of the United States (US), which is both the world's biggest provider of foreign aid and one of the poorest performers in complying with the PD. In several of the PD's indicators discussed in chapter 4, the US performed worse in 2010/2011 than in 2005. Examples for this include a drop in coordinated US Technical Co-operation (TC) from 47% of all TC in 2005 to only 37% of all TC in 2010 (OECD 2011, p. 146), well short of the 50% target for 2010 (OECD 2011, p. 199). The US also regressed in programme-based aid (OECD 2011, p. 156) and coordinated donor missions (2011, p. 158). Beyond the US however, the OECD data does not support a picture of ill-behaving large donors and well-behaving small/Nordic donors. Tables 9 and 10 contrast the largest donors by net ODA with the largest donors by ODA as percentage of GNI based on Paris Declaration's indicator number 4. This is, of course, shows only one indicator from the PD. Nevertheless, the tables help illustrate how trends are not distributed evenly between the groups of states: France and Germany, two of the largest DAC donors, made significant progress. The UK and Japan made relative less relative progress, but started from a high level well above the 50% target back in 2005.

<b>Five largest DAC-Donors by net ODA as of 2009</b> <b>(US, France, Germany, UK, Japan)</b>					
<b>Paris Indicator 4 – Technical Cooperation: Target for 2010 = 50% Coordinated TC</b>					
<b>Country</b>	<b>Coordinated TC (2010)</b>	<b>Total TC (2010)</b>	<b>2005</b>	<b>2010</b>	<b>2010/2005 in %</b>
<b>USA</b>	1715	4648	47%	37%	-11
<b>France</b>	47	92	20%	51%	+31
<b>Germany</b>	370	535	39%	69%	+30
<b>UK</b>	178	275	61%	65%	+4
<b>Japan</b>	360	444	75%	81%	+6

**Table 8 Five largest DAC-Donors Progress for Paris Declaration Indicator 4 (OECD 2005)**

<b>Five largest DAC-Donors by ODA as % of GNI<sup>29</sup> as of 2009</b> <b>(Sweden, Norway, Luxembourg, Denmark, Netherlands in order)</b>					
<b>Paris Indicator 4 – Technical Cooperation: Target for 2010 = 50% Coordinated TC</b>					
<b>Country</b>	<b>Coordinated TC (2010)</b>	<b>Total TC (2010)</b>	<b>2005</b>	<b>2010</b>	<b>2010/2005 in %</b>
<b>Sweden</b>	28	58	64%	47%	-16
<b>Norway</b>	8	17	79%	45%	-34
<b>Luxembourg</b>	7	16	0%	46%	+46
<b>Denmark</b>	61	66	51%	93%	+42
<b>Netherlands</b>	47	85	35%	55%	+20

**Table 9 Largest DAC-Donors by ODA as % of GNI Progress for Paris Declaration Indicator 4 (OECD 2005)**

In contrast, Sweden and Norway, perhaps ironically, actually regressed sharply, though Denmark is the DAC's overall top performer on indicator 4. Using different measures of their own creation, Easterly and Williamson arrive at similar conclusions regarding Scandinavian (or Nordic) donors:

[...] Scandinavian donors appear to be average to mediocre on the overall ranking. [...] Apparently, the reputation of Scandinavia as altruistic is based on the volume of its aid, and not on following best [i.e. Paris Declaration] practices in aid giving. (2011, p. 45)

Of course, strictly speaking, the fact that Scandinavian donor countries – as a subgroup of all major foreign aid donors – apparently do not all live up to the principles of the aid effectiveness agenda, do not necessarily prevent them having an influence on policies of other donors through the aid effectiveness agenda. Likewise, the

<sup>29</sup> OECD DAC International Development Statistic (IDS) at: <http://www.oecd.org/dac/aidstatistics/> (Accessed 20 March 2014).



dichotomy of non-Nordic-vs.-Scandinavian donor countries is certainly not the only potential source of division among donors.

To summarise, there are many good arguments why donor countries would support, and actively promote, the aid effectiveness agenda, even if its provisions, at first glance, possibly contradict the interests and preferences that many IR scholars attribute a rational state. The post Cold War period, with its changes to geopolitics and changes to how foreign aid is perceived, presents challenges for states as much as for IOs, all of whom may be capable of undertaking ideational change. Mechanisms such as those of socialization or peer pressure among states, as described by Johnston (2008), could prove more important following the end of foreign aid's domination by Cold War "power-politics". Even if IOs – as argued in this thesis – had a larger role in strategically shaping the aid effectiveness agenda, they still met and – very importantly – required (potential) donor sympathy to these ideas in order for the PD to be signed and for the agenda to then impact on actual foreign aid policies. Donor receptivity, or at a minimum acquiescence, is an essential enabling condition for policies to change and be faithfully implemented.

### **7.3.2. Strategic Construction by Recipient States**

Developing countries, which receive ODA from DAC-donors, are the direct beneficiaries of foreign aid. Improving the effectiveness of aid is meant to benefit them first of all. Much of the PD (and more so the 2008 Accra Agenda and the 2011 Busan Partnership) focuses on giving aid-receiving countries a stronger voice in negotiating and implementing foreign aid. This gives aid-receiving states a clear and strong motive to promote the aid effectiveness agenda. Assessing criteria of means

and opportunity, on the other hand, highlights caveats about the role of aid-receiving countries in shaping and promoting the aid effectiveness agenda.

***Motives:*** Aid-receiving countries have two closely related reasons for promote the aid effectiveness agenda on the international stage. First, because the agenda aims to improve foreign aid implementation to better achieve its explicit purposes of supporting developing countries. Second, the agenda seeks to achieve this by giving aid-receiving developing countries a greater voice within the global aid architecture.

The declared purpose of foreign aid is to help developing countries grow their economy and reduce poverty, as well as a range of subsidiary socio-economic goals. The aid effectiveness agenda is not without implementation difficulties Political scientists and others sometimes see aid as an instrument donors use for more implicit and self-serving purposes than helping development or the poor, such as advancing commercial or security interests, or increasing their geopolitical influence (Riddell 2007, p. 91). These grounds are often cited as reasons why aid is sometimes not effective. Compliance with the aid effectiveness agenda would presumably shift the balance away from the donors' alleged (more or less implicit) motives and towards the ends that are supposed to motivate it, namely development goals. Moreover, the aid effectiveness agenda strives to achieve its stated aim by giving aid recipients a greater voice in the design and implementation of foreign aid. Its very logic assumes that the effectiveness of foreign aid will improve when the recipients become more active, more involved and better respected partners of the donors in the various stages of planning and implementing foreign aid.

To conclude, plausible motives for recipient countries to shape and promote the aid effectiveness agenda are easy to identify. In theory, an agenda of this kind could help aid-receiving countries in pursuit of “rhetorical action” or “rhetorical

entrapment”, as outline by Sharman (2006), to bind donors to their declared aims of foreign aid.

There is one caveat: aid recipient governments may also perceive benefits in the *dysfunctions* of the aid system, for example for rent-seeking or in ‘donor shopping’ (to circumvent conditionalities – e.g. Annen and Moers 2012, p. 30). This corresponds to opinions voiced during my interviews, especially at the World Bank (e.g. Roome, J., personal communication, October 24, 2011). Experts I spoke with saw efforts to coordinate donors also as means to achieve a more unified donor stance on delicate or politicised issues in aid-receiving countries, which would prevent ‘donor shopping’. Ngaire Woods (2006) describes the aid coordinating mechanisms of the IDA as means to improve “information in a way that could be much more greatly leveraged by donors” (p. 189), though describing it as a possibility, less a reality. It is hard to gauge – without further research – whether these possible downsides for aid-receiving governments could qualify as overriding motives for aid-receiving countries as a whole. Likewise, the aim to better discipline problematic aid recipients with the aid effectiveness agenda may clash, in parts, with findings by Stephen Knack and Lodewijk Smets (2012) who argue potential benefits of untying aid (now one principle of the PD) are not realised in highly corrupt least developed countries.

**Means:** The “means” of aid-receiving countries to influence the foreign aid policy of donors to their advantage is a more difficult criterion. For a start, there are very few academic institutions, think tanks or policy-making traditions preceding the 1990s, where aid recipient countries consciously engage structural questions of foreign aid policy and foreign aid relations. Post colonialism, in all its diversity (e.g. Young 2003), is perhaps the next closest discourse to expound the problems of

asymmetrical relationships between aid recipient and donor states. However, postcolonial theory is often politically charged and technically unspecific; the near-diametric opposite of the aid effectiveness discourse in many ways. It is difficult to conceive postcolonial discourses as a ‘policy solution’ to a ‘policy problem’ in the sense of Kingdon’s second policy stream. Moreover, it also lacks access to donor’s policy processes.

Sharman’s (2009) concept of “rhetorical action” and “rhetorical entrapment” provides plausible mechanisms for ideational change, though it is not clear where aid-receiving states have access to a discursive arena for such “rhetorical action”. Scholars like Dostal (2004) who have investigated the question of expertise-based agency of IOs in public policymaking through a discursive lens to emphasise the need to look for a temporal sequence and location of the original policy ideas.

The analysis of public policy from an organizational discourse perspective requires observers to search for ‘first mover’ situations in order to trace back the histories of currently hegemonic policies: we may ask, in which particular institutional settings were new policy-relevant ideas and cognitive frameworks first developed; and how did they subsequently acquire their hegemonic status inside of the relevant policy-making networks? (Dostal 2004, p. 444)

The World Bank and the OECD DAC – shapers of the aid effectiveness agenda even if the precise nature or extent of their agency still remains open to debate – are unlikely forums for concerted rhetorical action by aid-receiving (and non-OECD member) states. As an institutional setting for the aid effectiveness discourse, they also challenge the ‘first-mover’ consideration introduced by Dostal. Reducing the barriers for aid-receiving countries to the aid effectiveness discourse facilitated by these two IOs is not the earliest but instead one of the more recent aims of the aid

effectiveness agenda, notably the 2008 Accra Agenda for Action (itself the result of the first aid effectiveness forum hosted by an aid-receiving country).

***Opportunities:*** Finally, the question whether recipient countries had the political window of opportunity – as initiators of the aid agenda – to successfully shape the aid effectiveness agenda and to promote it to an audience of (receptive) donor countries. The geopolitical changes of the early 1990s, the overall decline of foreign aid and the emerging criticism of earlier forms of foreign aid, including challenges to the Washington Consensus (e.g. Stiglitz 2002), could conceivably have created a similar mix of crisis (foreign aid budgets declining) and opportunities (new geopolitics allowing new narratives to emerge) for aid-receiving countries just as it did for the IOs investigated in chapter 5 and 6..

However, opportunity here is in doubt (at a risk of tautology) because the early aid agenda is linked to institutions, not least the DAC and the World Bank, which are donor-biased aid-receiving countries came late into the aid effectiveness discourse. This last point runs counter the methodological recommendations of Jörg Dostal (2004) who says we must disentangle the interwoven process of discourse and social construction along chronological lines in order to establish the ‘first mover’ behind what only later becomes a cascading policy norm.

Both the DAC and the World Bank are clearly dominated by (traditional) donors. Indeed, as described in detail in the case study on the DAC, significant efforts were taken after the PD was signed to actually help include the aid recipient countries that stand to benefit most from the aid effectiveness agenda. The WP-EFF was restructured with the aim of moving “from a working party to the international

partnership of aid effectiveness”<sup>30</sup>. This reflects the widespread perception that, somewhat ironically, aid-receiving countries were underrepresented in the very aid effectiveness discourse on how to empower them in the global foreign aid discourse.

The donor stakeholders were well represented in the process [of drafting the PD]. I am not sure about the developing countries. They were not as well represented certainly in setting the targets. But they have been more and more vocal indeed since Paris. Their participation in the structure and the monitoring has increased. They have parity of numbers. Their views are being much more listened to. (Hammond, B., personal communication, May 6, 2011)

It is this expansion of the DAC’s work – stretching its mandate – that triggered calls for decoupling the aid effectiveness agenda from the DAC (Glennie 2011).

To summarise, recipient states have good reasons to promote aid effectiveness. However, research to date points towards the fact that the aid effectiveness agenda cascaded from heavily donor-biased platforms, with little initial input from aid recipients. This raises doubts about both the means and the opportunities of aid-receiving countries to act as early or ‘first-movers’ to promote and shape the aid effectiveness agenda. The World Bank and the DAC were unlikely places for aid-receiving countries to successfully construct new narratives about global aid relations. In contrast, regional organisations such as South-South networks, or even the UN presumably would have played a greater role if the first-movers had been aid-receiving states.

***Variant Hypothesis:*** One variation of this alternative explanation, that aid receiving states were a driving force in shaping the aid effectiveness agenda, considers an ‘indirect representation’ of aid-receiving countries through other agents.

---

<sup>30</sup> <http://www.oecd.org/dac/effectiveness/45498646.pdf> (Accessed 31 March 2014)

International NGOs seem to be one of the natural candidates for this. Though international NGOs are often based in OECD-countries, they frequently campaign for changes in foreign aid policy. Indeed, as described in the case study on the World Bank (Chapter 6), NGOs originated and amplified public criticism of the World Bank and the Washington Consensus in the early 1990s. NGOs played a similar role in the late 1990s, when they marshalling public support for debt relief for highly indebted poor countries. In a big development financing conference in Monterrey in 2002 they were instrumental in the getting donor countries to pledge at least 0.7% of GDP in foreign aid by 2025 (see Riddell 2007, p. 43).

There are good reasons to think that NGO campaigns were equally active in shaping the aid effectiveness agenda, as a part of their role in shaping public perceptions and political priorities in foreign aid in 1990s. Indeed, as shown in chapter 6, the public and political pressure by NGOs on IOs, notably the World Bank, was an important factor animating the World Bank to consider and adapt its position on a range of development-related issues, for example environmental concerns (e.g. Park 2005). However, little evidence has been seen to suggest that NGOs made direct contributions to shaping the aid effectiveness agenda and its specific ideas and principles, over and above disowning structural adjustments, aid conditionality and campaigning for debt relief.

As with the alternative explanation above – recipient-country agency - this variant raises caveats, not in the possibility of NGOs being architects of the process, or with regards to the many contributions by NGOs to the aid effectiveness agenda in its later stages, but in light of the temporal sequence. In the aid effectiveness-literature NGOs are generally perceived as latecomers to this specific discourse, an assessment matched by my research interviews. In particular, NGOs appear to have played, at

best, a marginal role in Paris 2005 and up until perhaps the 2008 Accra Agenda for Action.

The Paris Declaration focuses predominantly on donor-partner country relationships and does not explicitly address the role of non-governemnt [sic] organisations (NGOs) and civil society organisations (CSOs) in the process to improve aid effectiveness. The role of NGOs and CSOs has been more visibly incorporated into the follow-up agreement on aid effectiveness, the Accra Agenda for Action (AAA). (ACFID 2009)

Concluding, this variant explanation on the distinctive role of NGOs in shaping the aid effectiveness agenda is faced with many of the same caveats about ‘means’ and ‘opportunity’ pointed out for the broader variant of aid-receiving countries strategic agency. These doubts are based on similar observations of NGOs ‘being late’ to this particular policy discourse, rather than spearheading it, in contrast to what they have done elsewhere (e.g. debt-relief). Of course, this does not negate or contradict the possibility that NGOs made important contributions to the aid effectiveness agenda once they engaged with it more thoroughly, notably after 2008. The sequencing of the aid effectiveness agenda’s cascade as a normative policy agenda however, suggests a near-perfect inverse of the dynamics described, for example, by Susan Park (2005) on the interaction of the World Bank and IOs on the diffusion of environmental norms. There, Park describes “the role of IOs as norm consumers as well as norm diffusers” (2005, p. 111), who adopt, or consume, norms from NGOs, advocacy-networks and other non-state actors. In aid effectiveness, the reverse appears to have been the case.



### 7.3.3. Advancement of Scientific Knowledge

It is worthwhile to briefly discuss the variant explanation that stresses how the aid effectiveness agenda is primarily the result of advancing knowledge and new insights into the workings of foreign aid. Or, in a similar vein, that aid effectiveness is a rational (in a technocratic sense) response to new policy problems that were emerging or particularly pressing in foreign aid in the 1990s.

This particular topic was discussed earlier, notably in tracing the initial ‘ideational artistry’ of the DAC and the World Bank in creating today’s aid effectiveness agenda (chapters 5.2 and 6.2. respectively). One example has been the long tradition in academic literature on concepts of limited absorptive capacities (e.g. Guillaumont and Guillaumont 2010) and on the bureaucratic burden of uncoordinated foreign aid (e.g. Tandler 1975). Both play roles in the aid effectiveness agenda but predate the 2005 PD and its 1990 roots, including *Shaping the 21<sup>st</sup> Century* (1996) and the World Bank’s CDF (Wolfensohn 1999), often by decades.

Arguably, this variant explanation touches on the very core concepts of IOs’ expert authority and legitimacy, both of which were shown to be intimately connected to the IOs’ nature or character as “science policy bureaucracies” (Finnemore 1996, p. 35), whose “policy influence and institutional effectiveness depend on its being perceived as an “apolitical,” rational, and expert bureaucracy“ (Sharman 2006, p. 11). Differentiating – with academic rigour – between science as the mode of IOs’ strategic social construction, and science as a genuine factor shaping policy ideas, norms and paradigm shifts, such as the aid effectiveness agenda, is problematic. The obvious approach is chronological, which was applied in the case studies in chapter 5 and 6. If a particular scientific insight significantly pre-dates its advocacy as a policy idea, the reasons for its advocacy are likely more than

simply the closure of a knowledge gap through scientific progress. And while IOs may have strategic interests that go beyond their calling as rational, apolitical, expert organisations, their credibility as science policy bureaucracies depends on the science underpinning their policy advice being genuine.

A further problem is that the multiple-streams-test adopted from Kingdon is ill suited to study the role of advancing scientific knowledge in shaping the aid effectiveness agenda. Indeed, the underlying assumption that greater insights and knowledge into specific policy problems lead to an appropriate response is precisely the sort of ‘rational sequence’ in policymaking, which Kingdon (1984) rejects with his multiple-stream model. Moreover, the lack of a distinct agent or actor makes it difficult to discuss their ‘motives’ or ‘means’ in this agent-focused model. However, this final variant merits some discussion here, however brief.

**Motives:** Motives are not truly applicable. This particular alternative explanation rests on the logic that advances in scientific knowledge, more than any actor’s conscious agency, lead to a rational policy response. This variant goes against Kingdon’s basic assumption of (over-)crowded political agendas. By default these are closed to new insights unless championed by actors in the contestation of politics (Wiener 2009, p. 175; Wiener and Puetter 2009, p. 7) within a broader political environment assumed to be biased towards inertia, outside of limited, critical opportunities for change (Kingdon 1984, p. 165-6). However, not all mechanisms or processes of norm diffusions studied in the literature (e.g. Park 2005, Vetterlein and Park 2010) include the twin-assumptions of (i) a limited political agenda, and (ii) a resulting need for political contestation of policy ideas whereby the ideas that “become the policies, programs, and philosophies that dominate political reality” (Schmidt 2008, p. 307) become separated from those that do not. However, without

an alternative to the mechanism of contestation, these approaches must struggle to answer Schmidt's (2008) question about why only some ideas cascade and come to shape political reality whereas others do not.

**Means:** Means, likewise, are not truly applicable. This alternative explanation builds on the assumption that advances in scientific knowledge lead to appropriate policy responses. This translation of advancing knowledge into policy (even if it is 'diluted' by political processes and compromise, as Easterly and Williamson (2011), among others, assume by default) is an intrinsic assumption to this variant explanation. It is the persuasiveness of scientific insight itself that motivates reform.

A slight variation to discuss the, possibly rewarding from a theoretical perspective, would be to integrate the concept of "epistemic communities" (Haas 1992) into the discussion at this point to introduce a notion of agency, here the means of specific scientific and/or academic community to raise scholarly insights to the political agenda. In the specific case of aid effectiveness however, there is likely a conceptual overlap between the research and knowledge productions associated with the two IOs investigated here, and the political means (including institutional access) of an epistemic community invested in the aid effectiveness agenda.

**Opportunity:** Opportunities ('Politics') is thus the only relevant criterion. The plausibility of this explanation rests on the coincidence of new insights into a problem (new knowledge) and a policy response. Responses may not be immediate, but a link should be identifiable.

The World Bank and OECD DAC studies both touched upon the observation that this coincidence of insight and policy seems not to exist, and on how key components of the aid effectiveness agenda built on a combination of pre-existing

concepts. References to the concept of limited absorptive capacity of aid-receiving countries, to name one example, can be traced back to the economic studies of Nurske (1953), Millikan and Rostow (1957), and Rosenstein-Rodan (1961). As a policy problem in line with the use of absorptive capacity in today's aid effectiveness agenda – i.e. describing the limits of domestic institutions to deal with the demands of (too many) donors – the concept reaches back at least to Tandler (1975, p. 86). Problems that result from foreign aid tied to procurement systems of donors have likewise been known for decades. Indeed, the DAC, “since its inception, has devoted much attention to the possibility of untying aid, but little progress has been made” (Coverdale and Healy 1981, p. 185).

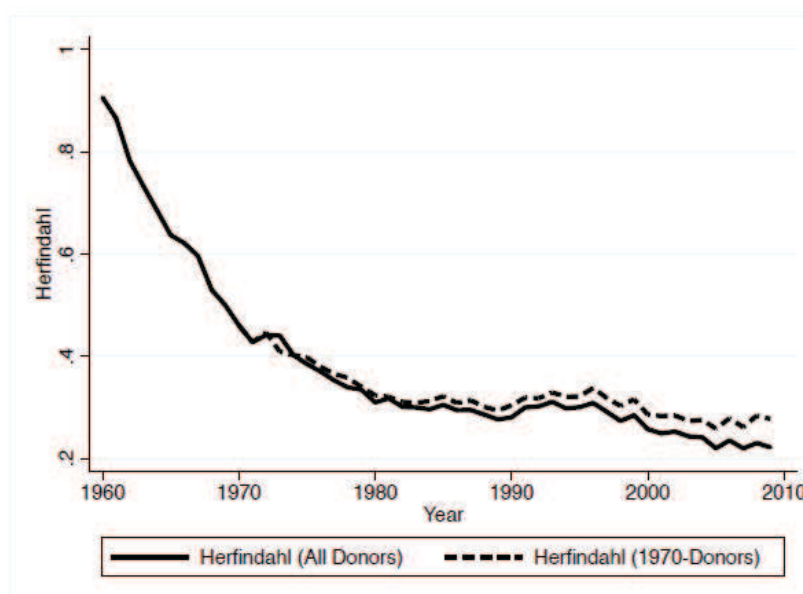
It lies beyond the scope of this thesis to make an exhaustive exploration of all the possible alternative explanations, which would require a while thesis in itself. Yet, as exemplified by the examples above, insight into these problems did not in itself trigger a policy response. The opportunity for policymakers to be receptive to these insights came at a particular time and with the specific narrative frame provided by the effectiveness agenda.

**Variant Explanation:** A notable variant to this discussion of advancing scientific knowledge deals with the currency of policy problems, rather than with scientific progress. Academics, technocrats, even policymakers could be well aware of a certain policy problem, yet no response is triggered, until the problem becomes grave or urgent enough to warrant political attention. Concerning this variant, however, it can likewise be shown that many of the problems, which are addressed by the aid effectiveness agenda, also precede the end of the Cold War.

Aid fragmentation is a good example. Overall, fragmentation of foreign aid increased significantly over all the years since the OECD DAC was established. The

average donor disbursed aid to 20 recipient countries in 1960, but to over 85 in 2009 (Annen and Moers 2012, p. 5). Combined with (a) the fact that the total number of donors increased and (b) the observation of foreign aid donors' tendency for "herding"<sup>31</sup> (Frot and Santiso 2011), instead of specializing efficiently, the growing scope of the problem of fragmentation is apparent.

Authors such as Annen and Moers (2012) and Easterly and Williamson (2011) employ the Herfindahl Index<sup>32</sup> (e.g. Hirschmann 1964) to analyse aid fragmentation across this longer time frame. The Herfindahl index is defined as the sum of the squares of the "market shares" (or in this case, shares of the foreign aid) of the largest actors. Increases in the Herfindahl index generally indicate a decrease in competition and an increase of "market share". Inversely, a measure approaching 1 would represent a monopoly. Applied to foreign aid, figure 14 below from Annen and Moers (2012) illustrates the trend towards fragmentation.



**Figure 14 Global Aid Herfindahl Index (Annen and Moers 2012, 7)**

<sup>31</sup> Emmanuel Frot and Javier Santiso borrow the concept of herding from financial economics (which in turn adopted it from early 20<sup>th</sup> century sociology) and apply it to foreign aid. Herding describes "economic behaviour in terms of social influences such as "emulation", where some members of a group mimic other members of higher status" (2009, p. 4). This study finds evidence for herding among bilateral donors only.

<sup>32</sup> Originally the Herfindahl index was a measure of the size of firms in relation to an industry and an indicator of the amount of competition among them.

This visualization highlights growing aid fragmentation observable. Crucially however, this visualization also shows that fragmentation increased most dramatically long before the 1980s, was relatively stable during the 1990s, and deteriorated again after 2000. The latter is mainly a response to new donors emerging after 1970. In short, there is little indication that the problem of aid fragmentation should have become a particular pressing problem at the inception of the aid effectiveness agenda, i.e. roughly in the time span between *Shaping the 21<sup>st</sup> Century* (OECD 1996) and the Paris Declaration for Aid Effectiveness (OECD 2005). Similar long-term observations can be made and have been made for other aid effectiveness issues, including aid selectivity and tied aid (e.g. Easters and Williamson 2011, p. 40-43).

This cursory examination however does not indicate any signs of specific changes or shifts in policy problems that would point to an exogenous cause (or ‘trigger’) for the aid effectiveness agenda on the basis of newly emerging, or newly urgent policy problems within the particular timeframe (or timeframes) of the aid effectiveness agenda’s initial conception and its later cascade towards becoming a policy norm.

Strategic Construction by Donor States (multi-stream test)		
Motives	Means	Opportunity
-	+	+
Strategic Construction by Recipient States (multi-stream test)		
Means	Means	Means
+	-	-
Advancement of Scientific Knowledge (multi-stream test)		
Motives	Means	Opportunity
N/A	N/A	-

Table 10 Multiple Stream Assessment for Variant Explanations 1 to 3

#### **7.4. Chapter 7 – IO Agency, Multi-Causality and Policy Change**

Chapter 7 presents and discusses variant and complementary explanations to the observable policy changes previously discussed in chapter 4. Though the emphasis of this thesis is not in explaining policy changes, but in investigating the role of the OECD DAC and the World Bank in shaping the emergence of the aid effectiveness agenda, the aid agenda's topicality and relevance for political studies follows in no small part from the widespread reform efforts associated with it. Chapter 7 thus adopts a broader perspective, aiming to briefly explore some of the context, additional aspects and supplementary factors that define the broader environment of the DAC's and the World Bank's strategic agency.

Chapter 7 has adopted a multiple-stream-analysis from the public policy literature to use as a shorthand test for comparing key aspects of these variants. The three aspects discussed in this chapter were (i) the role of donor countries, (ii) the role of aid-receiving countries, and (iii) the role of advancing scientific knowledge in shaping the emergence of the aid effectiveness agenda in the context of post Cold War IR.

**On the role of donor countries,** these certainly play a role in the emergence of the aid effectiveness agenda. Any policy advice by IOs to reform foreign aid policy needs to compete and succeed in the contestation of national politics, as well as on the international stage. Though there are costs associated with reforming policies along the prescriptions of the aid effectiveness agenda, several reasons can be found to explain donor country receptiveness to the aid effectiveness agenda. Notably, they committed to (parts of) the aid effectiveness agenda, for example the UK's 2002 abolition of tied aid, which would tie in with supporting the same norm as a more broad-based international principle. The key caveat is whether donor countries could

have been the ‘first movers’ to shape and diffuse aid effectiveness agenda before it gained momentum. That seems implausible, not least due to a lack, in the logic of the multiple-streams-test, of an apparent motive. What could motivate donor countries (or, alternatively, their aid agencies) to advocate a set of policy norms, which they (a) struggle to comply with (to the extent of the targets agreed upon in the PD), (b) subjects them to a multilateral “name-and-shame” benchmarking processes, casting many in an unfavourable light (e.g. OECD 2011), and (c) restricts (if only by ‘soft power’) their freedom to disburse and implement foreign aid along their political (or organisational) priorities?

At least donors were clearly receptive to the aid effectiveness agenda and, ultimately, aided its diffusion. They imbued it with authority. The empirical work for this thesis could identify no obvious ‘first mover’ (Dostal 2004) among donor states, who initiated the aid effectiveness agenda. Likewise, the more abstract ‘multiple-streams-test’ raises doubts about the motives of any given donor, or group of donors, to launch such a process.

**On the role of aid-receiving countries,** they appear to be natural advocates of the aid effectiveness agenda, as they are the agenda’s intended main beneficiaries. The key caveats here, after applying the multiple-streams-test framework, are questions about means and opportunity, rather than motives. But if (some or all) recipient countries really had initiated the agenda, either directly or represented by international NGOs and advocacy groups, then questions must arise why they joined the process only recently? The more plausible explanation, in line with the documented chronology, would see aid-receiving countries, along with NGOs and advocacy-networks, as “norm consumers” (Park 2005). Later, both contributed to the process and played a role in expanding the breadth and depth of the aid effectiveness



agenda. Arguably, the recent expansion of the aid agenda to this broader group of participants caused both a controversy on whether the OECD DAC is still the appropriate forum (Glennie 2011) and hastened the World Bank's disengagement from the aid effectiveness agenda (see chapter 6.3.).

**On the advancement of scientific knowledge,** any notion that science of aid effectiveness itself was a factor shaping the emergence of the policy agenda of that name does not conform well to the multiple stream test. Nevertheless, the key caveat here appears to be a question of opportunity. Neither the specific scientific insights on problems highlighted by the aid effectiveness agenda, nor the actual problems appear to coincide or correlate well with the actual emergence and cascade of the aid effectiveness agenda as a policy paradigm.

Overall, none of the main explanations identified in this chapter fully conform to all three aspects of 'motives', 'means' and 'opportunity'. None are sufficient to explain the emergence of the aid effectiveness agenda in its current shape. They do, however, draw attention to the significance of context and the conflation of parallel interests and scientific trends for the ideational artistry and agency by the DAC and the World Bank in respect of the aid effectiveness agenda and so may well help explain the agenda's success at this particular point in history. Further research into this aspect should be encouraged.

## **Chapter 8 – Mechanisms of Ideational Agency and Institutional Change**

This thesis set out to study the aid effectiveness agenda as a recent, influential and, as political phenomenon, understudied policy agenda to improve foreign aid. The aid effectiveness agenda and its principles – among them donor coordination, greater use of country systems in aid-receiving countries, and better alignment of aid with aid-receiving countries' priorities, ideally through joint aid efforts – are a focal point of present-day foreign aid policy discourses. Today's prevalence of this agenda, its assumed influence on foreign aid policies, and its relative novelty – the agenda is mainly associated with the Paris Declaration on Aid Effectiveness, adopted in February 2005 by over 100 signatories – as well as the relative rarity of academic research on the origins and nature of the aid effectiveness agenda as a political phenomenon, all motivated this study to trace back the agenda to its origins and to investigate the processes that shaped its emergence and its present form.

Preliminary forays into the topic suggested an important and, in aid effectiveness literature, little researched role played by IOs, in particular the OECD DAC and the World Bank, in shaping the aid effectiveness agenda. This in turn adds a topical, more theoretical dimension to this study, raising the question of how IOs can potentially shape preferences of donor states in the field of foreign aid, and possibly in other policy areas. With this added dimension, the research presented in this thesis no longer speaks only to the scholarship dedicated to understanding the aid effectiveness agenda and improving foreign aid, but also to a thriving literature on the relationships between states and IOs in global affairs, which includes works on the OECD and the World Bank specifically, and constructivist studies on how IOs influence state preferences. For these reasons, this thesis set out to answer the central question of: How did IOs shape the emergence of the aid effectiveness agenda?

## 8.1. Empirical Findings

This thesis's study on the aid effectiveness agenda reveals four main findings. The first finding is that the ideational origin of many of the concepts, principles and norms that constitute today's aid effectiveness agenda can be traced back to processes within two IOs, the OECD DAC and the World Bank, both of which are now closely associated with facilitating the policy discourse on aid effectiveness. Today, these two IOs are tasked with monitoring policy reforms undertaken by donor governments to improve the effectiveness of foreign aid, and help implement crucial tenets of the aid effectiveness agenda in aid-receiving countries. The OECD DAC and the World Bank, in the 1990s, were the place and the time from where and when the early precursors to the aid effectiveness agenda originated. The roots of the agenda can be traced back to ideas and concepts that were put to paper in documents such as *Development Partnership in the New Global Context* (OECD 1995) and *Shaping the 21<sup>st</sup> Century* for the OECD DAC, as well as the World Bank's *Strategic Compact* (World Bank 1997) and *Comprehensive Development Framework* (World Bank 1998). More to the point, these earliest efforts to conceive an improved, more effective way to systemically administer, to improve and to govern foreign aid were closely entwined with these IOs' experiences of public criticism, crisis, and institutional change at the time. From its beginnings, the aid effectiveness agenda was shaped not only by an ambition to improve foreign aid after the end of the Cold War, but also by efforts from these two IOs to ascertain their role as international expert bureaucracies in foreign aid in a changed geopolitical environment.

The second finding from the case studies is that both IOs have, in promoting the aid effectiveness agenda, and in acting as "ideational agencies" (Marcussen 2001, Kidal 2003) for it, adapted and evolved their repertoire of approaches for this task.

The OECD DAC strongly relies on monitoring and measuring, on expert advice and peer reviews: all classic examples of the entire OECD's way of operating, and all very much in line with the kind of "expert authority" (Clegg 2010, p. 477) it is known for. However, the OECD DAC also launched efforts to broaden the discourse beyond its member states and to facilitate the position of aid-receiving countries, for example with organisational changes of the Working Party for Aid Effectiveness to better represent states there were not DAC members. Doing so, the DAC entered new territory, also leveraging, unusually for the OECD, something closer to "moral authority" (Clegg 2010, p. 477). The World Bank, in contrast, approached the political aid effectiveness discourse more as an opportunity to communicate, to build political support, and to legitimise insights and innovations born from the Bank's 1990s efforts, in the face of much public criticism, to decentralise and reform its operations.

A third finding, not dissimilar to the second, is that both IOs acted strategically, aiming to influence ideas and discourse both at the level of policymaking in donor countries and at the level of policy implementation in aid-receiving countries. One ambition by the World Bank for the aid effectiveness agenda was, purposefully as interviews showed, to create a widely shared understanding and a favourable disposition among policymakers to help further more technical or operational innovations, like standardising and harmonising procurement by aid organisations, where a lack of "high-level political support" (World Bank 2001b) was, as one of the interviewees said, perceived to be the main "show stopper" (Nightingale, I., personal communication, October 25<sup>th</sup>, 2011). Conversely, efforts the World Bank's involvement in improving the implementation of foreign aid in aid-receiving countries is to be expected. However, initiatives launched by the OECD DAC, an

organisation created as a forum for policy experts from a club of industrialized countries, to run regional workshops with aid experts and representatives from aid-receiving countries is an unexpected finding. Several interviewees at the OECD DAC in Paris made similar-sounding statements on how “[i]t is not happening in Paris. It is actually happening in these [aid-receiving] countries” (Hammond, B., personal communication, May 6, 2011). Both IOs, even though they cooperate closely on the aid effectiveness agenda, also seek to supplement the efforts in their traditional sphere of expertise – the World Bank at the level of foreign aid management and implementation at a country-level, the DAC at the level of policy discourses among experts and civil servants in aid agency headquarters and donor governments – by reaching out to the respective other sphere of influence.

In the cases of the OECD DAC and the World Bank, ideational agency for the aid effectiveness agenda was, and still is, not limited to efforts to pass policy ideas from IOs to policymakers. Instead – for both IOs – promoting the aid effectiveness agenda included a strategic expansion of how, with whom, and where they acted as ideational agencies – seeking to influence, in the field of foreign aid, the framework of ideas and standards that specifies goals of policy and the nature of problems they are meant to be addressing (Hall 1993, p. 279). Both of these IOs adapted, changed and expanded, sometimes in experimental ways and with occasionally mixed results, how they interact with foreign aid policy discourses and other actors in the field.

This leads to the fourth finding on the complexity of factors driving widespread ideational change, both at the international and at the domestic level. This last finding reflects the divergent experiences by the OECD DAC and the World Bank after the success of the Paris Declaration (OECD 2005). It is a finding drawn from the observed contrast between, on one side, the OECD DAC’s wholehearted embrace of

the aid effectiveness agenda, even as the follow-up to the Paris Declaration – a more diverse, more inclusive, and less technocratic *Busan Partnership for Effective Development Cooperation* (OECD 2012b) – strains the bounds of this comparatively small, highly specialised organisation, and, on the other side, the World Bank’s gradual disenchantment with the aid effectiveness agenda. The findings of this thesis point to an interesting dilemma for the OECD DAC and the World Bank as actors engaging – through their agency of the aid effectiveness agenda – in strategic social construction “in which actors strategise rationally to reconfigure preferences, identities, or social context” (Finnemore and Sikkink 1998, p. 888). On one hand, agency for the aid effectiveness agenda proved successful for both IOs, as the agenda, which carries their mark, now has a strong presence in contemporary discourses among policymakers and foreign aid experts. Moreover, both IOs today fulfil critical functions for improving the effectiveness of foreign aid within the global institutional architecture of foreign aid. On the other hand, the aid effectiveness agenda, as a policy agenda, is subject to a growing number of complex influences, preferences and actors beyond the boundaries, and usually beyond the control, of these two IOs. After the Paris Declaration and the aid agenda’s success, many of these factors, notably the role of aid-receiving countries or the voice of international NGOs, became increasingly more involved and increasingly more influential in the aid effectiveness agenda. In a simplified picture, the aid effectiveness agenda’s success, in some ways, changed it from a strictly “coordinated discourse” among experts towards an ever so slightly more inclusive “communicative discourse” (Schmidt 2010, p. 3), subject to different rules, which in turn gradually lessened the ability of these IOs – as expert bureaucracies – to shape the agenda effectively through their trademark expert authority.

## **8.2. Contributions to the Literature**

This thesis makes several important contributions to the literature. The first is that it provides case study on the understudied organisation of the OECD DAC, and on its role in shaping the aid effectiveness agenda. Though there are IR scholars investigating the OECD as an international organisation (e.g. Marcussen 2001, Kidal 2003, Sharman 2006, Mahon & McBride 2009, Woodward 2009), first-hand research on it is still sparse compared to the literature investigating organisations like the World Bank or the IMF. This is doubly true for the more specialised OECD DAC, which, much like its chairman, is semi-independent, in but not quite of the OECD. The scarcity of research on an organisation as specialised, as the OECD DAC, may not be surprising from a perspective of IO scholarship. However, given the DAC's prominent role in aid effectiveness, the neglect in the aid effectiveness literature to investigate the role of the DAC as institution and as a political actor stands out more noticeably. With first-hand evidence from research into the OECD DAC's work, this study takes a small step to redress this omission, and to provide a first account of the DAC's strategic agency in shaping the aid effectiveness agenda.

The second contribution, complements the first, is providing insights into the World Bank's role in shaping the aid effectiveness agenda. Though few IOs receive as much scholarly attention as the World Bank, the sheer size and complexity of the Bank ensures that there are still blank areas on the map. By investigating the World Bank's engagement with the aid effectiveness agenda, this thesis highlights a specific, but relevant aspect of the World Bank's relationship with its most influential members, albeit without tracing in detail how the ideas then cascaded among donor country aid agencies and policymakers. The findings of this thesis, by stressing the World Bank's own efforts to influence policy discourse through efforts

of strategic social construction, challenge common assumptions on how donor states exercise a high degree of control over the Bank in a principal-agent relationship.

Taken together, the empirical accounts of the OECD DAC and of the World Bank in their complementary, but not always parallel efforts to influence the shape and substance of the aid effectiveness agenda, speak both to the aid effectiveness literature and to the broader IR scholarship on IOs in world affairs. With regards to the former, this thesis highlights how the aid effectiveness agenda is, by its very nature, inescapably entwined with the institutional character and the strategizing of these two IOs. With regards to the latter, it offers twin-case studies on “strategic social construction” (Finnemore and Sikkink 1998, p. 888) by two IOs that, at least in these cases, include not only outgoing agency, but also concomitant changes to both IOs’ international institutional configurations and how they interact with their political environment.

### **8.3. Limitations of this Study**

One limitation of this study is its strong focus on role of the OECD DAC and the World Bank in shaping the aid effectiveness agenda. The overall research design emphasises the investigation of the processes that shaped the aid effectiveness agendas’ shape and substance – the question of “why some ideas become the policies, programs, and philosophies that dominate political reality while others do not” (Schmidt 2008, p. 307). Conversely, this thesis does not offer a research format designed to investigate agency IOs in periods of crisis and change more broadly. The very selection of not-independent cases limits the ability to deduce insights from this study for IO research more generally, over and above research specific to the aid



effectiveness agenda. This caveat notwithstanding, research on the OECD DAC's and World Bank's agency for the aid effectiveness points to highly relevant links between IOs' ideational agency and institutional change, thus suggesting ideas for further research in this field (see below), potentially offering important insights, if explored with a methodological framework more appropriate for this kind of study.

A further limitation of is that relatively little attention in this thesis is given the national policymaking-side of the aid effectiveness agenda. Chapter 4 provides a descriptive overview of policy reforms frequently associated with the aid effectiveness agenda. However, as demonstrated in chapter 7, the web of factors, influences and actors grows vastly more complex, the further the investigation moves from the agenda towards its implementation in national policy. Adequately accounting for the variances and peculiarities of specific countries adds further complexity. There is thus inevitably an attribution gap between, on one hand, the narrow research focus of this thesis – how IOs helped shaped the aid effectiveness agenda – and, on the other, initial observations, which were partly responsible for motivating this research in the first place – the perceived impact of the aid effectiveness agenda on foreign aid policy and practice. Constraints of time and space prevent this thesis from closing this gap. As above, the limitations for this thesis point towards opportunities for future research.

#### **8.4. Recommendations for Future Research**

The findings and contributions of this thesis call for further theorising and investigation along three lines of potential future research; (i) additional research into the changes to global foreign aid relations related to the aid effectiveness

agenda; (ii) an expansion of the case studies presented in this thesis to include additional case studies on IOs seeking to shape policy agendas through strategic social construction, ideally cases unrelated to the aid effectiveness agenda, to expand on the insight on the ideational artistry and ideational agency of IOs as strategic actors in world affairs; and (iii), building on existing literature, a more systematic and comprehensive investigation of the domestic policymaking side of the aid effectiveness agenda.

The first avenue for future research follows from the insights gained through the research presented in this thesis for the aid effectiveness and the continued reform of global foreign aid governance, for example in the form of the Busan Partnership (OECD 2012b). Possibilities for future research exist in following the evolution of the aid effectiveness agenda in the most recent years, not covered by this thesis. This includes greater emphasis on the recently more important and more vocal role of other actors, including NGOs and, following the Busan Partnership, new donors such as China. Potential to follow up on insights and findings from this thesis also exist in exploring the impact of the aid effectiveness agenda in specific donor countries, which would be an important complement to this research on IOs and the aid effectiveness agenda. Whether such research would find evidence for an important role of IOs in translating the aid effectiveness agenda into actual policy, or evidence refuting this, it would almost certainly advance the understanding of contemporary policy reforms to improve the effectiveness on aid, and, possibly, of the complex relationships of IOs and donor governments in processes of policymaking.

A second opportunity for future research is to expand upon the findings of this thesis on the endeavours of IOs, specifically IOs' efforts at strategic social construction, which seek to engender ideational change, usually in a policy field of

IOs' specialise in. The main challenge for this kind of future research is finding comparable case studies. Additional case studies should be similar to the case studies of chapters 5 and 6 to allow cross-case study comparisons, yet lie outside the specific context of foreign aid policy to overcome the methodological limitations of this thesis, which focused on the aid effectiveness agenda specifically, rather than providing a research framework for a study of IOs more generally. However, future research along these lines could shed more light on the hinted-at duality of institutional change as a process that can encompass both changes to IOs' internal institutional configurations and changes to external ideational frameworks in a policy field, which in turn may have a role in defining the perceived purpose and role of IOs.

Finally, another possibility for future research, potentially rewarding in theoretical insights, would be to expand upon the effort made in chapter 7 to situate the role of the aid effectiveness agenda and, potentially, of IOs in domestic policymaking in the complexity of factors shaping processes of policymaking with the help of a multiple-streams model, inspired by the model by Kingdon (1984). Kingdon drew on theoretical works going back to the garbage can model of organisational choice (Cohan et al. 1972), and employed his multiple-streams model, in the study of public policy, to criticise conceptions of orderly, rational governance. Applying such a model of policymaking under conditions of "organized anarchy" (Cohan et al. 1972, p. 1) in research on the role of IOs in national policymaking processes, could offer a worthwhile contrast to the – in IR research – more frequently employed theories on "epistemic communities" (Haas 1992) or "transnational government networks" (Slaughter 2005).

## **8.5. Conclusion**

For the final conclusion to this thesis, it seems appropriate to return to the question that guided it: How did IOs shape the emergence of the aid effectiveness agenda? Specifically, how did the OECD DAC and the World Bank shape the aid effectiveness agenda?

The first half of the answer is that both IOs did so through forms of social construction, relying heavily on the kind of expert authority built on the nature, and the perception of IOs as apolitical, unbiased, and competent international bureaucracies that specialize in advancing knowledge in their field of expertise. Here, a critical finding is that the authority of these two IOs in the field of aid effectiveness is not one simply a result of an external mandate or demand. Instead, both the World Bank and the OECD DAC are perceived as expert authorities in this field because the aid effectiveness agenda itself originated from discourses from within these IOs during the 1990s. In many ways, the aid effectiveness agenda (still) is a child of its institutional origins, its cradle so to speak, and a product of processes of social construction in which the institutional outlooks of these IOs, and their specific concerns of the time, helped define the character of the present-day aid agenda. This alone has important implications for present-day debates on international foreign aid relations, and on the evolving aid effectiveness agenda in particular: for example applying aid effectiveness principles to international transfers earmarked to combat climate change, or to engage China in a discourse on good foreign aid practices in Africa through the aid effectiveness agenda.

The second half of the answer is that in acting as agents for the aid effectiveness agenda, in spreading the ideas and influencing policy discourses on foreign aid, both the OECD DAC and World Bank drew on a surprisingly wide variety of means and

mechanisms, many of them experimental to these IOs and new to their repertoire. There is evidence that both IOs strategically expanded, or tried to expand, the ways in which they interact with experts, policymakers, aid practitioners, and other political actors in the field. They did so by investing the core of what defines them as institutions – institutions as defined by Scott's (2008) meticulous dissection of organisations vs. institutions vs. narratives and frames – into an effort of strategic social construction, and thereby also successfully reasserted themselves as international expert bureaucracies following a period in which they faced open criticism and challenges to their authority.

Taken together, these findings offer insights that are very different from many previous studies on aid effectiveness. This thesis shows how the aid effectiveness agenda is not merely an opportune, but ultimately replaceable agenda conveyed through a fixed set of mechanisms, such as social learning or persuasion. Instead, the aid effectiveness agenda is, or was, especially in early stages, more fundamentally an expression these IOs' own preconception of the political environment pertaining to their specific field of expertise, and of their role within this political environment. In shaping the aid effectiveness agenda, both institutions' constructed self-conception was projected, from the institutions' internal process of analysis and knowledge production, to the broader ideational framework shaping policy discourses in international foreign aid relations.

## **ANNEX 1 – List of Interview Partners**

**Carey, Richard**, former Director of the OECD Development Co-operation Directorate, OECD, Paris, France, March 17, 2011

**de Milly, Hubert**, Senior Analyst, Development Cooperation Directorate (DCD/EFF), OECD, Paris, France, April 14, 2011

**Dethier, Jean-Jacques**, Research Manager, Development Economics (DEC), Washington DC, USA, October 24, 2011

**Fyson, Sarah**, Policy Advisor, Aid Effectiveness Division, Development Co-operation Directorate, OECD, Paris, France, January 17, 2011

**Gelb, Alan**, Senior Fellow at the Center for Global Development, Washington DC, USA, October 21, 2011

**Hall, Christopher**, Independent Consultant and former World Bank staff member, Washington DC, USA, October 19, 2011

**Hammond, Brian**, IATI TAG Chair (formerly OECD DAC), London, UK, May 6, 2011

**Isenman, Paul**, former Head of the Division of Policy Co-ordination of the DAC, OECD, Paris, France, March 17, 2011

**Jackson, Penny**, Policy Advisor, Aid Effectiveness Division, Development Co-operation Directorate, OECD, Paris, France, January 17, 2011

**Kharas, Homi**, Senior Fellow and Deputy Director, Brookings Institution, Washington DC, USA, October 20, 2011

**Lee, Barbara**, Head Aid Effectiveness Unit of the World Bank, Telephone Interview, October 28, 2011

**Nightingale, Ian**, Lead Procurement Specialist, Procurement Policy and Services Group, Washington DC, October 25, 2011

**Phillips, Traci**, Advisor, Office of the Vice-President of the World Bank, Washington DC, USA, October 24, 2011

**Quesnel, Brice**, Senior Policy Writer, Carbon Finance Unit, Washington DC, USA, October 26, 2011

**Rogers, Patricia**, Senior Policy Writer, Operations Policy and Country Services (OPCS), Washington DC, USA, October 19, 2011

**Roome, John**, Director for Sustainable Development, East Asia and Pacific Region, Washington DC, USA, October 24, 2011

**Soe Lin**, Independent Expert and former World Bank staff member, Washington DC, USA, October 26, 2011

**Stout, Susan**, Independent Evaluation Group of the World Bank, Washington DC, USA, October 19, 2011

## Bibliography

- Abbott, Kenneth W. and Duncan Snidal, 'Why States Act Through Formal International Organizations', *Journal of Conflict Resolution*, 42 (1998), pp. 3-32.
- Abbott, Kenneth W. and Duncan Snidal, 'Hard and Soft Law in International Governance', *International Organization*, 54 (2000), pp. 421-456.
- ACFID, 'Paris Declaration on Aid Effectiveness', *Australian Council For International Development Information Sheet Series*, 2009.
- Al Abdullah, Rania, *Dignity not Dependence: Equity not Exclusion*. Keynote given at the Fourth High Level Forum on Aid Effectiveness in Busan, Korea, 2011. <http://www.queenrania.jo/media/speeches/fourth-high-level-forum-aid-effectiveness-busan-south-korea> (Accessed 25 April 2014).
- Alden, Chris, *China in Africa*. London, Capetown and New York, NY: Zed Books, 2007.
- Alesina, Alberto and David Dollar, 'Who Gives Foreign Aid to Whom and Why?', *Journal of Economic Growth*, 5 (2000), pp. 33-63.
- Alexander, Nancy, *The Country Policy and Institutional Assessment (CPIA) and Allocation of IDA Resources: Suggestions for Improvements to Benefit African Countries*. 2010. [http://www.boell.org/downloads/DFI\\_FINAL\\_Country\\_Policy\\_and\\_Institutional\\_Assessment.pdf](http://www.boell.org/downloads/DFI_FINAL_Country_Policy_and_Institutional_Assessment.pdf) (Accessed 25 April 2014).
- Anderson, Charles, 'The Logic of Public Problems: Evaluation in Comparative Policy Research', in Ashford, Douglas E., ed., *Comparing Public Policies*. Beverly Hills, CA: Sage Publications, 1978.
- Andonova, Liliana B., 'The Europeanization of Environmental Policy in Central and Eastern Europe', in Frank Schimmelfennig and Ulrich Sedelmeier, eds., *The Europeanization of Central and Eastern Europe*. London & Ithaca, NY: Cornell University Press, 2005, pp. 135-155.
- Annen, Kurt and Stephen Kosempel, 'Foreign Aid, Donor Fragmentation and Economic Growth', *BE Journal of Macroeconomics*, 9 (2009), pp. 1-32.
- Annen, Kurt and Luc Moers, 'Donor Competition for Aid Impact, and Aid Fragmentation', *IMF Working Paper*. Washington DC: International Monetary Fund, 2012. <http://www.imf.org/external/pubs/ft/wp/2012/wp12204.pdf> (Accessed 25 April 2014).
- Atwood, Brian, 'The OECD Doesn't Control Aid Agenda', *The Guardian*, 5 May 2011. <http://www.guardian.co.uk/global-development/poverty-matters/2011/may/05/oecd-no-control-over-aid-agenda?INTCMP=SRCH> (Accessed 25 April 2014).
- Authers, John, 'Key Technocrat from Mexico Will Bring Flair to OECD Helm', in *Financial Times*, 26 November 2005. <http://www.ft.com/cms/s/0/44cb4462->

[5fb3-11da-a628-0000779e2340.html#axzz2ECG5j5Yo](https://doi.org/10.5fb3-11da-a628-0000779e2340.html#axzz2ECG5j5Yo) (Accessed 25 April 2014).

- Avant, Deborah, D., Martha Finnemore, and Susan K. Sell, eds., *Who Governs the Globe?* Cambridge, UK & New York, NY: Cambridge University Press, 2010.
- Barnett, Michael N. and Martha Finnemore, 'The Politics, Power, and Pathologies of International Organizations', *International Organization*, 53 (1999), pp. 699-732.
- Barnett, Michael N. and Martha Finnemore, *Rules for the World: International Organizations in Global Politics*. Ithaca, NY and London: Cornell University Press, 2004.
- Baumgartner, Frank and Bryan D. Jones, *Agendas and Instability in American Politics*. Chicago: University of Chicago Press, 1993.
- Béland, Daniel, 'Ideas and Social Policy: An Institutional Perspective', *Social Policy & Administration*, 39 (2005), pp. 1-18.
- Béland, Daniel, 'Ideas, Institutions, and Policy Change', *Journal of European Public Policy*, 16 (2009), pp. 701-718.
- Béland, Daniel and Robert H. Cox, eds., *Ideas and Politics in Social Science Research*. New York, NY and Oxford: Oxford University Press, 2011.
- Best, Jacqueline, 'Legitimacy Dilemmas: the IMF's Pursuit of Country Ownership', *Third World Quarterly*, 28 (2007), pp. 469-488.
- Bigsten, Arne L., Jean P. Platteau and Sven Tengstam, *The Aid Effectiveness Agenda: The Benefits of Going Ahead*, European Commission Framework Contract Final Draft Report, 2011.  
[http://ec.europa.eu/europeaid/how/ensure-aid-effectiveness/documents/benefits\\_of\\_going\\_ahead-aid\\_effectiveness\\_agenda\\_en.pdf](http://ec.europa.eu/europeaid/how/ensure-aid-effectiveness/documents/benefits_of_going_ahead-aid_effectiveness_agenda_en.pdf) (Accessed 25 April 2014).
- Birdsall, Nancy, *Seven Deadly Sins: Reflections on Donor Failings – CGDev Working Paper Number 50*. Washington DC: Centre for Global Development, 2004.  
<http://www.cgdev.org/content/publications/detail/2737/> (Accessed 24 April 2014).
- Birdsall, Nancy and Homi Kharas, *Quality of Official Development Assistance Assessment*. Washington DC: Centre for Global Development, 2010.  
<http://www.cgdev.org/content/publications/detail/1424481/> (Accessed 26 April 2014).
- Blackmon, Pamela, 'Rethinking Poverty through the Eyes of the International Monetary Fund and the World Bank', *The International Studies Review*, 10 (2008), pp. 179-202.
- Blyth, Mark, 'Institutionalism, Reflexivity and the Ideational Account of Institutional Change', *International Studies Quarterly*, 51 (2007):, pp.761-777.



- Blyth, Mark, 'Ideas, Uncertainty, and Evolution', in Béland, Daniel and R. H. Cox, eds, *Ideas and Politics in Social Science Research*. New York, NY and Oxford: Oxford University Press, 2011, pp. 83-104.
- Bodansky, Daniel, 'The Legitimacy of International Governance: A Coming Challenge for International Environmental Law?', *American Journal of International Law*, 93 (1999), pp. 596-624.
- Boone, Peter, 'Politics and the Effectiveness of Foreign Aid', *European Economic Review*, 40 (1996), pp. 289-329,
- Booth, David, *Good Governance, Aid Modalities and Poverty Reduction: From Better Theory to Better Practice*. Synthesis Report Prepared for the Advisor Board for Irish Aid, 2008.  
<http://www.odi.org.uk/resources/docs/2265.pdf> (Accessed 24 April 2014).
- Broome, André. *The Currency of Power: The IMF and Monetary Reform in Central Asia*. Basingstoke & New York, NY: Palgrave Macmillan, 2010.
- Brady, Henry E. and David Collier, eds., *Rethinking Social Inquiry: Diverse Tools, Shared Standards*. Lanham, MD: Rowman & Littlefield Publishers, 2004.
- Brown, Aadrienne, Felix Naschold, Tim Conway and Adrian Fozzard, *Aid Transaction Costs in Viet Nam*. London: Overseas Development Institute, 2000.  
[http://www.swisstph.ch/fileadmin/user\\_upload/Pdfs/swap/swap157.pdf](http://www.swisstph.ch/fileadmin/user_upload/Pdfs/swap/swap157.pdf) (Accessed 25 April 2014).
- Brown, Gordon, UK Prime Minister to a Conference on World Poverty held by the Department for International Development (DFID) in London, 9 March 2009.  
<http://www.itnsource.com/shotlist/ITN/2009/03/09/R09030912/?v=1> (Accessed 24 April 2014).
- Budhoo, Davison, 'IMF/World Bank Wreak Havoc on Third World', in Kevin Danaher, ed., *50 Years is Enough*. Boston: South End Press, 1994, pp. 20-23.
- Burnham, Peter, *Research Methods in Politics*. 2<sup>nd</sup> ed. Basingstoke & New York, NY: Palgrave Macmillan, 2008.
- Busby Joshua W., 'Bono Made Jesse Helms Cry: Jubilee 2000, Debt Relief, and Moral Action in International Politics', *International Studies Quarterly*, 51 (2007), pp. 247-275.
- Bush, Per-Olof, 'The OECD Environment Directorate: The Art of Persuasion and its Limitations', in Bierman, Frank and Bernd Siebenhüner, eds., *Managers of Global Change: The Influence of International Environmental Bureaucracies*. Cambridge, MA: MIT Press, 2009, pp. 75-99.
- Cairney, Paul, *Understanding Public Policy : Theories and Issues*. Houndmills, Basingstoke, Hampshire & New York, NY: Palgrave Macmillan, 2012.
- Campbell, John L., *Institutional Change and Globalization*. Oxford and Princeton, NJ: Princeton University Press, 2004.
- Campbell, John L., 'What Do We Know – or Not – about Ideas and Politics?', in *Institutions and Politics; Festschrift in Honour of Ove K. Pedersen*. Copenhagen: DJØF Forlag, 2008, pp. 157-176.

- Campbell, John L., 'Institutional Reproduction and Change', in Moran, Glenn et al., eds., *The Oxford Handbook of Comparative Institutional Analysis*. Oxford and New York, NY: Oxford University Press, 2010, pp. 87-116.
- Carlsnaes, Walter, Thomas Risse and Beth Simmons, *Handbook of International Relations*. Thousand Oaks: Sage Publications, 2002, pp. 52-72.
- Carpenter, Charli R., 'Governing the Global Agenda: "Gatekeepers" and "Issue Adoption" in Transnational Advocacy Networks', in Deborah Avant, et al., eds., *Who Governs the Globe?* Cambridge, UK & New York, NY: Cambridge University Press, 2010, pp. 202-237
- Carroll, Peter and Aynsley Kellow, *The OECD: A Study of Organisational Adaptation*. Cheltenham and Northampton, MA: Edward Elgar Publishing, 2011.
- Carstensen, Martin B., 'The Nature of Ideas, and Why Political Scientists Should Care: Analysing the Danish Jobcentre Reform from an Ideational Perspective', *Political Studies*, 58 (2010), pp. 847-865.
- Chapman, Terrence L., 'Audience Beliefs and International Organization Legitimacy', *International Organization*, 63 (2009), pp. 733-764.
- Checkel, Jeffrey T., 'Why Comply? Social Learning and European Identity Change', *International Organization*, 55 (2001), pp. 553-588.
- Checkel, Jeffrey T., 'International Institutions and Socialization in Europe: Introduction and Framework', *International Organization*, 59 (2005a), pp. 801-826.
- Checkel, Jeffrey T., 'Tracing Causal Mechanisms', *International Studies Review*, 8 (2005b), pp. 362-370.
- Checkel, Jeffrey T., *It's the Process Stupid! Process Tracing in the Study of European and International Politics*. Working Paper No. 26, 2005c. [http://www.sv.uio.no/arena/english/research/publications/arena-publications/workingpapers/working-papers2005/wp05\\_26.pdf](http://www.sv.uio.no/arena/english/research/publications/arena-publications/workingpapers/working-papers2005/wp05_26.pdf) (Accessed 24 April 2014).
- Checkel, Jeffrey T. and Michael Zürn, 'Getting Socialized to Build Bridges: Constructivism and Rationalism, Europe and the Nation-State', *International Organization*, 59 (2005), pp. 1045-1079.
- Chow, Gregory C., 'Tests of Equality Between Sets of Coefficients in Two Linear Regressions', *Econometrica*, 28 (1960), pp. 591-605.
- Chwiero, Jeffrey, 'Organizational change 'From Within': Exploring the World Bank's Early Lending Practices', *Review of International Political Economy*, 15 (2008), pp. 481-505.
- Chwiero, Jeffrey, *Capital Ideas: The IMF and the Rise of Financial Liberalization*. Oxford and Princeton, NJ: Princeton University Press, 2010.
- Clay, Edward J., Matthew Geddes and Luisa Natali, *Untying Aid: Is it Working? An Evaluation of the Implementation of the Paris Declaration and of the 2001 DAC Recommendation of Untying ODA to the LDCs*. Copenhagen: Danish Institute for International Studies, 2009.

- Clegg, Liam, 'Our Dream is a World Full of Poverty Indicators: The US, the World Bank, and the Power of Numbers', *New Political Economy*, 15 (2010), pp. 473 – 492.
- Cling, Jean-Pierre, Mireille Razafindrakoto and Francois Roubaud, *The PRSP Initiative: Old Wine in New Bottles?* Paris: DIAL, Research Unit CIPRE from IRD, 2002.  
[http://www.dial.prd.fr/dial\\_evenements/conf\\_scientifique/pdf/abcde2002/razafindrakoto.pdf](http://www.dial.prd.fr/dial_evenements/conf_scientifique/pdf/abcde2002/razafindrakoto.pdf) (Accessed 25 April 2014).
- Cohan, Michael D., James G. March and Johan P. Olsen, 'A Garbage Can Model of Organizational Choice', *Administrative Science Quarterly*, 17 (1972), pp. 1-25.
- Collier, Paul, 'The Failure of Conditionality', in Catherine Gwin and Joan M. Nelson, eds., *Perspectives on Aid and Development*. Washington DC: Johns Hopkins University Press, 1997, pp. 51-78.
- Cordella, Tito and Giovanni Dell'Ariccia, 'Budget Support versus Project Aid: A Theoretical Appraisal', *Economic Journal*, 117 (2007), pp. 1260-1279.
- Cortell, Andrew P. and Susan Peterson, 'Dutiful Agents, Rogue Actors, or Both? Staffing, Voting Rules, and Slack in the WHO and WTO', in Hawkins, Darren G., D. A. Lake, D. L. Nielson and M. J. Tierney, eds., *Delegation and Agency in International Organizations*. Cambridge: Cambridge University Press, 2006, pp. 255-280.
- Coverdale, A. G. and J. M. Healy, 'The Real Resource Cost of Untying Bilateral Aid', *Oxford Bulletin of Economics and Statistics*, 43 (1981), pp. 185-199.
- Danaher, Kevin, ed., *50 Years is Enough : The Case Against the World Bank and the International Monetary Fund*. Boston, Mass.: South End Press, 1994.
- Danaher, Kevin, *10 Reasons to Abolish the IMF and the World Bank*. New York & London: Seven Stories, 2002.
- De Larentiis, Enzo, 'A Stop in Cuzco on the Road to Busan: Taking Procurement Reform to HLF4 and Beyond', *Voices: Perspectives on Development*, 12 January 2011. <http://blogs.worldbank.org/voices/node/1260> (Accessed 25 April 2014).
- De Renzio, Paolo, 'Aid, Budgets and Accountability: A Survey Article', *Development Policy Review*, 24 (2006), pp. 627-645.
- Dethier, Jean-Jacques, 'Producing Knowledge for Development: Research at the World Bank', *Global Governance*, 13 (2007), pp. 469-478.
- Detheir, Jean-Jacques, *Aid Effectiveness: What Can We Know? What Should We Do? What May We Hope?* Washington DC: International Food Policy Research Institute, 2008.
- Dexter, Lewis A., *Elite and Specialized Interviewing: Handbook for Research in Political Behaviour*. Evanston, IL: Northwestern University Press, 1970.
- DFID, *Poverty Reduction Budget Support: A DFID policy paper*, 2004.  
<http://www2.dfid.gov.uk/pubs/files/prbspaper.pdf> (Accessed 24 April 2014).

- Dijkstra, Geske, 'The PRSP Approach and the Illusion of Improved Aid Effectiveness: Lessons from Bolivia, Honduras and Nicaragua', *Development Policy Review*, 29 (2011), pp. 110-133.
- Dollar, David and Victoria Levin. *The Increasing Selectivity of Foreign Aid, 1984-2002*. Washington DC: Center for Global Development, 2004.  
<http://www.cgdev.org/doc/event%20docs/MADS/Dollar%20and%20Levin%20-%20Increasing%20Selectivity%20of%20Foreign%20Aid.pdf> (Accessed 22 April 2014).
- Dollar, David and Victoria Levin, 'The Increasing Selectivity of Foreign Aid, 1984-2003', *World Development*, 34 (2006), pp. 2034-2046.
- Dollar, David and Lant Pritchett, *Assessing Aid: What Works, What Doesn't and Why*. Oxford: Oxford University Press, 1998.
- Dostal, Jörg M., 'Campaigning on Expertise: How the OECD Framed EU Welfare and Labour Market Policies – and Why Success Could Trigger Failure', *Journal of European Public Policy*, 11 (2004), pp. 440-460.
- Doucouliafos, Chris and Martin Paldam, 'The Aid Effectiveness Literatures: The Sad Results of 40 Years of Research', *Journal of Economic Surveys*, 23 (2009), pp. 433-461.
- Easterly, William, 'Can Foreign Aid Buy Growth?', *Journal of Economic Perspectives*, 17 (2003), pp. 23-48.
- Easterly, William, 'National Policies and Economic Growth', in Aghion, Philippe and Steven Durlauf, eds., *Handbook of Economic Growth: A Reappraisal*. Amsterdam: Elsevier, 2005.
- Easterly, William, 'Are Aid Agencies Improving?', *Economic Policy*, 22 (2007), pp. 633-678.
- Easterly, William, ed., *Reinventing Foreign Aid*. Cambridge, MA: MIT Press, 2008.
- Easterly, William and T. Pfutze. 'Where Does the Money Go? Best and Worst Practices in Foreign Aid', *Journal of Economic Perspectives*, 22 (2008), pp. 1-36.
- Easterly William and C. R. Williamson, *Rhetoric versus Reality: The Best and Worst Aid Agency Practices*, 2011.  
<http://dri.fas.nyu.edu/docs/IO/19960/Rhetoricvsreality.pdf> (Accessed 24 April 2014).
- Einhorn, Jessica, 'Reforming the World Bank – Creative Destruction', *Foreign Affairs*, 85 (2006), pp. 17-22.
- Elliot, Victoria M., John Eriksson and Nils Fostvedt, 'The Comprehensive Development Framework: A Multi-Partner Review', *OED Reach*. Washington DC: The World Bank, 2003.  
[http://lnweb90.worldbank.org/oed/oeddoclib.nsf/DocUNIDViewForJavaSearch/FB8DF9F47EEA556485256D3B00736667/\\$file/CDF\\_Reach.pdf](http://lnweb90.worldbank.org/oed/oeddoclib.nsf/DocUNIDViewForJavaSearch/FB8DF9F47EEA556485256D3B00736667/$file/CDF_Reach.pdf) (Accessed 25 April 2014).
- Eriksson, John, *Review of Aid Coordination in an Era of Poverty Reduction Strategies IDA 10-12* (O. E. Department, Trans.). Washington DC: World Bank, 2001.

- Fang, Songying and Randall W. Stone, 'International Organizations as Policy Advisors', *International Organization*, 66 (2012), pp. 537-569.
- Fearon, James and Alexander Wendt, 'Rationalism v. Constructivism: A Skeptical View. In Carlsnaes, Walter, Thomas Risse and Beth Simmons', *Handbook of International Relations*. Thousand Oaks: Sage Publications, 2002, pp. 52-72.
- Ferraro, Vincent, 'Dependency Theory: An Introduction', in Giorgio Secondi, ed., *The Development Economics Reader*. London: Routledge, 2008, pp. 58-64.
- Finlayson, Alan, 'From Beliefs to Arguments: Interpretive Methodology and Rhetorical Political Analysis', *British Journal of Politics and International Relations*, 9 (2007), pp. 545-563.
- Finnemore, Martha, *National Interest in International Society*. London & Ithaca, NY: Cornell University Press, 1996.
- Finnemore, Martha and Kathryn Sikkink, 'International Norm Dynamics and Political Change', *International Organization*, 52 (1998), pp. 887-917.
- Freeman, Richard, 'What is 'Translation'?', *Evidence & Policy*, 5 (2009), pp. 429-447.
- Friedland, Roger and Robert R. Alford, 'Bringing Society Back in: Symbols, Practices, and Institutional Contradictions', in Powell, Walter W. and Paul J. DiMaggio, eds., *The New Institutionalism in Organizational Analysis*. Chicago, IL: University of Chicago Press, 1991.
- Friedman, Alan, 'OECD: an "Unhappy" Group?', *International Herald Tribune*, 16 March 1994.  
[http://www.nytimes.com/1994/03/16/business/worldbusiness/16iht-oecd\\_1.html](http://www.nytimes.com/1994/03/16/business/worldbusiness/16iht-oecd_1.html) (Accessed 25 April 2014).
- Frot, Emmanuel and Javier Santiso, 'Herding in Aid Allocation', *Kyklos*, 64 (2011), pp. 54-74.
- Führer, Helmut. *The Story of Official Development Assistance*. Paris: OECD, 16 March 1996. <http://www.oecd.org/dac/1896816.pdf> (Accessed 25 April 2014).
- Fukuyama, Francis, *The End of History and the Last Man*. Harmondsworth: Penguin, 1992.
- George, Alexander L. and Andrew Bennet, *Case Studies and Theory Development in Social Sciences*. Cambridge, MA and London: MIT Press, 2005.
- Gerring, John, *Case Study Research: Principles and Practices*. Cambridge and New York, NY: Cambridge University Press, 2007.
- Gheciu, Alexandra, 'Security Institutions as Agents of Socialization? NATO and the 'New Europe'', *International Organization*, 59 (2005), pp. 973-1012.
- Giddens, Anthony, *Central Problems in Social Theory : Action, Structure and Contradiction in Social Analysis*. London: Macmillan, 1979.
- Giddens, Anthony, *The Third Way : The Renewal of Social Democracy*. Cambridge: Polity Press, 1998.
- Glennie, Jonathan, 'The OECD Should Give Up Control of the Aid Agenda', *The Guardian*, 29 April 2011.



<http://www.guardian.co.uk/global-development/poverty-matters/2011/apr/29/oecd-control-aid-agenda> (Accessed 25 April 2014).

Glennie, Alex, Will Straw and Leni Wild, *Understanding Public Attitudes to Aid and Development*, Institute for Public Policy Research (IPPR) and Overseas Development Institute (ODI), 2012.

[http://ippr.org/images/media/files/publication/2012/06/public-attitudes-aid-development\\_June2012\\_9297.pdf](http://ippr.org/images/media/files/publication/2012/06/public-attitudes-aid-development_June2012_9297.pdf) (Accessed 21 April 2014).

Goldstein, Judith and Robert O. Keohane, eds., *Ideas and Foreign Policy: Beliefs, Institutions, and Political Change*. Ithaca, NY: Cornell University Press, 1993.

Goody, Allison, *International Development: The Aid Effectiveness Debate*. Ottawa: Library of Parliament Research Publications, 2009.

<http://www.parl.gc.ca/Content/LOP/ResearchPublications/prb0907-e.htm> (Accessed 26 April 2014).

Gould, Stephen J. and Niles Eldredge, 'Punctuated Equilibria: The Tempo and Mode of Evolution Reconsidered', *Paleobiology*, 3 (1977), pp. 115-151.

Greenhill, Brian, 'The Company You Keep: International Socialization and the Diffusion of Human Rights Norms', *International Studies Quarterly*, 54 (2010), pp. 127-145.

Guillaumont, Patrick and Sylvanie Guillaumont Jeanneney, 'Big Push versus Absorptive Capacity: How to Reconcile the Two Approaches', in George Mavrotas, ed. *Foreign Aid for Development: Issues, Challenges, and the New Agenda*. Oxford and New York, NY: Oxford University Press, 2010, pp. 297-322.

Gulrajani, Nilima, 'The Art of Fine Balances: The Challenge of Institutionalizing the Comprehensive Development Framework Inside the World Bank', in Diane Stone and Christopher Wright, eds., *The World Bank and Governance: A Decade of Reform and Reaction* (Vol. 14). London and New York, NY: Routledge, 2007, pp. 66-95.

Haas, Peter M., 'Epistemic Communities and International Policy-Coordination – Introduction', *International Organization*, 46 (1992), pp. 1-35.

Hall, Peter A., 'Policy Paradigms, Social-Learning, and the State: The Case of Economic Policy-making in Britain'. *Comparative Politics*, 25 (1993), p. 275-296.

Handley, Geoff, *Sector Budget Support in Practice: Literature Review*. London: Overseas Development Institute, 2009.  
<http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/5575.pdf> (Accessed 26 November 2012).

Hawkins, Darren G., D. A. Lake, D. L. Nielson and M. J. Tierney, eds., *Delegation and Agency in International Organizations*. Cambridge: Cambridge University Press, 2006.

Hawkins, Darren G. and Wade Jacoby, 'How Agents Matter', in Hawkins, Darren G., D. A. Lake, D. L. Nielson and M. J. Tierney, eds., *Delegation and Agency in International Organizations*. Cambridge: Cambridge University Press, 2006, pp. 199-228.

- Hay, Colin, *Political Analysis*. Basingstoke: Palgrave, 2002.
- Hay, Colin, 'Ideas and the Construction of Interests', in Béland, Daniel and R. H. Cox, eds., *Ideas and Politics in Social Science Research*. Oxford and New York, NY: Oxford University Press, 2011, pp. 65-82.
- Hayman, Rachel, 'From Rome to Accra via Kigali: 'Aid Effectiveness' in Rwanda'. *Development Policy Review*, 27 (2009), pp. 581-599.
- Hempel, Carl G., *Aspects of Scientific Explanation and Other Essays*. London and New York, NY: Collier-Macmillan, 1965.
- Hendry, David F., *Dynamic Econometrics*. Oxford: Oxford University Press, 1995.
- Hewitt, Adrian, *Aid in Transition*. Overseas Development Institute Briefing Paper. London: ODI, 1994.  
<http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/2652.pdf> (Accessed 25 April 2014).
- Higgott, Richard, 'International Political Institutions', in Rhodes, R. A. W. et al., eds., *The Oxford Handbook of Political Institutions*. Oxford and New York, NY: Oxford University Press, 2006, pp. 611-632.
- Hirschman, Albert O., 'The Paternity of an Index', *The American Economic Review*, 54 (1964), p. 761.
- Howarth, David and Yannis Stavrakakis, 'Introducing Discourse Theory and Political Analysis', in Howarth, David et al. *Discourse Theory and Political Analysis: Identities, Hegemonies and Social Change*. Manchester: Manchester University Press, 2000, pp. 1-23.
- Huntington, Samuel P., *The Third Wave : Democratization in the Late Twentieth Century*. London and Norman, OK: University of Oklahoma Press, 1991.
- Hyden, Goran, 'After the Paris Declaration: Taking on the Issue of Power', *Development Policy Review*, 26 (2008), pp. 259-274.
- IMF/IDA, *Heavily Indebted Poor Countries (HIPC) Initiative: Strengthening the Link between Debt Relief and Poverty Reduction*. Washington DC: International Development Association, 1999.
- Ingram, Helen, Anne L. Schneider and Peter deLeon, 'Social Construction and Policy Design', in Sabatier, Paul A. ed. *Theories of the Policy Process* 2<sup>nd</sup> ed. Boulder, CO: Westview Press, 2007, pp. 93-128.
- Jacobs, Colin, 'Evaluating the Comprehensive Development Framework in Kyrgyz Republic, Central Asia: Magic Bullet or White Elephant?' *Evaluation*, 11 (2005), pp. 480-495.
- Jain, Sanjay, 'Project Assistance versus Budget Support: An Incentive Theoretic Analysis of Aid Conditionality', *Review of World Economics*, 143 (2007), pp. 694-719.
- Johnston, Alistair, 'Treating International Institutions as Social Environments', *International Studies Quarterly*, 45 (2001), pp. 487-515.
- Johnston, Alistair, *Social States: China in International Institutions, 1980-2000*. Princeton, N.J.: Princeton University Press, 2008.

- Johnston, Donald J., 'Statistics, Knowledge and Progress' *OECD Observer* No. 246 -247. Paris: OECD, 2004.  
[http://www.oecdobserver.org/news/archivestory.php/aid/1514/Statistics,\\_knowledge\\_and\\_progress.html](http://www.oecdobserver.org/news/archivestory.php/aid/1514/Statistics,_knowledge_and_progress.html) (Accessed 24/ April 2014).
- Kapur, Devesh., *Do As I Say Not As I Do. A Critique of G-7 Proposals on Reforming the MDGs - Working Paper 16*. Washington DC: Center for Global Development, 2003.
- Kapur, Devesh, John P. Lewis and Richard C. Web, *The World Bank : Its First Half Century*. Washington DC: Brookings Institution, 1997.
- Karns, Margaret P. and Karen A. Mingst, *International Organizations: The Politics and Processes of Global Governance*. 2<sup>nd</sup> ed. London and Boulder, CO: Lynne Rienner Publishers, 2010.
- Kaufmann, Daniel, 'Aid Effectiveness and Governance: The Good, the Bad and the Ugly', *Development Outreach* (2009), pp. 26-29.
- Keck, Margaret E. and Kathryn Sikkink, 'Transnational Advocacy Networks in International and Regional Politics'. *International Social Science Journal*, 51 (1999), pp. 89-101.
- Keohane, Robert O., *After Hegemony: Cooperation and Discord in the World Political Economy*. Princeton, NJ: Princeton University Press, 1984.
- Kharas, Homi J., *Measuring the Cost of Aid Volatility*. Wolfensohn Center for Development Working Paper 3, The Brookings Institution, 2008. [online]:  
[http://www.brookings.edu/~media/research/files/papers/2008/7/aid%20volatility%20kharas/07\\_aid\\_volatility\\_kharas.pdf](http://www.brookings.edu/~media/research/files/papers/2008/7/aid%20volatility%20kharas/07_aid_volatility_kharas.pdf) (Accessed 25 March 2014).
- Kidal, Nanna, 'Perspectives on Policy Transfer: The Case of the OECD', Stein Rokkan Centre for Social Studies Working Paper 13, Bergen University Research Foundation, 2003.  
<http://www.ub.uib.no/elpub/rokkann/N/N13-03.pdf> (Accessed 22 April 2014).
- King, Gary, Robert O. Keohane and Sidney Verba, *Designing Social Inquiry: Scientific Inference in Qualitative Research*. Chichester and Princeton, NJ: Princeton University Press, 1994.
- Kingdon, John W., *Agendas, Alternatives and Public Policies*. New York, NY: Harper Collins, 1984.
- Kingdon, John W., *Agendas, Alternatives and Public Policies*. 2<sup>nd</sup> ed. New York, NY: Longman, 1995.
- Knack, Stephen and Philip Keefer., 'Institutions and Economic Performance: Cross-Country Tests Using Alternative Institutional Measures', *Economics and Politics*, 7 (1995), pp. 207-227.
- Knack, Stephen, Halsey F. Rogers and Nicholas Eubank, 'Aid Quality and Donor Rankings', *World Development*, 39 (2011), pp. 1907-1917.
- Knack, Stephen and Lodewijk Smets, *Aid Tying and Donor Fragmentation Policy Research Working Paper 5934*, Development Research Group, The World Bank, 2012.  
<http://elibrary.worldbank.org/doi/pdf/10.1596/1813-9450-5934> (Accessed 25 April 2014).



- Koeberle, Stefan, Zoran Stavreski and Jan Walliser, eds., *Budget Support as More Effective Aid? Recent Experiences and Emerging Lessons*. Washington DC: The World Bank, 2006.
- Lancaster, Carol, *Foreign Aid: Diplomacy, Development, Domestic Politics*. London and Chicago, IL: The University of Chicago Press, 2007.
- Legro, Jeffrey W., 'Which Norms Matter? Revisiting the "Failure" of Internationalism', *International Organization*, 51 (1997), pp. 31-63.
- Lieberman, Robert C., 'Ideas, Institutions, and Political Order: Explaining Political Change', *American Political Science Review*, 96 (2002), pp. 697-712.
- Liebowitz, Stan J. and Stephen E. Margolis, 'Path Dependence', in Bouckaert, Boudewijn and Gerrit De Geest, eds., *Encyclopaedia of Law and Economics, Volume I. The History and Methodology of Law and Economics*. Edward Elgar Pub, 2000. <http://encyclo.findlaw.com/0770book.pdf> (Accessed 21 April 2014).
- Lumsdaine, David H., *Moral Vision in International Politics: The Foreign Aid Regime, 1949-1989*. Chichester and Princeton, NJ: Princeton University Press, 1993.
- Lupovici, Amir, 'Constructivist Methods: A Plea and Manifesto for Pluralism', *Review of International Studies*, 35 (2009), pp. 195-218.
- Mahon, Rianne and Stephen McBride, eds., *The OECD and Transnational Governance*. Vancouver: University of British Columbia, 2008.
- Mahoney, James, 'After KVV: The New Methodology of Qualitative Research', *World Politics*, 62 (2010), pp. 120-147.
- Majone, Giandomenico and Aaron Wildavsky, 'Implementation as Evolution', in Jeffrey L. Pressman and Aaron Wildavsky, eds., *Implementation: How Great Expectations in Washington are Dashed in Oakland: Or, Why it's Amazing that Federal Programs Work at All*. 3<sup>rd</sup> ed. Berkeley, CA: University of California Press, 1984, pp. 163-180.
- Mallaby, Sebastian, *The World's Banker: A Story of Failed States, Financial Crises, and the Wealth and Poverty of Nations*. London and New Haven, CT: Yale University Press, 2004.
- March, James G. and Johan P. Olsen, 'The New Institutionalism – Organizational-Factors in Political Life', *American Political Science Review*, 78 (1984), pp. 734-749.
- March, James G. and Johan P. Olsen, 'The Institutional Dynamics of International Political Orders', *International Organization*, 52 (1998), pp. 943-969.
- March, James G. and Johan P. Olsen, 'Elaborating the "New Institutionalism"', in Rhodes, R. A. W. et al., eds., *The Oxford Handbook of Political Institutions*. Oxford and New York, NY: Oxford University Press, 2006, pp. 3-20.
- Marcussen, Martin, 'The OECD in Search of a Role: Playing the Idea Game'. Paper to the ECPR, 6-11 April. Grenoble: European Consortium for Political Research, 2001.
- Marshall, Katherine, *The World Bank: From Reconstruction to Development to Equity*. Oxford and New York, NY: Routledge, 2008.

- Martens, Bertin, 'Why Do Aid Agencies Exist?', in William Easterly, ed. *Reinventing Foreign Aid*. Cambridge, MA: MIT Press, 2008, pp. 285-310.
- Martens, Kerstin and Anja P. Jakobi, eds., *Mechanisms of OECD Governance: International Incentives for National Policy-Making?* Oxford and New York, NY: Oxford University Press, 2010.
- Masefield, Thorold, 'Co-Prosperity and Co-Security: Managing the Developed World', *International Affairs*, 65 (1989), pp. 1-13.
- Mayntz, Renate, 'Mechanisms in the Analysis of Macro-Social Phenomena'. MPIfG Working Paper, 03/3. Cologne: Max Planck Institute for the Study of Societies, 2003.
- McGillivray, Mark, 'The Allocation of Aid Among Developing Countries: A Multi-donor Analysis Using a Per Capita Aid Index', *World Development*, 17 (1989), pp. 561-568.
- McGillivray, Mark and Howard White, *Development Criteria for the Allocation and Aid and Assessment of Donor Performance*. CREDIT research paper. Nottingham: University of Nottingham, 1994.
- McNamara, Kathleen R., 'Constructing Authority in the European Union', in Avant, Deborah, D., Martha Finnemore, and Susan K. Sell, eds., *Who Governs the Globe?* Cambridge, UK & New York, NY: Cambridge University Press, 2010, pp. 153-179.
- Meltzer, Allan H., *Report of the International Financial Institution Advisory Commission*. Washington DC: IFIAC, 2000.
- Metha, Jal, 'The Varied Roles of Ideas in Politics: From "Whether" to "How"', in Béland, Daniel and R. H. Cox, eds., *Ideas and Politics in Social Science Research*. New York, NY and Oxford: Oxford University Press, 2011: 23-46.
- Miller-Adams, Michelle, *The World Bank : New Agendas in a Changing World*. London: Routledge, 1999.
- Millikan, Max F. and Walt W. Rostow, *A Proposal: Key to an Effective Foreign Policy*. New York: Harpers and Brothers, 1957.
- Milner, Helen V., 'Why Multilateralism? Foreign Aid and Domestic Principal-Agent Problems', in Hawkins, Darren G., D. A. Lake, D. L. Nielson and M. J. Tierney, eds., *Delegation and Agency in International Organizations*. Cambridge: Cambridge University Press, 2006, pp. 107-139.
- Molenaers, Nadia and L. Nijs, 'Why the European Commission Fails to Adhere to Principles of Good Donorship: The Case of the Governance Incentive Tranche'. *European Journal of Development Research*, 23 (2011), pp. 409-425.
- Moran, Glenn et al., eds., *The Oxford Handbook of Comparative Institutional Analysis*. Oxford and New York, NY: Oxford University Press, 2010.
- Mosley, Paul, 'The Political Economy of Foreign Aid: A Model of the Market for a Public Good', *Economic Development and Cultural Change*, 33 (1985), pp. 373-393.
- Moss, Todd and Benjamin Leo, *IDA at 65: Heading Toward Retirement or a Fragile Lease on Life?* Working Paper 246. Washington DC: Center for Global

- Development, 2011.  
<http://www.cgdev.org/content/publications/detail/1424903> (Accessed 26 April 2012).
- Niskanen, William A., *Bureaucracy and Public Economics* (2<sup>nd</sup> Ed.). Aldershot and Brookfield, VT: E. Elgar, 1994.
- Nurske, Ragnar, *Problems of Capital Formation in Underdeveloped Countries*. Oxford: Basil Blackwell, 1953.
- ODI, 'Aid Effectiveness After Accra: How to Reform the 'Paris Agenda'', Briefing Paper 39, London: ODI, 2008. [online]:  
<http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/2549.pdf> (Accessed 20 April 2014)
- OECD, *Convention on the Organisation for Economic Co-operation and Development*. Paris: OECD, 1960. [online]:  
<http://www.oecd.org/general/conventionontheorganisationforeconomicco-operationanddevelopment.htm> (Accessed 26 April 2014).
- OECD, *Development Cooperation in the 1990s: An Overview*. Paris: OECD, 1989.
- OECD, *Principles for Evaluation of Development Assistance*. Paris: OECD, 1991.  
<http://www.oecd.org/development/evaluationofdevelopmentprogrammes/2755284.pdf> (Accessed 25 April 2014).
- OECD, *DAC Orientations for Development Co-operation in Support of Private Sector Development - OCDE/GD(94)86*. Paris: OECD, 1994a.
- OECD, *Improving the Effectiveness of Technical Co-operation the 1990s: Summary of Discussions – OECD/GD(95)13*. High Level Seminar, 20 June 1994 of OECD DAC, UNDP and World Bank. Paris: OECD, 1994b.
- OECD, *Development Partnerships in the New Global Context*. Paris: OECD, 1995.  
<http://www.oecd.org/dac/2755357.pdf> (Accessed 27 April 2014).
- OECD, *Meeting of the Council at Ministerial Level Paris, 21-22 May 1996*. Paris: OECD 1996. <http://www.g7.utoronto.ca/oecd/oecd96.htm> (Accessed 27 April 2014).
- OECD, *Shaping the 21<sup>st</sup> Century: The Contribution of Development Co-Operation*. Paris: OECD, 1996b.
- OECD, *Rome Declaration on Harmonization*. Rome: OECD, 2003.  
<http://www.oecd.org/development/aideffectiveness/31451637.pdf> (Accessed 27 April 2014).
- OECD, *Getting to Grips with Globalization: The OECD in a Changing World*. Paris: OECD, 2004. <http://www.oecd.org/about/31499355.pdf> (Accessed 27 April 2014).
- OECD, *Paris Declaration on Aid Effectiveness*. Paris: OECD, 2005.  
<http://www.oecd.org/dac/aideffectiveness/parisdeclarationandaccraagendaforaction.htm> (Accessed 27 April 2014).
- OECD, *2006 Survey on Monitoring the Paris Declaration: Overview of the Results*. Paris: OECD, 2006.  
<http://www.oecd.org/dac/aideffectiveness/2006surveyonmonitoringtheparisdeclaration.htm> (Accessed 27 April 2014).

- OECD, *2008 Survey on Monitoring the Paris Declaration: Making Aid More Effective by 2010*. Paris: OECD, 2008.  
<http://www.oecd.org/dac/aideffectiveness/2008surveyonmonitoringtheparisdeclaration.htm> (Accessed 27 April 2014).
- OECD, *Reporting Directives for the Creditor Rating System: Addendum on Types of Aid – DCD/DAC(2007)39/Final/ADD2*. Paris, OECD, 2009.  
<http://www.oecd.org/dac/aidstatistics/44479737.pdf> (Accessed 27 April 2014).
- OECD, *Development Co-Operation Report 2010*. Paris: OECD, 2010.  
<http://www.oecd.org/dac/44449684.pdf> (Accessed 27 April 2014).
- OECD, *Inside the DAC: A Guide to the OECD Development Assistance Committee 2009-2010*. Paris: OECD, 2010.  
<http://www.oecd.org/dac/40986871.pdf> (Accessed 27 April 2014).
- OECD, *Aid Effectiveness 2005-2010: Progress in Implementing the Paris Declaration*. Paris: OECD, 2011.  
[http://www.oecd.org/site/0,3407,en\\_21571361\\_39494699\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/site/0,3407,en_21571361_39494699_1_1_1_1_1,00.html) (Accessed 27 April 2014).
- OECD, *2011 Survey on Monitoring the Paris Declaration: Survey Guidance*. Paris: OECD, 2011a. <http://www.oecd.org/site/dacsmpd11/46138662.pdf> (Accessed 27 April 2012).
- OECD, *Better Policies for Development: Recommendations for Policy Coherence*. Paris: OECD, 2011b. <http://www.oecd.org/pcd/48110465.pdf> (Accessed 27 April 2014).
- OECD, *Development: Aid to Developing Countries Falls Because of Global Recession*. Paris: OECD, 2012a.  
<http://www.oecd.org/dac/aidstatistics/developmentaidtodevelopingcountriesfallsbecauseofglobalrecession.htm> (Accessed 27 April 2014).
- OECD, *Busan Partnership for Effective Development Cooperation*. Paris: OECD, 2012b. <http://www.oecd.org/dac/effectiveness/Busan%20partnership.pdf> (Accessed 27 April 2014).
- Ohlin, Goran, 'Organization for Economic Cooperation and Development', *International Organization*, 22 (1968), pp. 231-243.
- Olsen, Johan P., 'Maybe It Is Time to Rediscover Bureaucracy', *Journal of Public Administration Research and Theory*, 16 (2006), pp. 1-24.
- Ottenhoff, Jenny, 'World Bank', *CGD Brief*, 2011.  
[http://www.cgdev.org/files/1425482\\_file\\_IFI\\_Briefs\\_WB\\_FINAL\\_r1.pdf](http://www.cgdev.org/files/1425482_file_IFI_Briefs_WB_FINAL_r1.pdf) (Accessed 27 April 2012).
- Pacini, Carl, Judyth A. Swingen and Hudson Rogers, 'The Role of the OECD and EU Conventions in Combating Bribery of Foreign Public Officials', *Journal of Business Ethics*, 37 (2002), pp. 385-405.
- Parsons, Craig, 'Showing Ideas as Causes: The Origins of the European Union'. *International Organization*, 56 (2002), pp. 47-84.

- Parsons, Craig, 'Ideas, Position, and Supranationality', in Béland, Daniel and R. H. Cox, eds., *Ideas and Politics in Social Science Research*. New York, NY and Oxford: Oxford University Press, 2011, pp. 127-142.
- Park, Susan, 'Norm Diffusion Within International Organizations: A Case Study of the World Bank', *Journal of International Relations and Development*, 8 (2005), pp. 111-141.
- Park, Susan, and Antje Vetterlein, eds., *Owning Development: Creating Policy Norms in the IMF and the World Bank*. Cambridge University Press, 2010.
- Peters, B. Guy, *Institutional Theory in Political Science: The New Institutionalism*. London: Pinter, 1999.
- Phillips, David A., *Reforming the World Bank : Twenty Years of Trial and Error*. Cambridge and New York, NY: Cambridge University Press, 2009.
- Pincus, Jonathan and Jeffrey A. Winters, *Reinventing the World Bank*. Ithaca, NY: Cornell University Press, 2002.
- Porter, Tony and Michael Webb, 'The Role of the OECD in Orchestration of Global Knowledge Networks', Paper presented at the Canadian Political Science Association Annual Meeting. Saskatoon, 2004.  
[http://research.allacademic.com/meta/p\\_mla\\_apo\\_research\\_citation/0/7/3/5/2/p73523\\_index.html](http://research.allacademic.com/meta/p_mla_apo_research_citation/0/7/3/5/2/p73523_index.html) (Accessed 27 April 2014).
- Powell, Walter W., 'Expanding the Scope of Institutional Analysis', in Powell, Walter W. and Paul J. DiMaggio, eds., *The New Institutionalism in Organizational Analysis*. Chicago, IL: University of Chicago Press, 1991, pp. 183-203.
- Powell, Walter W. and Paul J. DiMaggio, eds., *The New Institutionalism in Organizational Analysis*. Chicago, IL: University of Chicago Press, 1991.
- Radelet, Steven and Jeffrey D. Sachs, *The East Asian Financial Crisis: Diagnosis, Remedies, Prospects*, Cambridge, MA: Harvard Institute for International Development, 1998.  
<http://www.cid.harvard.edu/archive/hiid/papers/bpeasia.pdf> (Accessed 27 April 2014).
- Rao, Vijayendra and Michael Woolcock, 'The Disciplinary Monopoly in Development Research at the World Bank', *Global Governance*, 13 (2007), pp. 479-484.
- Ratha, Dilip, 'Demand for World Bank Lending', *Economic Systems*, 29 (2005), pp. 408-421.
- Reus-Smit, Christian, 'International Crisis of Legitimacy', *International Politics*, 44 (2007), pp. 157-174.
- Rich, Bruce, *Mortgaging the Earth : the World Bank, Environmental Impoverishment, and the Crisis of Development*. London: Earthscan, 1994.
- Rice, Susan E., Corinne Graff and Carlos Pascual, *Confronting Poverty: Weak States and U.S. National Security*. Washington DC: Brookings Institution Press, 2010.
- Riddell, Roger C., *Does Foreign Aid Really Work?* Oxford: Oxford University Press, 2007.



- Risse, Thomas, “‘Let’s Argue!’: Communicative Action in World Politics’, *International Organization*, 54 (2000), pp. 1-39.
- Ritzen, Josef, ‘In Search of World Governance: Books on the Bank’, *Global Governance*, 13 (2007), pp. 575-579.
- Roberts, Rebecca, *Reflections on the Paris Declaration and Aid Effectiveness in Afghanistan*. Kabul: Afghanistan Research and Evaluation Unit, 2009.  
[online]: <http://www.areu.org.af/Uploads/EditionPdfs/913E-Aid%20Effectiveness-DP-print.pdf.pdf> (Accessed 27 April 2014).
- Rogerson, Andrews, ‘Aid Harmonisation and Alignment: Bridging the Gaps between Reality and the Paris Reform Agenda’, *Development Policy Review*, 23 (2005), pp. 531-552.
- Roodman, David, *An Index of Donor Performance*. Center for Global Development Working Paper 75. Washington, DC, 2009.
- Rosenstein-Rodan, Paul N., ‘International Aid for Underdeveloped Countries’, *Review of Economics and Statistics*, 63 (1961), pp. 107-132.
- Ruback, Timothy J., “‘Let Me Tell the Story Straight On’: Middlemarch, Process-Tracing Methods and the Politics of Narrative’, *British Journal of Politics & International Relations*, 12 (2010), pp. 477-497.
- Rubin, Seymour J., *The Conscience of the Rich Nations: The Development Assistance Committee and the Common Aid Effort*. New York, NY: Harper & Row, 1966.
- Ruggie, John G., ‘What Makes The World Hang Together? Neo-Utilitarianism and the Social Constructivist Challenge’, *International Organization*, 44 (1998), pp. 855-885.
- Sabatier, Paul A. ed., *Theories of the Policy Process* 2<sup>nd</sup> ed. Boulder, CO: Westview Press, 2007.
- Sachs, Jeffrey, *The End of Poverty: How We Can Make It Happen In Our Lifetime*. London: Penguin, 2005.
- Saliba-Couture, Charles, ‘L’Appropriation et la Déclaration de Paris : Un Discours Convaincant, Mais en Sommes-Nous Convaincus ?’. *Canadian Journal of Development Studies*, 32 (2011), pp. 180-195.
- Schimmelfennig, Frank, ‘Strategic Calculation and International Socialization: Membership Incentives, Party Constellations, and Sustained Compliance in Central and Eastern Europe’, *International Organization*, 59 (2005), pp. 827-860.
- Schimmelfennig, Frank and Ulrich Sedelmeier, eds., *The Europeanization of Central and Eastern Europe*. London & Ithaca, NY: Cornell University Press, 2005.
- Schmidt, Vivien A., ‘Discursive Institutionalism: The Explanatory Power of Ideas and Discourse’, *Annual Review of Political Science*, 11 (2008), pp. 303-326.
- Schmidt, Vivien A., ‘Taking Ideas and Discourse Seriously : Explaining Change through Discursive Institutionalism as the Fourth ‘New Institutionalism’’, *European Political Science Review*, 2 (2010), pp. 1-25.

- Schmidt, Vivien A., 'Reconciling Ideas and Institutions through Discursive Institutionalism', in Béland, Daniel and R. H. Cox, eds., *Ideas and Politics in Social Science Research*. New York, NY and Oxford: Oxford University Press, 2011.
- Scott, W. Richard, *Institutions and Organisation*. 2<sup>nd</sup> ed. London: Sage, 2001.
- Scott, W. Richard, *Institutions and Organisations : Ideas and Interests*. 3<sup>rd</sup> ed. Los Angeles: SAGE Publications, 2008.
- Selznick, Philip, *Leadership in Administration: A Sociological Interpretation*. New York, NY: Harper & Row, 1957.
- Sharman, Jason C., (2006). *Havens in a Storm: The Struggle for Global Tax Regulation*. Ithaca, NY: Cornell University Press, 2006.
- Sissenich, Beate, 'The Transfer of EU Social Policy to Poland and Hungary', in Frank Schimmelfennig and Ulrich Sedelmeier, eds., *The Europeanization of Central and Eastern Europe*. London & Ithaca, NY: Cornell University Press, 2005, pp. 156-177.
- Slaughter, Anne-Marie, 'Disaggregated Sovereignty: Towards the Public Accountability of Global Government Networks', *Government and Opposition*, 39 (2004), pp. 159-190.
- Slaughter, Anne-Marie, *A New World Order*. Princeton, NJ: Princeton University Press, 2005.
- Slaughter, Anne-Marie and David Zaring, 'Networking Goes International: An Update', *Annual Review of Law and Social Science*, 2 (2006), pp. 211-229.
- Stern, Nicholas, and Francisco Ferreira, 'The World Bank as 'Intellectual Actor'', in Devesh Kapur, John Prior Lewis, and Richard Charles Webb, eds, *The World Bank: Its First Half Century*. Washington DC: Brookings Institution, 1997, pp. 523-610.
- Stewart, Frances and Michael Wang, 'Do PRSPs empower poor countries and disempower the World Bank, or is it the other way round?', *QEH Working Paper Series*. Oxford: Oxford University, 2003.
- Stiglitz, Joseph E., 'The World Bank at the Millennium', *Economic Journal*, 109 (1999), pp. F577-F597.
- Stiglitz, Joseph E., 'Democratizing the World Bank', (Interview) *The Brown Journal of World Affairs*, 13 (2007), pp. 79-86.  
[http://relooney.fatcow.com/0\\_New\\_6018.pdf](http://relooney.fatcow.com/0_New_6018.pdf) (Accessed 27 April 2014).
- Stone, Deborah, 'Causal Stories and the Formation of Policy Agendas', *Political Science Quarterly*, 104 (1989), pp. 281-300.
- Stone, Diane, *Capturing the Political Imagination: Think Tanks and the Policy Process*. London: Frank Cass & Co LTD., 1996.
- Stone, Diane, 'The "Knowledge Bank" and the Global Development Network', *Global Governance*, 9 (2003), pp. 43-61.
- Stone, Diane and Christopher Wright, eds., *The World Bank and Governance: A Decade of Reform and Reaction*. London and New York, NY: Routledge, 2007.

- Storey, Andey, 'The World Bank, Neoliberalism, and Power: Discourse Analysis and Implications for Campaigners', *Development in Practice*, 10 (2000), pp. 361-370.
- Strange, Susan, 'Why Do International Organizations Never Die?', in Bob Reinalda and Bertjan Verbeek, eds, *Autonomous Policy Making by International Organisations*. London and New York, NY: Routledge, 1998.
- Sumner, William G., *Folkways : A Study of the Sociological Importance of Usages, Manners, Customs, Mores, and Morals*. New York, NY: Dover Publications.
- Tansey, Oisín, 'Process Tracing and Elite Interviewing : A Case for Non-Probability Sampling', *Political Science and Politics*, 40 (2007), pp. 765-772.
- Tendler, Judith, *Inside Foreign Aid*. Baltimore, MD: Johns Hopkins University Press, 1975.
- True, James L., Bryan D. Jones, and Frank R. Baumgartner, 'Punctuated-Equilibrium Theory: Explaining Stability and Change in American Policymaking', in Paul A. Sabatier, ed., *Theories of the Policy Process*, Boulder: Westview Press, 1999, pp. 97-115.
- The Economist, 'Iran and Israel in Africa: Competing for allies', *The Economist*, February 2010, pp. 49-50.
- Thornton, Paul, Walter Kolkma and Nils Fostvedt, 'Donor Coordination and Harmonization in Bangladesh : A Joint Evaluation Paper', *IEG Working Paper*. Washington DC: The World Bank, 2010.  
[http://lnweb90.worldbank.org/oed/oeddoclib.nsf/DocUNIDViewForJavaSearch/F4BE03B71682C7128525772100669FEF/\\$file/Bangladesh\\_JEP.pdf](http://lnweb90.worldbank.org/oed/oeddoclib.nsf/DocUNIDViewForJavaSearch/F4BE03B71682C7128525772100669FEF/$file/Bangladesh_JEP.pdf)  
 (Accessed 27 April 2014).
- Trofimov, Ivan, D., 'The Failure of the International Trade Organization (ITO): A Policy Entrepreneurship Perspective', *Journal of Politics and Law*, 5 (2012), pp. 56-68.
- UK Parliament, 'A Parliamentary Inquiry into Aid Effectiveness: A Report of the All Party Parliamentary Group on Dept, Aid and Trade', 2010. [online]:  
<http://www.ids.ac.uk/files/dmfile/AEIXX.pdf> (Accessed 26 April 2014).
- Vetterlein, Antje, 'Seeing Like the World Bank on Poverty', *New Political Economy*, 17 (2012), pp. 35-58.
- Wade, Robert, 'Japan, the World Bank, and the Art of Paradigm Maintenance: The East Asian Miracle in Political Perspective', *New Left Review*, 217 (1996), pp. 3-36.
- Wallerstein, Immanuel, *The Modern World-System I: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*. New York, NY: Academic Press, 1974.
- Waltz, Kenneth N., *Theory of international politics*. London and Boston, MA: McGraw-Hill, 1979.
- Waltz, Kenneth N., 'International Politics is Not Foreign Policy', *Security Studies*, 6 (1996), pp. 54-57.
- Wapenhans, Willi, *Effective Implementation: Key to Development Impact*. Washington DC: The World Bank, 1992.



- Weaver, Catherine, 'The World's Bank and the Bank's World', *Global Governance*, 13 (2007), pp. 493-512.
- Weaver, Catherine, *Hypocrisy Trap: The World Bank and the Poverty of Reform*. Princeton, NJ and Oxford: Princeton University Press, 2008.
- Weaver, Catherine and Susan Park, 'The Role of the World Bank in Poverty Alleviation and Human Development in the Twenty-First Century: An Introduction', *Global Governance*, 13 (2007), pp. 493-512.
- Weber, Max, Hans H. Gerth and C. Wright Mills, *From Max Weber: Essays in Sociology*. London: Routledge, 1991.
- Wendt, Alexander, *Social Theory of International Politics*. Cambridge Studies in International Relations. Cambridge: Cambridge University Press, 1999.
- Wiener, Antje, 'Enacting Meaning-in-Use: Qualitative Research on Norms and International Relations', *Review of International Studies*, 35 (2009), pp. 175-93.
- Wiener, Antje, and Uwe Puetter, 'The Quality of Norms Is What Actors Make of It: Critical Constructivist Research on Norms', *Journal of International Law and International Relations*, 5 (2009), pp. 1-16.
- Wincott, Daniel, 'Ideas, Policy Change, and the Welfare State', in Daniel Béland and R. H. Cox, eds., *Ideas and Politics in Social Science Research*. New York, NY and Oxford: Oxford University Press, 2011, pp. 143-166.
- Winters, Matthew S., 'The Obstacles to Foreign Aid Harmonization: Lessons from Decentralization Support in Indonesia', *Studies in Comparative International Development*, 47 (2012), pp. 316-341.
- Wolfe, Robert, 'From Reconstructing Europe to Constructing Globalization: The OECD in Historical Perspective', in Mahon, Rianne and Stephen McBride, eds., *The OECD and Transnational Governance*. Vancouver: University of British Columbia, 2008, pp. 25-42.
- Wolfensohn, James D., *A Proposal for a Comprehensive Development Framework*. Washington DC: The World Bank, 1999.
- Wolfensohn, James D and Stanley Fischer, *The Comprehensive Development Framework (CDF) and Poverty Reduction Strategy Papers (PRSP): Joint Note by James D. Wolfensohn and Stanley Fischer*. Washington DC: IMF / The World Bank, 2000.  
<http://www.imf.org/external/np/prsp/pdf/cdfprsp.pdf> (Accessed 27 April 2014).
- Wood, Bernard et al., *The Evaluation of the Paris Declaration: Final Report Phase II*. Copenhagen, 2011. <http://pd-website.inforce.dk/content/pdf/PD-EN-web.pdf> (Accessed 27 April 2014).
- Woods, Ngaire, *The Globalizers: The IMF, the World Bank, and Their Borrowers*. London & Ithaca, NY: Cornell University Press, 2006.
- Woods, Ngaire, 'Rethinking Aid Coordination', in Homi Kharas, Koji Makino and Woojin Jung, eds., *Catalyzing Development: A New Vision for Aid*. Washington DC: Brookings Institution Press, 2011, pp. 112-126.

- Woodward, Richard, *The Organisation for Economic Co-operation and Development (OECD)*. Oxon and New York, NY: Routledge, 2009.
- World Bank, *The Strategic Compact: Renewing the Bank's Effectiveness to Fight Poverty*. Washington DC: The World Bank, 1997.
- World Bank, *Partnership for Development: Proposed Actions for the World Bank: A Discussion Paper*. Washington DC: The World Bank, 1998.
- World Bank, *The Drive to Partnership : Aid Coordination and the World Bank*. Washington DC: The World Bank, 1999.
- World Bank, *Comprehensive Development Framework Mid-Term Progress Report*. Washington DC: The World Bank, 2000.
- World Bank, *Assessment of the Strategic Compact* [26518]. Washington DC: The World Bank, 2001. [http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2003/09/04/000012009\\_20030904134425/Rendered/PDF/265180Score0901of0Strategic0Compact.pdf](http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2003/09/04/000012009_20030904134425/Rendered/PDF/265180Score0901of0Strategic0Compact.pdf) (Accessed 27 April 2014).
- World Bank, *Harmonization of Operational Policies, Procedures, and Practices: Experience to Date*. Washington DC: The World Bank, 2001a.
- World Bank, *Harmonization of Operational Policies, Procedures, and Practices: First Progress Report*. Washington DC: The World Bank, 2001b.
- World Bank, *Assesment of the Strategic Compact*. Washington DC: The World Bank, 2001c.
- World Bank, *Better Measuring, Monitoring, and Managing for Development Results*. Washington DC: The World Bank, 2002a.
- World Bank, *Harmonization of Operational Policies, Procedures, and Practices: Information Note*. Washington DC: The World Bank, 2002b.
- World Bank, *Harmonization of Operational Policies, Procedures, and Practices: Second Progress Report*. Washington DC: The World Bank, 2002c.
- World Bank, Procurement in the World Bank: FY02 Annual Report (O. P. a. C. Services, Trans.) *Board Report*. Washington DC: The World Bank, 2002d.
- World Bank, *The Comprehensive Development Framework : A Multi-Partner Review*. OED. Washington DC: The Worldbank, 2003. <http://documents.worldbank.org/curated/en/2003/06/2865667/comprehensive-development-framework-multi-partner-review> (Accessed 27 April 2014).
- World Bank, *IDA's Long Term Financial Capacity*. Washington DC: The World Bank, 2007.
- World Bank, *The World Bank's Country Policy and Institutional Assessment (I. E. G. (IEG), Trans.)*. Washington DC: The World Bank, 2009.
- World Bank, *Aid Coordination in IDA Countries: Role of the World Bank*. Washington DC: The World Bank, 2011a.
- World Bank, *World Bank Progress in Harmonization and Alignment in Low Income Countries (I. E. Group, Trans.)*. Washington DC: World Bank, 2011b.

- Xu, Yi-Chong and Patrick Weller, *Inside the World Bank: Exploding the Myth of the Monolithic Bank*. New York, NY: Palgrave Macmillan, 2009.
- Yanow, Dvora and Peregrine Schwartz-Shea, eds., *Interpretation and Method: Empirical Research Methods and the Interpretive Turn*. London and Armonk, NY: M.E. Sharpe, 2006.
- Younas, Javed, 'Motivation for Bilateral Aid Allocation: Altruism or Trade-Benefits', *European Journal of Political Economy*, 24 (2008), pp. 661-674.
- Young, Robert J. C., *Postcolonialism: A Very Short Introduction*. Oxford: Oxford University Press, 2003.
- Yusuf, Shahid et al., *Development Economics Through the Decades: A Critical Look at 30 Years of The World Development Report*. Washington DC: The World Bank, 2009.
- Zahariadis, Nikolaos, 'The Multiple Streams Framework: Structure, Limitations, Prospects', in Paul A. Sabatier, ed., *Theories of the Policy Process*. 2<sup>nd</sup> ed. Boulder, CO: Westview Press, 2007, pp. 65-92.
- Zittoun, Philippe, 'Understanding Policy Change as a Discursive Problem', *Journal of Comparative Policy Analysis : Research and Practice*, 11 (2009), pp. 65-82.