



***Synthesis Paper 3***  
***The Drivers of Change Approach***

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November 2004

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## Executive Summary

DFID and other aid donors have been gradually moving ‘upstream’ in their approach to aid and poverty reduction. Whereas in the 1960s the predominant form of aid was projects, this has progressively changed to programmes, policies, institutions and most recently to a focus on politics. ‘Good governance’ received increasing attention from the early 1990s but the approach was quite normative, interventionist and closely connected to conditionality or selectivity. Recent work to increase the effectiveness of aid breaks with this interventionist thinking, advocating a historical, political view of specific country contexts as the analytical basis for aid strategies.

Donors have traditionally shied away from engaging with the political realm; the predominant view of politics has been as a factor that serves to hinder success. Evaluations of aid intervention failure, for example, have often concluded by blaming a ‘lack of political will’, with no systematic analysis made of the causes of this. Aid has typically been viewed as a technocratic intervention in ‘sovereign’ states where donors have no right to meddle in the political. Although sovereignty concerns are still valid, recent thinking is that this should not prevent donors from better understanding what is happening in specific country contexts.

While it is true that state sovereignty must be respected, there is therefore growing awareness that all donor interventions are political and that they inevitably interact and influence the political context of the country. Moreover, development is an inherently political undertaking. This increasing attention on the political realm has been fuelled by the introduction of Poverty Reduction Strategy Papers (PRSPs) and accompanying Poverty Reduction Strategy (PRS) processes. These aim to increase country ownership and leadership of strategies for poverty reduction; in essence, advocating a transfer of power from donor countries to recipient countries and from the elite to the poor, in country. These changes are far from technocratic – if donors are serious about working to support poverty reduction, they must increase their understanding of the political contexts of the countries within which they are active and the impact of their actions. The Drivers of Change approach is an important and innovative attempt to address this challenge.

### *What is Drivers of Change?*

The Drivers of Change (DoC) approach takes as its starting point that donors know ‘what’ is necessary to realise the Millennium Development Goals (MDGs) and widespread poverty reduction, but they do not know ‘how’ to bring about the changes necessary to make this happen. It therefore advocates close examination and analysis of country contexts with a specific focus on *how change is occurring* within the country, in other words, ‘what is driving change’. With a wide and deep understanding of the local context and the trends of change that are already occurring, the next step in the DoC approach is analysis of how the changes that are already occurring will impact the poor. Based on this knowledge, it is hypothesised, donors will be better able to choose interventions that will shift trends to bring about more pro-poor outcomes.

### *DFID experience with Drivers of Change so far*

The DoC approach was only developed over the past few years but DFID country offices rapidly commissioned studies to inform their Country Assistance Plan (CAP)

drafting processes. The pressures of engaging with PRSs and the challenges of working in difficult environments fuelled their enthusiasm for the DoC political economy analysis approach. As a result more than twenty offices have now carried out DoC work. Although the impact of this work on poverty reduction cannot yet be ascertained, positive impacts of engagement with a political economy approach are visible (Box 7 provides a summary).

Key positive impacts in the area of *insights for programming* are: assumptions behind programming are being challenged; DFID is moving to collaborate with non-typical partners such as elite groups and the diaspora community; there is growing realisation of the need for long-term timescales; and DFID is increasingly reconsidering the value of simply doing 'what it can do'.

Key positive impacts *internally for DFID* are: team building between national and international staff and between specialist staff from different sectors; a growing shared understanding of the country context and implications for DFID; improved institutional memory by capturing shared understanding; and better ability to work closer together with other government departments such as the Foreign and Commonwealth Office (FCO).

The challenges involved in this approach remain considerable, however (Box 8 provides a summary).

Key challenges related to the *limits of DoC studies so far* are: operational implications are difficult to draw out and staff and consultants remain relatively unskilled and inexperienced in this area; most studies have looked at the broad context more than dynamic medium-term factors and the impact of external actors; DoC is not yet well embedded in CAP processes; and country participation in DoC work has been low.

Key *management challenges* are: large-scale staff training is needed to 'mainstream' the approach throughout DFID (although this is planned it will be a significant challenge); high staff expectations due to high levels of engagement with the work need to be managed to avoid disillusionment with the approach; strong headquarters leadership on the approach is necessary if DFID are to address the need to reform internal incentive structures that may arise.

Key *programming challenges* are: DoC highlights conflicting agendas within DFID such as the drive to increase aid versus DoC analyses that counsel a need for caution; and current commitments to programmes may be difficult to change even if DoC reveals them to be having a minimal or negative impact on poverty reduction.

Overall DoC is a very positive but highly challenging innovation. It holds the potential for DFID and other donors to develop political awareness in-country and on the impacts of their actions. This should lead to increased caution and realism in 'drives for development'. DFID are keen to share their DoC work, where possible, and are already working with other donors in a recently formed DAC DoC Working Group within the DAC Governance Network (Govnet). As drawing out the operational implications of a political economy approach and analysis is not easy, DFID is keen to engage with other donors, partner organisations, governments and also other UK

government departments on this work. British researchers and practitioners look forward to Japanese insights or comments on this paper and to working in cooperation with Japan (and other donors) on these difficult issues.

## **Acknowledgements**

The author is grateful to all who kindly assisted in the drafting of this paper by giving their time for interview and providing comments by email. In particular, David Booth and Sue Unsworth both kindly contributed comments on earlier drafts of this paper. They do not, however, bear responsibility for the views expressed in the paper and any errors are the author's own.

## 1. Introduction

This paper sets out an overview of DFID's recently developed 'Drivers of Change' (DoC) approach, developed to address how DFID can interact with the 'politics of development'.<sup>1</sup> Although DoC studies have been carried out to inform programming and underpin formulation of Country Assistance Plans (CAPs) by country offices, DFID see DoC as not just a 'tool' but as a new 'approach' heralding a potentially significant shift in how they work.<sup>2</sup> The innovation has arisen in response to a growing awareness that many of the changes involved in shifting to a 'country-led' approach under Poverty Reduction Strategies (PRSs), including shifts in aid modalities and moves to government-driven aid coordination, are not technocratic issues but are in fact fundamentally political in nature.<sup>3</sup> The DoC approach, therefore, is feeding into DFID's thinking on all these issues and aims to underpin important decisions such as shifting aid modalities 'upstream' to budget support. For this reason, it is being profiled here prior to the forthcoming paper on aid modalities.

The paper draws on research that contributed to the development of the DoC approach but also on guidance materials, reviews of experience so far and interviews with key individuals both inside and outside DFID who have been closely involved with the evolution of the approach. Although a paper of this size can only pull together a small proportion of the available material on the approach and experiences so far, it is hoped that this overview will enable other donor organisations to understand DFID's thinking on this issue and its reasons for this important and innovative approach. It is hoped that the introduction of what is viewed by DFID as a potentially significant change in 'how they do business' may stimulate debate within other donor organisations on whether they face similar issues and if so, how they can be addressed.

### *What is Drivers of Change?*

'Drivers of Change' examines 'what is driving change' in the countries where DFID is active. This is to address the fact that, 'DFID and other donors find it easier to say 'what' needs to be done to reduce poverty than 'how' to help make it happen'.<sup>4</sup> By better understanding *how change occurs* within specific contexts, it is hypothesised that DFID's programming decisions will be better equipped to respond to this 'how' question and help bring about pro-poor change. DoC therefore emphasises DFID's need to understand economic, political and social contexts, in other words, the application of political economy analysis to formulation of donor strategy and implementation.<sup>5</sup>

Although change processes are the main focus of DoC, its emphasis on local contexts stresses the need for realism in country strategies and approaches; analysis must start from where the country *is*, rather than where DFID or anyone else may

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<sup>1</sup> This paper has been produced as part of a series reporting on UK aid policy and research. For more information see: [http://www.odi.org.uk/RAPID/UK\\_Japan/index.html](http://www.odi.org.uk/RAPID/UK_Japan/index.html).

<sup>2</sup> Presentation by and interview with Ann Freckleton, former head of Drivers of Change team, Policy Division, DFID (4 October 2004) ('AF interview').

<sup>3</sup> See Warrener (2004) for more detail on this: [http://www.odi.org.uk/RAPID/UK\\_Japan/docs/PRSP\\_final.pdf](http://www.odi.org.uk/RAPID/UK_Japan/docs/PRSP_final.pdf)

<sup>4</sup> Unsworth (2001)

<sup>5</sup> Governance Resource Centre Exchange ([www.grc-exchange.org](http://www.grc-exchange.org)) definition of Drivers of Change.

wish it to be. An example provided by Unsworth (2003)<sup>6</sup> on the implications of this in the case of economic reform programmes. If 'weak governance' is seen as hindering economic reforms, donors have often then considered how 'weak governance' can be addressed and improved. On the other hand, it is suggested, a more useful starting point may be to accept the fact of current weak governance and to ascertain 'what can be done *in spite of* weak governance' (ibid, emphasis in original). A 'more incremental approach' is advocated whereby overly ambitious agendas are put aside in favour of working with the already existing situation (and the change already occurring) to see what can be shifted – 'instead of trying to make the context fit the policies, it may be better to start with the context' (ibid). Another way of framing this is a change in focus from 'what is wrong?' to 'what is working?'

In order to gain deep understanding, DFID must engage with a wide group of people and take a long-term perspective. Change as a whole must be looked at, not simply pro-poor change.<sup>7</sup> A major challenge set out by DoC is that donors need to increase their awareness of the impact of their own actions, something they are generally not very good at.

#### *Outline of paper*

The main body of this paper is divided into three sections. The first two address key questions:

- Why and how was Drivers of Change developed?
- How does the Drivers of Change approach work in practice?

The final section then provides an overview of DFID's experience so far under DoC. This includes outlining positive impacts that are emerging and challenges that remain. The paper ends with a short conclusion.

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<sup>6</sup> Unsworth (2003)

<sup>7</sup> DFID (2003a)

## 2. Why and how was Drivers of Change developed?

The question of why and how Drivers of Change developed can be addressed on two levels. The first of these looks at the internal dynamics within DFID that led to the establishment of a DoC team within its Policy Division in June 2003. The second level then draws out the broader issues that underpinned these changes – in essence, ‘What problem did DoC appear as a solution to?’ – these issues are potentially of equal relevance to other donors. This second level of analysis also addresses the question, ‘Why did DoC develop at this time?’

### *Why and how was DoC developed within DFID?*<sup>8</sup>

As outlined in previous papers<sup>9</sup>, DFID’s overall framework for its activities is the Millennium Development Goals (MDGs). These goals are then operationalised in a hierarchy of inter-locking ‘strategy papers’ such as Target Strategy Papers linked to individual MDGs and Country Assistance Plans, setting out DFID’s strategies at the country level. This overall framework is part of the UK government’s results-based management (RBM) structure within which DFID functions.

Driven by this framework and Clare Short’s<sup>10</sup> commitment to the achievement of the MDGs, DFID has devoted many intellectual resources since 1997 to analysing how DFID can best support the realisation of these goals. One issue that has received increasing attention is ‘governance’. This shift can be seen to be the latest development in changing approaches to aid management connected to a gradual ‘upstream evolution’ of explanations for aid failure and the focus of aid. (See Table 1)

**Table 1: Upstream evolution of explanations for aid failure**<sup>11</sup>

	<b>Prevailing explanation for aid failure</b>	<b>Predominant form of aid</b>	<b>Aid focus</b>
1950s – 1960s	Within-project problems (e.g. poor management)	Project aid	Project
1960s –1970s	Projects as ‘islands’ of improvement	Sector-focused programmes	Programme
1980s	Dysfunctional policy environment	Structural adjustment	Policy
Late 1980s, early 1990s	Poor public institutions and governance	Technical assistance for institution building and governance reforms	Institutions
Late 90s – date	Political processes (e.g. incentive structures in formal and informal institutions)	Support to PRSPs via SWAp and budget support plus political analysis (e.g. DoC)	Politics

Source: Adapted from Duncan (2003) and Hyden, Court and Mease (2004)

<sup>8</sup> Unless otherwise indicated, this section draws on interview with Sue Unsworth, former Chief Governance Advisor of DFID (‘SU interview’) and comments by Professor Mick Moore, Institute of Development Studies (IDS), University of Sussex.

<sup>9</sup> See, in particular, the first paper in this initiative, Warrener and Court (2004):

[http://www.odi.org.uk/RAPID/UK\\_Japan/docs/July\\_report\\_setting\\_scene.pdf](http://www.odi.org.uk/RAPID/UK_Japan/docs/July_report_setting_scene.pdf)

<sup>10</sup> Clare Short was the UK Secretary of State for International Development from 1997 to 2003.

<sup>11</sup> This is necessarily simplified and highly stylised.



In order to understand governance issues in depth, DFID began to increase its number of governance advisors from about 1999. New advisors came from a variety of sectors including the private sector and academia, amongst others. They were highly experienced and able to think broadly and strategically on the issues involved. Many were political scientists who were aware of the broad criticisms that donor agencies 'ask the wrong questions' but were now in a position to move beyond simple criticism to address the issue of why this may be the case and what, if it is the case, could be done about it. A Governance Department with about 8-9 people working on these issues was formed. They received top level support for their work as Clare Short was also keen that technical work on poverty reduction should be underpinned by good political analysis.<sup>12</sup>

One important piece of work commissioned by the first Chief Governance Advisor, Roger Wilson, was a paper on 'Thinking strategically about politics and poverty'. This was commissioned in 1999 as an input to the 2000 World Development Report and was undertaken by Moore and Putzel at the Institute of Development Studies (IDS) in Sussex. This fed into the development of DoC but at the time it was submitted, thinking on how to deal with the political realm within DFID was still at a very early stage. A crucial element in the development of DoC as it is now was the work that long-term DFID employee<sup>13</sup>, Sue Unsworth, carried out during her three-year sabbatical from 2000.

Prior to her sabbatical, Sue Unsworth was DFID's Asia Director for three years. During this time she had become increasingly aware that political change could potentially have a much greater pro-poor impact than any of DFID's activities. An interesting example was India, where despite being a democracy within which the poor had a vote, conditions for most of the poor were not improving. Another issue she determined to look at during her sabbatical period was the issue of 'political will' so often used to explain programme failure. Rather than using this as a convenient excuse for failure, Sue felt there was a need to enquire into how DFID could address it. Roger Wilson strongly supported her thinking on this and her desire to look into the issues in more depth.

Immersing herself in the political science literature from the perspective of a policymaker, Sue Unsworth therefore did much deep thinking during her time away from DFID. She remained in close liaison with her employer, however, and Clare Short favourably received her first paper, 'Understanding Pro-poor Change: A discussion paper'. Within this, she set out a historical analysis of the change that had occurred as nations such as the UK developed. Changes such as the development of a public sphere separate from a private sphere, public accountability and universal suffrage developed incrementally over very long time periods that were marked by ongoing struggle and resolution. Extrapolating lessons for how such changes can be achieved in developing nations, she argued that DFID must 'look for ways of supporting a wide range of *internally led* processes' (my emphasis). Drawing further from Asian examples as well as European ones, Unsworth emphasised that there is no single path to a 'developmental state'; DFID's activities need to be embedded in a sense of history and context to be maximally effective. Despite there being no single

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<sup>12</sup> AF interview

<sup>13</sup> Sue Unsworth joined the Overseas Development Administration (ODA), the UK's development agency before DFID was formed, in 1971.

route, however, a key transition was portrayed as being from political systems based on 'clientelism' to those based on citizenship and associated rights. This was proposed as a strategic vision for long-term change.

As a result of this first output, Clare Short encouraged Sue Unsworth to visit many of DFID's country offices to float the ideas with them. One of these visits was to Bangladesh in January 2002 where a team from the British consultancy, Oxford Policy Management, led by Alex Duncan had been commissioned to carry out a broad-based political analysis of Bangladesh in order to inform development of its Country Assistance Plan (CAP). It was here, therefore, in discussions with Alex Duncan and his team, that the term 'Drivers of Change' was coined.

Clare Short liked the study that had been carried out in Bangladesh, encouraging other country offices to commission similar work. Furthermore, as Sue Unsworth continued to travel around visiting DFID's country offices, she found remarkable resonance with her ideas and a sense of relief amongst country office staff. The reason for this was that most staff were well aware that political issues impeded on their work but it was difficult to know what to do about them. Political barriers to success in a country were issues demoted to discussion after work; it was a relief for staff to be introduced to an approach that considered political obstacles worth investigating properly with explicit consideration of the implications for DFID despite the fact that DoC is no 'magic bullet' and the barriers remain difficult to address.

Sue Unsworth continued to develop two more papers during her sabbatical. The first of these, 'Understanding Incentives and Capacity for Poverty Reduction: What should donors do differently?' was based on her visits and contacts with DFID staff in many overseas offices. This sets out a number of challenges for donors, based on the insights in the first paper. Two key challenges are: (i) how to better 'identify and connect with local incentives, values and perceptions; and (ii) 'how to get better at facilitating effective learning from others', an issue she feels should be a 'real comparative advantage' for donors but that donors are not yet skilled at. Although some offices reported that they were already using an understanding of the political context in their work, particularly in connection with PRSP processes, politics as 'integral to the process rather than something that gets in the way' implies a new way of working.

This paper and the third, a consultation paper, 'Better Government for Poverty Reduction: More effective partnerships for change' were also received with enthusiasm by staff in DFID's headquarters (HQ).<sup>14</sup> Here the number of people with experience of working in difficult environments was increasing; these people were very aware of the shortcomings of a purely 'technical' approach. Country offices have also continued to commission DoC work. This is driven partly by a desire by some offices to counterbalance tensions that have developed with HQ drives to implement changes such as the move towards budget support before country offices think it is a good time to do so. In this way, DoC has been taken up very rapidly within DFID and the new DoC team formed in June 2003 within the Policy Division slotted into what was already a fast-growing 'grassroots movement' for the approach within DFID.

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<sup>14</sup> AF interview

### **Box 1 Key papers in the development and consolidation of the DoC approach**

- Mick Moore and James Putzel (1999) *Thinking Strategically about Politics and Poverty* (<http://www.ids.ac.uk/ids/bookshop/wp/wp101.pdf>)
- Sue Unsworth (2001) *Understanding Pro-poor Change: A discussion paper*
- Sue Unsworth (2002) *Understanding Incentives and Capacity for Poverty Reduction: What should donors do differently?*
- Sue Unsworth (2003) *Better Government for Poverty Reduction: More effective partnerships for change* (<http://www.dfid.gov.uk/pubs/files/bettergovpovreduction.pdf>)

#### *What problem did DoC appear as a solution to and why at this time?*

The key issues underpinning the development of the DoC approach and its rapid uptake at this time are presented here in detail. These are likely to be issues that will also find resonance with other donor agencies.

Academic literature and practitioner experience increasingly highlighted the importance of governance issues for development from the early 1990s. Kofi Annan, Secretary General of the UN, for example, has emphasised that ‘good governance is perhaps the single most important factor in eradicating poverty and promoting development’.<sup>15</sup> One of the first times the phrase ‘good governance’ was heard was in a speech by Douglas Hurd, British Foreign Secretary, in June 1990.<sup>16</sup> This speech and statements of other donor countries during the 1990s set out ‘political conditions’ for the allocation of aid. The good governance assessment framework, developed in the early 1990s, outlined what good governance would look like and then carried out ‘gap analysis’ on how to get there.<sup>17</sup> The approach at this time was normative, marked by interventionism, and closely connected to either conditionality or selectivity.

There is a danger within the realm of ‘governance’, however, of ideology displacing situational analysis. For example, some donors assume that what is acceptable within their respective domestic political constituencies should form the basis of their prescriptive advice and work in other countries. Overall, the concept of ‘good governance’ has been rather Anglo-American and not well-informed by comparative history, particularly the experiences of Asian countries; developing countries have been given advice little related to the political realities of their specific context.

Although there has therefore been growing awareness of the importance of ‘governance’, the focus has been rather technocratic, looking at institutions of government rather than the political realm. In fact, donors have traditionally shied away from engaging with the political. Moore (1999), for example, states that the traditional relationship between aid and development agencies and the political seems to be one where the political is viewed ‘in terms of problems and difficulties’. Examples of this are that evaluations of failed projects or programmes have often concluded by placing the blame on a ‘lack of political will’.<sup>18</sup> Government commitment to poverty reduction or even the success of a particular project has also long been a

<sup>15</sup> Quoted on World Governance Assessment webpage: [http://www.odi.org.uk/WGA\\_Governance](http://www.odi.org.uk/WGA_Governance)

<sup>16</sup> Archer (1994)

<sup>17</sup> Comment - SU

<sup>18</sup> AF interview

'killer assumption' in logframe analyses of projects or programmes; when the assumption concerning favourable political conditions has turned out to be false, the reasons for this have not been systematically examined or made the focus of policy thinking.<sup>19</sup>

Connected to this aversion to engaging with the political realm, DFID and other donor agencies face a number of internal constraints to working with political awareness of country contexts and the impact of their actions. In particular, four of these are that:<sup>20</sup>

- There is a generally technocratic understanding of aid, making donors averse to meddling in the political affairs of 'sovereign' states;
- Short postings and high staff turnover in country offices result in poor retention of country specific knowledge;
- Internal incentives reward programme delivery through spending rather than long-term outcomes;
- Academic country specialists do not generally write for a donor audience, resulting in ahistorical, apolitical approaches to poverty reduction.

Country offices in DFID are under pressure now to address these issues, however. Such pressure is coming from DFID's corporate commitment to the MDGs and to its commitment to engaging effectively to support PRSP processes in order to realise these goals. In-country experiences are revealing that support for and alignment with PRSs is far from a simple process – 'politics matters' is one of the main conclusions emerging from studies examining progress with PRSs so far; DFID staff are looking for ways to address this.<sup>21</sup>

The challenge for donors that accompanies this growing realisation is that they must accept that all donor interventions are political; as a result they need to act with caution and awareness of the impact of their actions. In addition, as shifts in aid modalities are being advocated to support PRSs and bring about a step-change in progress towards the MDGs, there is growing awareness that political understanding is crucial to make the right decision on when and how to shift aid 'upstream' to budget support type modalities.

This shift in emphasis to government ownership of poverty reduction strategies and the political will to oversee effective implementation stems from past experience, which has shown aid to be most effective when governments are politically committed. Donors have not yet developed experience and knowledge on how their actions can contribute to nurturing such ownership and commitment, however. As indicated by these factors within the current aid climate, donors increasingly need to acquire deep political and contextual understanding. The problems are not going to go away – development is a political process; donors must grapple with how to understand complex country contexts including the formal and informal political realm. DoC is therefore an important innovation as it represents a serious effort to address this.

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<sup>19</sup> Presentation by David Booth, Overseas Development Institute (ODI) ('DB presentation').

<sup>20</sup> Adapted from DB presentation

<sup>21</sup> See, for example, Piron and Evans (2004)

### 3. How is the Drivers of Change approach carried out?

As mentioned above, following the first 'DoC-like' study carried out in Bangladesh, many more DFID country offices commissioned DoC work. Out of this experience two key inputs for carrying out DoC work have been developed:

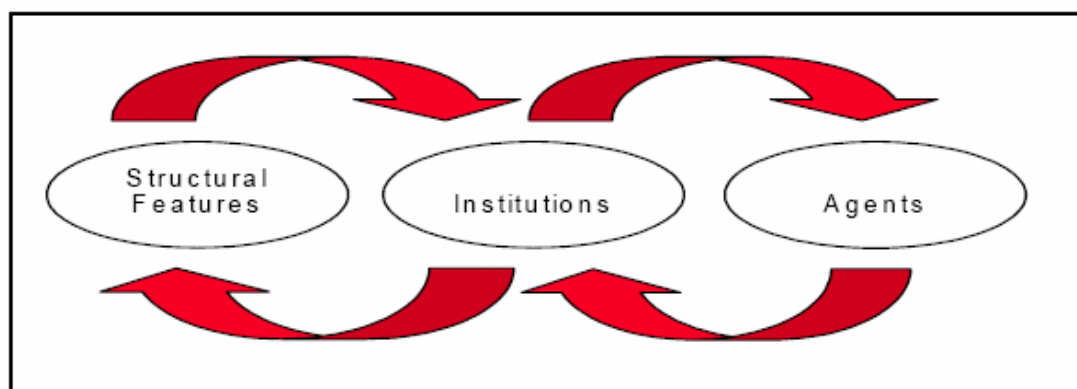
- A conceptual model: 'What are Drivers of Change?'
- Six recommended levels of analysis for Drivers of Change work

They will both be briefly outlined here.

#### *A conceptual model: 'What are Drivers of Change?'*

The DoC study commissioned by Nigeria is the most ambitious study carried out so far involving 30 position papers and the synthesis of conclusions from these.<sup>22</sup> Oxford Policy Management, who did some of the preliminary work for the study, were also requested to develop a conceptual framework for DoC analyses and understanding. They developed the simple model set out in Diagram 1 which DFID have since adopted as the underlying framework for all DoC analyses as it enables relative ease of analysis of complex situations.

**Diagram 1: Conceptual model for understanding Drivers of Change**



Source: DFID (2004)

In this model the three elements are defined, in ascending order of flexibility and relative speed of change, as follows.<sup>23</sup>

- *Structural features* – the history of the state; natural and human resources; economic and social structures; demographic changes; regional issues; globalisation, trade and investment; and urbanisation.
- *Institutions* – the informal and formal rules that determine the realm of possible behaviour by agents. Examples are political and public administration processes.
- *Agents* – individuals and organisations pursuing particular interests. Examples are the political elite; civil servants; political parties; local government; the judiciary; the military; faith groups; trade unions; civil society groups; the media; the private sector; academics; and donors.

<sup>22</sup> DFID (2003b)

<sup>23</sup> Adapted from DFID (2004)

Under this analysis, the 'state' is a 'set of institutions'. However, on occasion it can be seen to act as an agent although this is dependent upon the degree of autonomy and coherence of its actions.<sup>24</sup> As can be seen on the diagram, all elements of the model can impact the other but institutions mediate between the influence of agents on structural features and vice versa. For this reason, the DoC approach advocates paying maximum attention to institutional features of countries. In particular, 'formal and informal rules, power structures, vested interests and incentives within these institutions'<sup>25</sup> should receive most attention.

#### *Six recommended levels of analysis for Drivers of Change work*

Prior to the introduction of the DoC approach, DFID's main focus was on 'pro-poor change'. (See Box 5 for an example of a working definition of 'pro-poor change'.) The conceptual model outlined above, however, points to a need for analysis to cover a much broader range of issues. Country offices have therefore been issued with guidelines that take the form of a set of six structured questions that a DoC analysis should aim to address. The aim is to first ascertain what is already happening in the country, alongside how and why any changes are occurring.<sup>26</sup> Considerations of pro-poor change will then build on this broad understanding of the actual country context. Although it may not be necessary to address all of these questions at once, DFID guidelines suggest that if they are not all covered 'at some point', 'DoC work will end up having little influence on what DFID actually does'.<sup>27</sup> The analyses also do not necessarily have to happen in the order they are presented here. Although these guidelines are offered, there is 'no single blueprint' for DoC and country offices must consider the best approach according to the needs of the specific situation and their role within it.<sup>28</sup>

The six types of question recommended within DoC, in order of increasing relation to the CAP process, cover the following issues:<sup>29</sup>

1. Basic country analysis
2. Medium-term dynamics
3. Role of external forces
4. Links between changes and poverty reduction
5. Operational implications
6. DFID incentives

The first three areas all cover understanding the current and future dynamics of change within the country, mediated by internal and external factors. Building on this, the fourth area then asks how the changes predicted in that analysis will impact the poor. This then feeds into areas five and six which cover actions DFID can take to address the insights gained and how DFID's incentives can be structured to support the implications drawn from the analysis.

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<sup>24</sup> DFID (2003a)

<sup>25</sup> DFID (2004)

<sup>26</sup> AF interview

<sup>27</sup> DFID (2003a)

<sup>28</sup> DFID (2003b)

<sup>29</sup> The following guidelines are drawn from DFID (2003a)

DFID guidelines offer suggestions for tools to assist in answering a number of these questions. A number of these are set out in boxes below.

## 1. Basic country analysis

At this level the aim is to carry out a basic analysis of the situation in the country without considering implications for aid. DFID recommends using Mick Moore's 'Framework for Basic Country Analysis' for this purpose. The notion that significant pro-poor change will involve a shift 'from clients to citizens', as outlined above, underpins this analysis. An important point is that this framework is open-ended and is not supposed to convey any prior assumptions about how states emerge and how they influence economic development. The framework is based on comparative study of both European and East Asian development experiences.

### Box 2: Framework for Basic Country Analysis

- *Foundational factors*
  - Is there a political community?
  - Does government control the territory?
  - How have the history of state formation, political geography, geo-strategic position, embedded social and economic structures shaped the basic characteristics of the political system?
  - Is government dependent on taxpayers?
- *More medium term, institutional factors*
  - How 'institutionalised' are the bureaucracy, policy mechanisms, political parties, civil society organisations?
  - How embedded is the constitution?
  - What is the basis of political competition, and the composition of the political elite?
  - How important is ethnicity?
  - How is power shared between the political executive, the military, the legislature, the judiciary, other levels of government, the private sector, religious organisations?
- *Short-term factors*
  - What is government's bureaucratic and financial capacity?
  - Key mechanisms for vertical and horizontal accountability?
  - Political resources (including point in the electoral cycle)?

Source: Moore (2001) Types of Political Systems: A practical framework for DFID staff, quoted in DFID (2003a)

## 2. Medium-term dynamics

Although the first level of analysis may appear to reveal much that will assist DFID in its work, DFID's guidelines are keen to emphasise that this is not enough. The level of 'medium-term dynamics' therefore focuses on the *incentives* and *capacities* of individual and collective agents to 'promote or block significant change'.<sup>30</sup> One area covered by this level of analysis is 'how policy gets made' in the broad sense encompassing decisions and non-decisions and implementation processes. This level of analysis can focus on more selective areas drawn out of the basic country analysis. Example questions to be asked at this level are set out in Box 3.

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<sup>30</sup> DFID (2003a)

**Box 3: Example questions concerning medium-term dynamics**

- *The political system*
  - Is one major party more issue-based and less patronage-oriented than the other?
  - Is political advantage being drawn from this?
  - Which national objectives have real political pulling power?
  - How do faith groups relate to the formal and informal political systems?
- *The policy process*
  - Where is policy made? (In cabinet? In the budget process? In line-ministry sector strategy processes?)
  - Have ways of making policy recently changed?
  - Who is favoured by the making of *de facto* policy in implementation?
  - Are front-line service providers beneficiaries or victims of the way the system works?
  - Do leaders have any interest in attending to complaints of producer groups or service users?
- *Public finance management*
  - Have there been any changes in the role of parliament in scrutinising public expenditure plans and their implementation?
  - Are there divisions within the elite on this issue?
  - Does public tolerance of corruption differ according to the type of corruption?
  - If so, why?
  - Are new mass media such as FM radio enabling citizen complaints to be amplified politically?

Source: DFID (2003a)

### 3. Role of external forces

Countries with high aid dependence are greatly influenced by donor organisations. Those with lower levels of aid dependence are also impacted by external factors such as the actions of globally or locally powerful nations. Analysis of these factors and their impact are included at this level. Of particular importance here is work on the impact of different aid modalities.<sup>31</sup> Box 4 sets out example questions on the impact of different aid modalities to be addressed at this level of analysis.

**Box 4: Example questions to be addressed on the impact of different aid modalities**

In countries where there has been a trend to channel aid through the budget rather than through project or sector accounts:

- Has this resulted in a hard budget constraint being imposed on line ministries?
- Have incentives for decision makers in line ministries changed?
- How are styles of policy-making and lines of accountability being affected?
- Has the role of parliament been effectively enhanced?
- Has the balance of accountability to internal and external actors been altered?

Source: Adapted from OPM/ODI (2002) GBS Evaluability Study Phase 1: Final synthesis report, quoted in DFID (2003a)

<sup>31</sup> Work feeding into this such as the 'General Budget Support Evaluability Study' jointly published in 2002 by OPM and ODI will be covered in detail in the forthcoming report on aid modalities.



#### 4. Effects on poverty

The aim behind DoC studies, as outlined above, is to not limit thinking to consideration of what DFID, or other donors, may consider to be necessary to bring about 'pro-poor change' but to instead start analysis with examination of *what is already happening*. Having completed this, the impact of these changes on the poor must be considered. Although ascertaining this may be far from simple and DFID realises there is a need for guidance to be developed, DFID's body of knowledge and research on pro-poor change can assist at this stage. A number of factors that can be considered to contribute to pro-poor change are set out in Box 5. The large body of literature on the connection between growth and poverty reduction is also of relevance to this question. A useful overview of different concepts and measures of pro-poor growth is set out in Hanmer and Booth (2001)<sup>32</sup>.

#### **Box 5: What is 'pro-poor change'?**

DoC is concerned with achieving 'pro-poor change' within specific country contexts. Although they will therefore differ slightly according to the specific context, strategies for pro-poor change are likely to involve some combination of:

- Sustainable economic growth
- Empowerment
- Access to markets, services and assets
- Security
- Environmental sustainability

Source: Duncan (2003)

#### 5. and 6. Operational implications and DFID incentives

Based on conclusions reached on the impact of ongoing changes on the poor, DFID's next step is to 'identify factors that have the potential to bring about pro-poor change'.<sup>33</sup> These are what are termed the 'Drivers of Change' – they can be individuals, organisations or broad processes of change. DFID then needs to identify ways to support these drivers. Such decisions will in many cases involve (i) value judgements concerning, for example, which groups should be given priority; and (ii) utilisation of the evidence available in literature on the country and on the development experience of other countries to determine 'what may work' to promote pro-poor change.

Currently guidance at these levels of the DoC process has not yet been fully developed. As DoC analyses so far have been predominantly commissioned to inform CAP processes, it is recommended, however, that sufficient time be allowed for all of the analyses to be carried out before the CAP deadline. Work on DFID incentives has also not yet been carried out although pilot studies are being proposed in countries where there is interest in this issue. These pilot studies are likely to examine the effect of the pressure to spend, rapid staff turnover and other institutional incentives that may be having a negative impact on DFID responding to DoC insights.

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<sup>32</sup> Hanmer and Booth (2001)

<sup>33</sup> This paragraph draws from Duncan (2003)

#### **4. DFID experience so far**

The Drivers of Change team within DFID's Policy Division was established in June 2003. It was intended, from the start, to only exist for a maximum period of one year, after which it would then be mainstreamed throughout DFID. The actual duration of the team was slightly longer than planned, however, and it was recently dissolved at the end of September 2004.<sup>34</sup> Barbara Hendrie headed the team for its first year; she was then succeeded by Ann Freckleton, who has now taken on a role as 'champion' for the approach throughout DFID based in the new Institutions and Political Systems team. This team are continuing to spearhead work that closely connects with the DoC approach. The role of these HQ Policy Division teams is to support country offices as they commission DoC studies and assimilate the implications of the results. This has been achieved so far through the development of guidance materials such as those outlined in the previous section.

DoC studies have now been carried out or are underway in more than twenty countries (see Box 6 for list of countries and Annex 1 for examples of insights from DoC studies in Pakistan, Bangladesh and Nigeria). This swift uptake of a very new approach was due to Clare Short's endorsement of the approach and the strong resonance within countries for the need to carry out such analyses, as mentioned above. Countries vary in how the analyses have been carried out, the depth of analysis done and the length of time given for the work, however. Many have been carried out by external consultants which have sometimes been felt to be rather dry and academic. A more recent analysis, on the other hand, was carried out internally by the Malawi office. The result of this was maximum participation by national and international office staff in the process and a report that much more passionately set out the issues involved in realising pro-poor change in Malawi. Studies have also been commissioned on specific issues and sectors that country offices have identified as requiring more attention. One of the most important of these is the budgeting process.

##### **Box 6: DoC-like and DoC studies undertaken so far (as at 4 October 2004)**

###### **Completed**

*Countries:* Bangladesh\*, Colombia, Georgia\*, Ghana, India, Kenya\*, Malawi, Nigeria\*, Pakistan\*, Uganda\*, Zambia\*

*Regions:* Asia region, Asia / Caucasus region

###### **Underway**

*Countries:* Afghanistan, Angola, Bolivia, Ethiopia, Mozambique, Peru, Russia, Tanzania, Yemen

###### **Planned**

*Countries:* Vietnam

*Regions:* Middle East / North Africa region

\* Summary versions available at [www.grc-exchange.org](http://www.grc-exchange.org)

*Source:* AF interview

Although the approach is still very new for DFID, the speed of uptake has meant that a number of reviews of experience so far have been carried out. A number of positive

<sup>34</sup> This and the following paragraph draw on AF interview

effects of the DoC approach have been identified as well as challenges for the future. These are summarised in Boxes 7 and 8 below. Positive impacts are divided into those that are related to country programming decisions and those that have had a positive impact internally within DFID. Challenges ahead, on the other hand, are divided into issues concerning the limits of DoC studies carried out so far; management challenges; and programming challenges arising from the DoC approach. A number of these issues are described in further detail below.<sup>35</sup>

#### **Box 7: Summary of experience so far with DoC: Positive impacts**

##### *Insights for programming*

- Assumptions behind programming revealed and challenged
- A wider perspective on change suggests collaboration with non-poor groups may be fruitful
- Increased awareness of risks involved if, for example, 'political will' does not exist for a certain aid programme to succeed
- Reconsideration of the value of DFID simply doing 'what it can do'
- Realisation of the need for longer timescales
- Contributions to deeper thinking on what 'pro-poor change' is
- Increased awareness of the need for language to be neutral and less abstract

##### *Positive changes internally for DFID*

- Increased team-building and goal sharing between national and international staff
- Enhancing institutional memory by capturing knowledge of country staff
- Participatory and challenging process for staff, facilitating development of political economy perspective
- Builds consensus in country office on how change is viewed in the country
- Enables specialist staff from different sectors such as engineering to speak the 'same language' as other staff and develop an understanding of the incentives that may have caused their programmes to fail
- Enables closer working together with other government departments, particularly the Foreign and Commonwealth Office

*Source:* AF interview, DFID (2004), DFID (2003a), DFID (2003b), Duncan (2003), Unsworth (2002)

## **Positive impacts**

### *Insights for programming*

Surprisingly perhaps, in view of the fact that, there is 'little that is new in the DoC approach' as it draws from well-established bodies of knowledge such as the political economy of natural resource endowment, citizenship and institutional economics among others, DoC work has brought fresh insights to country programme planning. Even the 'quick and dirty' studies that fell short of the recommendations outlined in Section 3 above, have proven useful in this respect. One useful outcome is that assumptions behind programming have been made explicit and thereby open to being challenged. An example of this was that in Nigeria the office had assumed that the removal of the military leadership would bring in democracy. Realisation that this

<sup>35</sup> Unless otherwise indicated, the remainder of this section draws on Duncan (2003), DFID (2003b) and AF interview.

is not necessarily so, however, opened space for consideration of alternative scenarios.

Due to cultural biases, donor staff may overlook potential partner organisations due to preconceived prejudices. Unsworth (2003), for example, provides the example that Westerners ‘consistently underestimate the importance of religious leaders in Islamic countries’ despite their often key role in progress on social issues or elections. A related issue is that certain types of very abstract or politically loaded language can be excluding. DoC analyses are therefore serving to make such prejudices clearer, enabling DFID staff to act with greater political and cultural awareness in their daily activities and programming.

DoC’s emphasis of the importance of institutions playing an intermediary role between structural features and agents has also served to reiterate the conclusions of work by Mick Moore and others of the potential of working with elites.<sup>36</sup> It also implies that DFID may need to undertake activities that in the short-term may not be directly linked to poverty reduction. In order to justify such work, it is clear that a long-term perspective for pro-poor change needs to be adopted.

Another key insight is that DoC work can lead to reconsideration of the value of DFID doing ‘what it is good at’. For example, DFID has a comparative advantage in public sector reform but it is also vital to consider when is the best time to introduce such reforms and the possible negative impacts that may be triggered if they are introduced at an inappropriate moment. (AF)

#### *Positive changes internally for DFID*

This new way of looking at old problems through the DoC approach lends itself well to ‘multidisciplinary teamwork with DFID staff and local partners’ (Duncan). Experience so far has revealed favourable results from even the relatively simple process of staff beginning to engage with political economy analysis. Some of the positive benefits have been increased team-building and clarity of goals between national and international staff, increased development of political science skills and the development of a clearer consensus on change within the country. Staff feedback collected by Duncan (2003) particularly highlighted that alternative scenarios enabled them to think concretely about the future of Bangladesh. (See Annex 2 for examples of the alternative scenarios used.)

Specialist development practitioners such as engineers seem to have particularly benefited from gaining a political economy perspective as they try to understand the reasons for the success or failure of their activities. While cross-cutting advisors may already have political analysis skills, the DoC approach enables in-country teams to build closer common understanding by ‘speaking the same language’. Input from local staff is a great contribution to DoC analyses and can thereby serve as a means of better utilising their skills and knowledge in DFID’s programming decisions.

The above benefits were greatest where the level of contact between consultants and country staff was ongoing and close. Realisation that maximum benefits are

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<sup>36</sup> See, for example, Hossain and Moore (2002)

gained with maximum staff participation is therefore linked to trends to increasingly carry out DoC work in-country, by office staff, where possible.

A further benefit of DoC work is that it has served to build bridges for working closer together with the Foreign and Commonwealth Office and local embassies as well as providing material for dialogue with partner organisations and governments. Plans to include these actors in DoC processes in future and to disseminate reports as widely as possible will further enable development of common understanding between DFID and its partners.

#### **Box 8: Summary of experience so far with DoC: Challenges ahead**

##### *Limits to DoC studies so far*

- Need more work on how to draw out operational implications – studies have so far been more descriptive than prescriptive
- Mainly looked at large-scale trends rather than more dynamic medium-term factors
- Role of external agents not yet received much attention
- Not yet embedded in CAP planning processes – too little time for understanding implications for CAP
- Participatory processes limited
- Limited sharing of results
- DoC concept can lead to misunderstanding that partners for programmes are being sought

##### *Management challenges*

- Staff training required to draw out concrete programme recommendations from DoC studies
- For DoC to be mainstreamed, staff need to consider these issues every day in every aspect of their work
- Potential implication for staff to specialise in certain countries or regions
- Need to develop further guidance tools on DoC and its connection with CAP planning process and other CAP planning tools
- Unrealistic expectations from high participation and engagement by staff need to be managed
- Strong ‘corporate buy-in’ from headquarters necessary to build on current momentum – particularly as the Policy Division DoC team has now dissolved
- DFID internal incentives need to be changed to reflect the DoC approach
- Limited number of skilled consultants available able to do this work at present

##### *Programming challenges*

- Managing conflicting agendas within DFID such as the drive to increase aid and short-term demands for results versus DoC studies that err on the side of caution
- Potential clashes with current engagement and commitment to existing programmes – transition difficulties

*Source: AF interview, DFID (2004), DFID (2003a), DFID (2003b), Duncan (2003), Unsworth (2002).*

## Challenges ahead

### *Limits to DoC studies so far*

One of the biggest challenges facing the DoC approach is that skills to draw out the operational implications of analyses are still insufficient. As a result most studies so far have been more prescriptive than descriptive.

Furthermore, although there has been variety in DoC studies carried out so far, even the more in-depth studies have not yet fully addressed medium-term dynamics and the role of external agents such as, most importantly, donor organisations. Including such analyses in DoC processes and building skills for such work and its assessment are therefore necessary as DoC work continues.

Another criticism is that as most of the studies so far have been quite 'quick and dirty',<sup>37</sup> there has not been adequate time to include participatory approaches in the methods. Duncan highlights a number of areas where participation could add useful insights. These include:

- To assist in the process of choosing socio-economic groups to focus on;
- To ascertain which drivers of change are most important for the country or for a particular socio-economic group;
- To formulate a country or group-specific definition of what pro-poor change means to them.

Sharing work is seen as a useful tool to stimulate dialogue and discussion in-country and with DFID's potential partner organisations. In practice, however, sharing has been limited, as DoC reports sometimes contain sensitive material. Where possible, the aim is to produce a public version of DoC work to share with in-country partners and for other donors to benefit from. Where DoC consultation has been carried out openly, transparently and with high participation from in-country actors such as the national government, it is more likely to be accepted even where some content is critical. This indicates how the consultation and drafting process can be just as important in DoC work as the final document.

Although connected with the rapid take-up of DoC studies due to enthusiasm for the approach, there is a need to consolidate insights from work done so far to embed the approach more strongly and systematically within CAP preparation processes. More time needs to be given for DoC analyses and to work out how it can work alongside other tools DFID currently uses.

The term 'Drivers of Change' itself has also caused some problems – misunderstanding has come from the fact that the term seems to indicate that it is a tool to identify suitable partners for DFID programmes.<sup>38</sup> As the outline here has shown though, the agenda it addresses is much broader than an attempt to simply find a list of potential partners.<sup>39</sup>

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<sup>37</sup> The India DoC study, for example, was carried out in only two weeks.

<sup>38</sup> Sue Unsworth in fact admitted that if she would perhaps choose a term less susceptible to this misunderstanding. (SU interview)

<sup>39</sup> DFID (2003a)

### *Management challenges*

Although positive benefits are visible from DoC work, the fact that operational implications are still very difficult to extract is a vital and challenging issue for DFID management. In particular, two elements require consideration: staff training contents and requirements and deep consideration of the implications for DFID's internal incentive structures.

Regarding training, DFID are currently tendering for external consultants to carry out organisation-wide training and advisory services on DoC. The way this is carried out will be crucial in determining DoC's impact on DFID's activities. Ultimately the aim is to bring about behaviour change in DFID staff so that political economy thinking is a natural part of how their everyday work is carried out.

DoC work is still in its early stages, however, and there is a need to develop clarification on how and when it could best be used. DFID headquarters must also play a key role in facilitating lesson learning between countries and maintaining momentum and support for the complex 'hard thinking' that DFID must do if it is to seriously adopt the implications of a fully DoC approach. Current institutional incentives, for example, tend to be to encourage heads of country offices to spend the budget they have been allocated even when their judgement indicates that this may not be necessary. Without senior managerial support within DFID for these difficult issues, there is a danger that DoC may remain as a 'useful tool' rather than fulfilling its potential of bringing about a profound transformation in how DFID approaches development and poverty reduction through reviewing its internal structures.

Although the DoC team within Policy Division has recently dissolved and the original 'champion' for DoC, Clare Short, has now left, her successor, Hilary Benn, has emphasised his keenness on the approach. There are also a number of advocates for DoC at Director level and Director General level within DFID and Permanent Secretary, Suma Chakrabarti, also supports the approach. Driven by former head of the DoC team, Ann Freckleton, who is now DFID's primary 'champion' for the approach, the current focus is on 'mainstreaming' DoC throughout DFID using training and HQ support for the work. A particular challenge for country office management that needs to be addressed in connection with this is the management of heightened expectations among country staff resulting from their enthusiastic participation and engagement with DoC consultation and formulation processes.

Apart from the current lack of skills within DFID for DoC there is also a dearth of consultants able to do this work. As Duncan (2003) states, DoC team members need to be 'very knowledgeable people, who have spent years, perhaps decades, in the country and have a breadth of perspective that mean it is possible to develop an understanding of a range of relevant subjects'. There is understandably a limited number of non-native people able to fulfil these requirements which points to a need to build the capacity of local organisations to carry out this work; although local consultants have participated in many of the studies so far, they do not yet have the capacity to lead on such work.

DFID acknowledge, however, that the challenge of operationalising DoC insights is also likely to require 'greater collaboration with other UK government departments,

other bilateral donors, including through the OECD DAC's Governance network, and with the multilaterals<sup>40</sup>. Box 9 shows that a number of other bilateral and multilateral organisations are engaging with this approach. DFID's work with the DAC Group on DoC and with other interested donors should help to consolidate progress made so far.

### *Programming challenges*

DFID, and other donors, are under pressure to deliver results over the short-term and to be accountable to taxpayers concerning how funds are spent. This unfortunately encourages staff to lean towards using financial leverage to secure action from partners.<sup>41</sup> The PRSP process, however, is aiming for long-term change that, as the DoC approach reveals, will only happen incrementally and in a non-linear manner. DFID's aim to support locally driven PRSP processes and long-term processes of pro-poor change is therefore difficult to reconcile with DFID's results-based management framework that demands short-term results. This is what Unsworth (2002) terms the 'tension at the heart of the PRS process'; for obvious reasons, the same tension is visible under DoC.

Although the changes DoC highlights may appear too complex or difficult to measure and therefore incompatible with DFID's overall target-based framework, Unsworth (2002) dismisses this as a reason to give up on using political analysis in DFID's work. In the forestry sector and in reforms of the security sector in Indonesia, for example, she cites DFID investments 'which have uncertain short term pay-offs' but which 'seek to work in the medium term at changing perceptions, facilitating dialogue, building social and political capacity, and helping people to find new ways of managing state-society relationships'. These examples indicate that it should be possible for DFID, and other donors, to work within a 'strategic vision of the direction of change' with awareness and support for the 'incremental steps' necessary to achieve it. Senior government understanding of this inherent tension between domestic demands and realities in the field would help country offices to forge a 'middle way' between the pressures, by, for example, serving to reduce pressures on offices to increase spending or change aid modalities, before they feel it to be appropriate.

Although this issue is the major challenge for country offices as they develop programmes based on DoC conclusions, there is an additional challenge in that even if DoC analyses indicate that current activities may not be contributing to poverty reduction in the way DFID thought, it may be difficult to rapidly change commitments in country. DFID staff but also partner organisations are likely to be engaged with and attached to current programming; transition to new approaches informed by the DoC will not happen easily.

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<sup>40</sup> DFID (2004)

<sup>41</sup> Unsworth (2002)



**Box 9: Other donors working on these issues**

Other donors working on these issues

- A DAC DoC team was formed in June 2004 as part of the DAC Governance Network (Govnet) following a presentation to the DAC on the DoC approach. Norway and Sweden currently chair the group and Holland and Germany are also members.
- DFID are collaborating on DoC country studies with the Spanish in Colombia and with the Dutch in Yemen.
- Similar work looking at governance under a wide definition is being carried out by the World Bank's Low Income Countries Under Stress (LICUS) programmes and the OECD's 'Difficult partnerships' approach.

Source: AF interview, Duncan (2003)

How radically DFID will adapt to the challenges thrown up by DoC remains to be seen. The agenda is certainly far from easy, particularly in view of the fact that actual change and poverty reduction have confounded donor expectations in the past and are therefore highly likely to do so again.<sup>42</sup> Among particular difficulties are that most analyses of Africa indicate that many states are 'more or less 'captured' by informal patronage networks' with aid serving as 'the fuel'. Another very difficult factor for bringing about pro-poor change is that many nations have a 'natural resource curse' whereby governments receive most of their revenue from natural resources such as oil, with taxation, and accompanying accountability and representation, thereby playing only a minimal role. Increasing awareness of the fact that fundamental change needs time and space fuelled by DoC work is important, however, and the insights revealed through this approach are potentially valuable for all donors to consider.

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<sup>42</sup> This paragraph draws from DB presentation

## Conclusion

*'Projects are relatively self-contained and can therefore be approached in a more politically neutral, technocratic, short term way. Poverty reduction requires a longer term, more strategic understanding of the social and political realities of power, and confronts us with ethical choices and trade-offs which are much more complex. We have already recognised this explicitly in relation to conflict situations, but similar issues are also being thrown up by the PRSP process'* (Unsworth, 2001)

As this quote reveals, as DFID and other donors move 'upstream' in their approach to aid and poverty reduction, there is growing awareness that many of the changes involved in development are highly complex and political. Although 'governance' has received donor attention since the early 1990s, the approach has been predominantly technocratic, interventionist and normative, closely allied with conditionality and selectivity. Flaws in this approach are being highlighted as donors such as DFID work to align their aid with PRS processes. Development is an inherently political process; analyses of historical and comparative paths to development reveal that successful country experiences are different and often surprising.

Although donors have traditionally shied away from engaging with the political realm, there is therefore increasing recognition that any serious attempt to address poverty reduction must engage with the political reality and complexity of countries where they are active. The development of political science analytical skills through the DoC approach is proving fruitful for country offices in their initial efforts to grapple with these issues in a systematic manner. Although concerns about political interventions in 'sovereign' states still apply, the DoC approach emphasises that this should not prevent donors from better understanding what is happening in specific country contexts, including in the formal and informal political realms.

DFID is now planning to 'mainstream' the DoC approach throughout the organisation using a large training programme run by external consultants. This will contribute to wider understanding of DoC and its operational implications but it remains to be seen how swiftly DFID will be able to absorb some of the more radical implications in its internal incentives and organisational structure. This is also dependent on the level of 'buy-in' by senior management for the approach and its implications – an issue that is currently somewhat uncertain particularly as the former Minister, Clare Short, was one of the key 'champions' for the development and rapid uptake of DoC.

The issues that drove the development of DoC, however, are not going to go away. Although change within DFID and its work may only happen gradually, rapid uptake by country offices so far is evidence of the resonance of the approach for their needs as they work to maximally support PRS processes.

DoC is still in its early stages but holds the potential for DFID and other donors to develop politically-savvy approaches and to be more cautious in 'drives for development'. Drawing out operational implications is not easy, however, and DFID are keen to engage with other donors, partner organisations and governments and other UK government departments on these issues. British researchers and

practitioners look forward to hearing Japanese insights or comments on this paper and to working in cooperation with Japan on these difficult issues.

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## **Interviews**

Ann Freckleton, former head of Drivers of Change team, Policy Division, DFID  
4 October 2004 ('AF interview')

Sue Unsworth, former Chief Governance Advisor of DFID  
4 November 2004 ('SU interview')

Professor Mick Moore, Institute of Development Studies (IDS), University of Sussex  
2 November 2004

## **Presentation**

Presentation by David Booth, Overseas Development Institute (ODI)  
14 September 2004 ('DB presentation')

## **Websites**

Governance Resource Centre Exchange: [www.grc-exchange.org](http://www.grc-exchange.org)

World Governance Assessment webpage: [http://www.odi.org.uk/WGA\\_Governance](http://www.odi.org.uk/WGA_Governance).

## Annex 1: Example Drivers of Change work and its impact on DFID programmes

### Box A1: Pakistan DoC study and changes in DFID's approach as a result

#### *DoC conclusions:*

- Likelihood of positive structural change was weaker than had been perceived
- Fewer agents of reform than was thought
- Time horizon for change longer than current aid planning cycles
- But some opportunities for incremental progress were identified

#### *Post-DoC changes in DFID's approach:*

- DFID shifted its activities from the centre to provinces and districts
- Unfamiliar change agents such as the media recognised and actively sought out (for example, engaging with Al Jazeera rather than the BBC)
- Need to work with non-traditional partners such as mullahs and the diaspora recognised and acted upon (for example, the CAP was introduced to the important members of the Pakistani diaspora in Bradford in the UK)
- Strengthened collaboration with other government departments such as the FCO
- Importance of listening to the 'demand side', the voices of the poor themselves, recognised

Source: AF interview

### Box A2: Bangladesh DoC study

#### *Objective of DoC study:*

"The central task...is how, over time, to strengthen underlying socio-economic processes and agents that will sustain pressure for pro-poor change"

#### *Conclusions:*

Social and economic change is already under way including urbanisation, reduced isolation of rural communities, improving literacy, growing involvement of women in economic life, a growing middle class, and the role of the diaspora

Nine potential drivers of change are identified: the media, NGOs, community organisations, business associations, independent research and advocacy centres, professional associations, donors, reform minded public servants and the Bangladeshi diaspora.

#### Action for donors includes:

- Continued funding of key pro-poor social and economic services
- More systematic, long-term support to underlying socio-economic change and agents of reform
- Working selectively and strategically on reform of public policies and institutions
- Working in a range of international (and possibly regional) fora to support positions beneficial to Bangladesh on issues such as trade, commerce, environment and migration.

Source: Unsworth (2003)

**Table A1: DFID Nigeria perceptions on change in Nigeria before and after DoC analysis**

<i>Before 'Drivers of Change'</i>	<i>After 'Drivers of Change'</i>
<ul style="list-style-type: none"> <li>Identifying 'champions of change' will enable DFID to support a Nigeria-led reform agenda leading to pro-poor reform</li> </ul>	<ul style="list-style-type: none"> <li>Structural constraints and existing political arrangements impede the ability of individual or organisations to achieve change; institutional change required</li> </ul>
<ul style="list-style-type: none"> <li>Reform-oriented organisations lack capacity</li> </ul>	<ul style="list-style-type: none"> <li>Lack of capacity is not the immediate problem when structural features are profoundly negative for the poor</li> </ul>
<ul style="list-style-type: none"> <li>Focusing DFID resources on organisations that act as 'gatekeepers' to reform will drive change</li> </ul>	<ul style="list-style-type: none"> <li>DFID needs to build broad-based constituencies to create a critical mass for change</li> </ul>
<ul style="list-style-type: none"> <li>Generic capacity building within organisations will drive change</li> </ul>	<ul style="list-style-type: none"> <li>DFID needs to help build alliances of state and non-state actors around reform issues that have wide resonance</li> </ul>

Source: DFID (2003b)

## Annex 2: Bangladesh Scenario Analysis: 2001 – 2015

Scenario	Features of scenario	
	<i>Economic</i>	<i>Socio-political</i>
1	<ul style="list-style-type: none"> <li>• Enabling environment for private investment</li> <li>• Macroeconomic balance</li> <li>• Broader export base</li> <li>• Growth in rural areas</li> <li>• Sound environmental management</li> </ul>	<ul style="list-style-type: none"> <li>• Motivated elite</li> <li>• Strong civil society, able to effectively demand reform</li> <li>• Decisive government</li> </ul>
2	<ul style="list-style-type: none"> <li>• Pervasive weakness in policy and institutions</li> <li>• Low domestic and foreign investment</li> <li>• Substantial wastage of public resources</li> </ul>	<ul style="list-style-type: none"> <li>• Strong vested interests</li> <li>• Fragmented and isolated civil society – ineffective pressure for change</li> <li>• Patrimonial party politics</li> <li>• Extensive human rights abuses, particularly of women and children</li> </ul>
3	<ul style="list-style-type: none"> <li>• Growing income inequality</li> <li>• Failure to address policy, institutional and infrastructural constraints</li> <li>• Dwindling exports</li> </ul>	<ul style="list-style-type: none"> <li>• Rise in militant religious groups</li> <li>• Youth rebellion</li> <li>• Militarization of existing political parties</li> </ul>

Source: Duncan (2003)