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**Shifting organisational arrangements of donors' aid  
administrations**  
*A critical assessment of the underlying drivers of change*

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## **Abstract**

Since the turn of the millennium a new aid paradigm has emerged. New aid modalities and instruments are being promoted, and donor institutions are urged to implement the DAC Paris Declaration on Aid Effectiveness. The speed by which bilateral donors react to this challenge is unequal, to say the least. Many experts tend to ascribe the differences in the adoption of the new aid approach to the relative strength of a pro-development stand within the respective governments. In this paper we present other factors that might help explain why certain donors are more hesitant in restructuring their administrations, and others have a more dynamic attitude. In particular, we focus on the underlying dynamics of shifting “intra-donor coordination initiatives”, the latter referring to coordination among the actors (ministers, ministries, implementing agencies) who are responsible for a donor’s aid policy and management. After briefly introducing the issue of intra-donor coordination, the paper presents an analytical framework to study shifting intra-donor coordination initiatives. This framework is rooted in a neo-institutional approach and points at the complementariness between a logic of consequence - where actors are driven by political or economic strategic action - and a logic of appropriateness - where actors evoke a role or identity and the associated ‘appropriate’ behaviour (March and Olsen, 1998). The strength of the analytical framework is subsequently explored by looking at empirical findings for the aid administrations of both New Zealand and the United Kingdom.

## 1. Introduction

Since the turn of the millennium a new aid paradigm has emerged. New aid modalities and instruments are being promoted, and donor institutions are urged to implement the DAC Paris Declaration on Aid Effectiveness. The new aid paradigm arose in reaction to the perceived failure of past aid modalities, such as project aid and structural adjustment support. The new agenda is particularly challenging for bilateral donors who are supposed to switch from a donor-managed micro-approach, using their own implementing procedures, towards more programme-based approaches like budget support for a recipient-led PRSP or similar policy strategies. The speed by which bilateral donors react to this challenge is unequal, to say the least. The likeminded countries (the Nordics, the Netherlands, the UK, sometimes joined by some other donors like Canada) have been the vanguard of the reform in aid procedures. On the other hand a number of other donors, for instance Japan, France and Germany, have been more reluctant to adapt. Why is this so? It is customary to ascribe the differences in speed of adoption of the new aid approach to the pro-development stand of the respective governments. This is undoubtedly a major part of the answer. In this paper however, we want to introduce a broader set of factors that might steer the extent to which donors manage or fail to restructure their administrations. This approach is inspired by the conviction that intra-donor coordination and harmonisation are of the utmost importance and often neglected in the broader debate on aid effectiveness. True, the national dimension is acknowledged in the peer review reports the DAC produces, but it is treated with a high degree of discretion and tact. This is understandable for political reasons, but it also creates a gap in the analysis and the search for solutions. For instance, not enough comparative analysis has been performed. Chang et al. (1999) is a good survey by the DAC in this respect, but it remains fairly non-committal when it comes to making recommendations. Nothing similar to the DAC indicators on inter-donor harmonisation has ever been proposed for the national level. And yet, if the effort at harmonisation fails at the national level, this very situation will probably hamper and even undermine efforts at inter-donor harmonisation. In sum, the aim of this paper is twofold. Firstly, this contribution seeks to put the issue of intra-donor coordination more explicitly on the (research) agenda. Secondly, it introduces an analytical framework that endeavours to foster our understanding of the institutional and organisational dynamics of aid bureaucracies.

In the subsequent section, the issue of intra-donor coordination is explored in more detail. A definition of coordination is provided and its relevance when talking about donors' aid administrations is explained. Afterwards, an analytical framework rooted in neo-institutional theories is introduced, which will serve as a frame for analysing the underlying drivers of changing intra-donor coordination initiatives. These coordination initiatives are then illustrated for New Zealand (a small donor, but at the same time a country known for its public sector reforms over the last 25 years and with a clear coordination policy at the national level) and the United Kingdom (as a large donor, often qualified as a front runner). In conclusion, an assessment is made of the empirical data, in order to develop more realistic and accurate expectations about the flexibility of donors' aid administrations and their adaptive potential to the demands of the new aid paradigm.

## 2. Framing the research setting: the issue of intra-donor coordination

As indicated by Chang et al. (1999), DAC Member Countries apply divergent organisational structures for their aid management at the level of central government, ranging from an integrated ministry of foreign affairs, to a policy ministry with a separate implementing agency or a structure composed of multiple ministries with separate implementing agencies. Moreover, the involvement of one or more cabinet ministers and/or associate/junior ministers may add an additional layer of (political) complexity. A necessary - though not sufficient - step towards efficient and effective aid delivery, is that all these actors behave in a 'coordinated' way. However, this should not be taken for granted: as discussed by several scholars, the behaviour of the involved actors is to a considerable extent inspired by particular incentive structures, and do not necessarily coincide; see Tirole (1994) and Yesilkagit (2004) for a general discussion of the issue, and Acharya et al. (2006), Easterly (2002), Gibson et al. (2005), Martens (2005) and Martens et al. (2002) for a discussion applied to aid bureaucracies. In order to overcome these difficulties, purposeful intra-donor coordination - both at the policy making and policy implementation stage - is therefore of crucial importance.

Taking into account the insights and reflections of scholars dealing with the issue of coordination (e.g. Alter and Hage 1993, Malone and Crowston 1994, Metcalfe 1994, Peters 1998, Verhoest and Bouckaert 2005), formal<sup>1</sup> coordination is referred to here as initiatives

- that counteract problems of redundancy, lacunae or contradiction in the service delivery, predominantly caused by negative effects of processes of specialisation<sup>2</sup> (horizontal and/or vertical) and fragmentation<sup>3</sup> (need);
- in order to foster the consistent functioning of involved actors within and/or across any stage(s) of the policy cycle, either within one policy field or among related policy fields (purpose);
- through management instruments and/or structural measures (means).

As such, this definition neatly fits with the concerns expressed by the Rome Declaration on Harmonisation (2003), the Paris Declaration on Aid Effectiveness (2005), and the European Union's 3C approach, which focuses on coordination, complementarity and coherence (EUHES 2007).

In order to make the notion of coordination more tangible, it is useful to introduce the concept of coordination mechanisms, and their associated coordination instruments<sup>4</sup>. The former refer to the fundamental processes, techniques involved in actual coordination initiatives. As initially developed by Thompson et al. (1991), coordination mechanisms are frequently divided into:

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<sup>1</sup> The importance of informal coordination is not denied by the authors, however, due to its intangibility, it is not incorporated in the analysis presented here.

<sup>2</sup> Specialisation refers to the process of splitting up activities among different actors.

<sup>3</sup> Fragmentation refers to the (unforeseen) negative consequences of specialisation (e.g. lack of cohesion among services and agencies) that have to be tackled (6,2004).

<sup>4</sup> Annex 1 provides a detailed classification of coordination instruments.

- hierarchy-based mechanisms (top-down, authority-based; implemented through instruments such as top-down financial management or hierarchical coordinating functions);
- market-based mechanisms (associated with exchange and competition; implemented through instruments such as competitive tendering or market-oriented incentive systems like management contracts);
- network-based mechanisms (related to cooperation and solidarity; implemented through instruments such as advisory bodies or systems of information exchange).

For central government donor administrations, there are at least five different points of departure to analyse coordination initiatives:

1. coordination among actors at the central government level (e.g. minister of development aid/foreign affairs, ministry of development aid, aid agencies,...);
2. coordination between the central government actors responsible for development assistance, and other actors situated at the same governmental level whose policy measures and activities potentially affect the development assistance policy (e.g. ministry of trade, ministry of education);
3. coordination at the level of an individual central government actor (e.g. between the headquarters and the field);
4. coordination between development assistance that is channelled through 'grey zone' actors (mostly non governmental organisations) and development assistance provided by governmental actors;
5. coordination of a government's development assistance policy with the policy of other bilateral and multilateral donors (inter-donor coordination).

For the purpose of this paper, we will solely focus our attention on the first two approaches, as this paper is specifically oriented towards the functioning of individual donors at the central government level. The third option would imply an intra-organisational analysis which is not the purpose of this paper, and options (4) and (5) would lead us too far, as it surpasses a comparative analysis focusing on central government dynamics. Moreover, some of these options - certainly the fifth - have been covered extensively in the existing literature, as opposed to the issue of intra-donor coordination.

### **3. Analytical framework**

As stated in the introduction, the main purpose of this paper is to explore the drivers of change underlying new coordination initiatives - or more broadly speaking, new organisational arrangements - at the level of donors' aid administrations. In order to guide this analysis, a framework rooted in a neo-institutional approach is presented here<sup>5</sup>. Neo-institutional theories have been adopted by several scholars studying the aid bureaucracy, with a predominant inclination towards the rational-choice (principal-agent and transaction costs) perspective; see for instance Acharya et al., Martens et al. 2002, Paul 2006). The framework presented here encompasses a more comprehensive, holistic perspective,

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<sup>5</sup> Annex 2 provides a schematic overview of the framework.

integrating key elements of different neo-institutional strands (primarily historical, sociological and rational choice)<sup>6</sup>.

The point of departure for the framework presented here is March & Olsen's distinction between the logic of consequence and the logic of appropriateness as the base for action (March and Olsen 1998). On the one hand, actors are driven by a *logic of consequence*, which is defined as “*human actors [who] choose among alternatives by evaluating their likely consequences for personal or collective objectives, conscious that other actors are doing likewise*” (March & Olsen 1998: 949). This logic underlines rational, strategic action. On the other hand, actors can refer to a *logic of appropriateness*, where “*action involves evoking an identity or role and matching the obligations of that identity or role to a specific situation*” (March and Olsen 1998: 951). Whereas both logics are intrinsically situated at the level of individual actors, this does not prevent that the former is more closely associated with the notion of agency and strategic action, and the latter with the idea of more rule-based action, driven by institutional dynamics (March and Olsen 1998). Notwithstanding this difference, March and Olsen (1998) emphasise that both logics are not necessarily mutually exclusive, which is advocated here as well. Through a review of different neo-institutional strands - historical, sociological and rational choice neo-institutionalism as major neo-institutional theories and more recent tendencies such as the ideational approach with neo-institutionalism (Campbell 2004) - a number of key dimensions of both logics have been identified, that are briefly presented here and that will guide the empirical analysis presented in Section 4.

Regarding the *logic of consequence*, the identified dimensions are threefold and consist of a *path dependent rationality* (to what extent are new coordination initiatives driven by a search for coherence and compatibility with previous coordination initiatives because of previously made investments?), a *bounded economic cost calculation* (to what extent are new coordination initiatives driven by a cost-benefit analysis of possible alternatives, taking into account the necessary investment in terms of effort, time and money to make a new coordination initiative work?) and a *strategic goal maximisation* (to what extent do new coordination initiatives reflect prevailing interaction patterns and/or confirm or alter existing power relations among actors?).

*Path dependent rationality* refers to a degree of ‘lock-in’ in past and current organisational arrangements (see Arthur 1984; Sydow et al. 2005), due to

- learning effects and associated decreasing transaction costs, which makes it attractive to adhere to an adopted approach as the latter is carried out throughout time with more ease because of accumulated experience;
- sunk costs, representing investments that have been made previously and cannot be recovered, restricting the ability to redirect the performed activities.

This implies that coordination-related reforms would be driven by formerly established initiatives and would show a certain degree of similarity with the latter (i.e. incremental change).

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<sup>6</sup> The application of the Institutional Analysis and Development Framework (IAD) as used by Ostrom et al. (2001) and Gibson et al. (2002) for analysing aid bureaucracies also incorporates a broader institutional perspective, but is still mainly linked to the rational choice perspective; Gibson et al. (2002: 25) refer in this respect to the compatibility of economic theory, game theory, transaction cost theory and theories of public goods and common-pool resources with the IAD framework (along with the theory of complex adaptive systems).

*Bounded economic cost calculation*, with a focus on transaction costs of potential new initiatives (see De Alessi 2001; Williamson 1991) includes

- information costs, i.e. costs associated with establishing connections with potential parties and selection of partners;
- bargaining costs, i.e. costs associated with the process of establishing an agreement on the new coordination initiative among the involved parties;
- enforcing costs, i.e. costs associated with the follow-up of established coordination initiatives.

This means that coordination-related reforms would be driven by a cost-benefit-calculation exercise regarding possible alternatives.

*Strategic goal maximisation* (see Campbell 2004; Scharpf 1997; Thelen 1999) where power positions and change thereof is the major issue at stake and is driven by

- the institutional setting, or the decision-making system actors are part of (e.g. anarchic, hierarchical or network-based) (Scharpf, 1997);
- actor roles - being decision makers, theorists, framers (e.g. spin doctors and political handlers), constituents (general public) and brokers (e.g. think tanks, consultants and the media) - and their ideas (Campbell, 2004);
- interaction orientation, with a focus on individualism, solidarity, competition, altruism or hostility (Scharpf, 1997).

This entails that coordination-related reforms would be the translation of actors' ideas and opinions, and would reflect the actors' constellation (i.e. the relations and interaction patterns among politicians, lobbyists, public servants), and be instigated by any of these actors in an attempt to strengthen their - or their "ally's" - position (or weaken the position of others).

For the *logic of appropriateness*, the theoretical dimensions are fourfold: *arrangement-specific legitimacy* (to what extent are new coordination initiatives driven by a search for similarity with the socially accepted way of dealing with coordination in the past?), *coercive legitimacy* (to what extent are new coordination initiatives determined by the broader legal and regulative framework they will be operating in?), *normative legitimacy* (to what extent are new coordination initiatives reflecting the core values of the politico-administrative system, the broader societal cultural values or specific (inter)national ideologies about 'good' coordination practices?) and *mimetic legitimacy* (to what extent are new coordination initiatives inspired by existing coordination initiatives prevailing in other jurisdictions that are considered to be 'good practices'?).

*Arrangement-specific legitimacy* is driven by

- adaptive preferences, referring to the accustomation to given (sub-optimal) situations and subsequent adaptation of preferences to the feasible, available set of alternatives (Elster 1982);
- network externalities (i.e. social approval), or the external support (legitimacy) for a certain way of working (Liebowitz & Margolis 2000).

This type of legitimacy signifies that coordination related reforms would, to a large extent, reflect existing initiatives, as these are considered to be the (socially constructed) appropriate way to organise things.

*Coercive legitimacy*, refers to the influence of existing legislation and regulation (Christensen et al. 2007; DiMaggio & Powell 1983; Meyer & Rowan 1977). This implies that coordination related reforms would be driven by the existing legislative framework under which coordination initiatives are operating, and the broader set of regulations that structures the public sector.

*Normative legitimacy* occurs through the influence of

- the overall politico-administrative culture and system (Beuselinck et al. 2007, Pollitt & Bouckaert 2004);
- societal culture, referring to rather abstract values such as power distance and performance orientation (Beuselinck et al. 2007; Hofstede 2001; House et al. 2004);
- predominant (political, intellectual, technocratic) ideologies (Christensen et al. 2007; DiMaggio & Powell 1983; Meyer & Rowan 1977).

This type of legitimacy means that coordination-related reforms would primarily be steered by key features of the politico-administrative system they are part of (e.g. the minister-mandarin relationship), the overall cultural values adhered to (e.g. values supporting a more horizontal versus more hierarchical way of coordinating) or prevailing ideologies about what a 'good' coordination policy would mean.

*Mimetic legitimacy* operates through the influence of predominant good practices (international influences). This means that coordination-related reforms would largely depend on innovations carried out elsewhere, which are subsequently transposed<sup>7</sup>.

#### **4. Empirical findings**

Having introduced the analytical framework, this section analyses coordination tendencies and initiatives for the cases of New Zealand and the United Kingdom<sup>8</sup>. The presented analysis takes into account two types of coordination initiatives (see Section 2). On the one hand, vertical coordination initiatives (i.e. coordination among the minister(s), ministry/department(s) and development agency) and, on the other hand, horizontal coordination initiatives (e.g. between the policy field of development assistance and other fields).

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<sup>7</sup> Although mimetic legitimacy might appear to be very similar to normative legitimacy at first sight, the difference regards the level of abstraction: normative legitimacy is situated at a fairly abstract level and primarily deals with shared ideologies and intellectual frameworks, whereas mimetic legitimacy is more closely associated with copy/past behaviour of tangible, existing practices. As an example, one could refer to the adoption of a certain coordination initiative by a country because it embodies the principles and values of the DAC's Paris Declaration on Aid Effectiveness that are shared among the donor community; versus the adoption (i.e. transfer) of a specific coordination initiative because it has been used by another donor (and the latter for instance being held in high regard by the rest of the donor community)

<sup>8</sup> The case of New Zealand is treated more extensively in this paper than the United Kingdom. Whereas this might seem somewhat counterintuitive (the United Kingdom being a much bigger donor, and hence probably more relevant to examine) this is due to the fact that the research present here is part of a broader research project, which focuses on public sector coordination tendencies government-wide (i.e. not restricted to the area of development assistance), for which New Zealand is the main case.

## 4.1 New Zealand

### 4.1.a. Background<sup>9</sup>

New Zealand's development assistance (or NZODA: New Zealand Official Development Assistance) is rooted in the country's colonial relationships with nations of the South Pacific and largely dates from the Commonwealth Colombo plan of the 1950s that focused on economic development assistance in the South and Southeast Asian region. Until 2002 (creation of the semi-autonomous agency for development, NZAID), New Zealand's aid programme was under the responsibility of the Minister of Foreign Affairs and Trade (MFAT), supported by an Associate Minister with special responsibility for official development assistance. This arrangement implied a close intertwinement of foreign policy and development assistance. Within the MFAT, the Development Cooperation Division was responsible for the management of the NZODA programme. The actual implementation of aid projects was generally contracted out to Management Services Consultants. After 2002, NZAID was established to take care of New Zealand's development assistance. Both under the responsibility of MFAT and NZAID, almost all development assistance related activities are concentrated at the level of one actor - e.g. 92% of the NZODA was managed by NZAID in 2007 (MFAT 2007), which is in sharp contrast with the more fragmented situation of most donor countries (see Chang 1999). Table 1 provides an overview of key dates of NZODA's/NZAID's most recent history<sup>10</sup>:

DATE	DESCRIPTION
November 1999	Election Labour/Alliance coalition government, with an Associate Minister of FAT with responsibility for overseas development assistance
August 2000	Ministerial Review (to be conducted by an independent review team) of the ODA programme announced (ToR include elements regarding the organisational and institutional design)
September 2000	The DAC releases its review of New Zealand's overseas development assistance programme
May 2001	Ministerial Review "Towards Excellence in Aid Delivery" presented to the Minister of FAT and Associated Minister of FAT with responsibility for overseas development assistance. An interdepartmental group is established to reflect upon the implementation of the review's findings (under chairmanship of the Department of Prime Minister and Cabinet (DPMC), including representatives of DPMC, MFAT, State Services Commission, Treasury, and the Offices of the Minister of FA and the Associate Minister of Overseas Development Assistance) <sup>11</sup> .
September 2001	Ministerial Review "Towards Excellence in Aid Delivery" publicly released
July 2002	NZAID formally established as a semi-autonomous body (decision by Cabinet on 10/9/2001 - Cabinet Minute (01) 28/8)
August 2002	Labour/Progressive coalition minority government formed, with and Associate Minister with responsibility for Overseas Development Assistance.
April 2005	The DAC releases its review of New Zealand's overseas development assistance programme
July 2005	"Ministerial Review of Progress in Implementing 2001 Cabinet Recommendations Establishing NZAID" is released
October 2005	Election Labour/Progressive minority government, with Minister of FAT responsible for ODA

**Table 1: Key dates NZODA/NZAID<sup>12</sup>**

<sup>9</sup> DAC, 2000; Ministerial Review Team, 2001; Norman and Schwass, 2006; Rose and Hay 2001.

<sup>10</sup> Throughout the 1990s, New Zealand's ODA policy was particularly low profile, 1999 became a turning point, as further explained in this section. Since the establishment of NZAID, the New Zealand ODA budget increased from 265 million NZD (2002) to 466 million NZD (2007), the latter nevertheless not exceeding 0,30% of GNI (MFAT 2007). An increase in staff is observable as well, from 131 FTE in 2002, to 221 FTE in 2007 (MFAT 2007).

<sup>11</sup> The Department of Prime Minister and Cabinet, State Services Commission and Treasury are the so-called central agencies of New Zealand's public administration at national level.

<sup>12</sup> Adapted from Norman and Schwass (2006).

#### 4.1.b. Chronological overview coordination-related initiatives

This section provides a chronological overview of coordination initiatives related to New Zealand's ODA since the early 1990s, together with an indication of the meaning and relevance of the former:

TIMING	COORDINATION-RELATED INITIATIVES	COMMENTS
<i>Continuous</i>	<b>Select Committee:</b> MFAT is accountable towards Parliament (through the Select Committee on Foreign Affairs, Defence and Trade), including development related issues.	Select committee system provides vertical type of coordination ensuring information flow from the line departments to the members of Parliament.
1990s (and before)	<b>Advisory committee on External Aid and Development (ACEAD).</b>	ACEAD functions as a network-type coordination initiative, clustering development aid stakeholders, providing advice to the Minister responsible for Overseas Development <sup>13</sup> .
> 1990s	<b>Annual performance assessment (of MFAT) by the Minister / State Service Commission</b> (and, to a lesser extent, by the Treasury) through performance agreements between Ministers and Chief Executive's (specifying standards and expectations) and purchase agreements between Ministers and departments (specifying outputs).	Assessment embedded within the stipulations of the State Sector Act of 1988 and a 1992 Cabinet edict (Schick, 1996) and primarily of hierarchical nature (hierarchical position of central agencies and ministers vis-à-vis line departments). Assessments also provide central agencies with a horizontal, cross-agency perspective (similar information provided by all line departments and Crown Entities).
1990s	<b>Contracting out of implementation of aid projects</b> to Management Services Consultants.	Market-type coordination initiative.
> 1994 (until late 1990s)	<b>Strategic Result Areas</b> (defining government-wide strategic goals) <b>and Key Result Areas</b> (output-oriented, department-specific goals): system of results-based management, incorporating strategic objective setting and performance reporting.	The Strategic and Key Result Areas (SRAs and KRAs) assure government-wide coordination and primarily provides a cross-sectoral, horizontal perspective; it remains hierarchical to the extent that it are the central agencies who supervise the whole process.  Rem: development cooperation is only obliquely included in the Ministry's Key Result Areas (Ministerial Review Team, 2001).
1996	<b>Policy Document 'Investing in a common future'</b> . Policy basis for NZODA (although lack of clear goal setting according to Ministerial Review Team, 2001).	Policy document (mission statement) represents a network-type coordination initiative fostering strategic management and interorganisational knowledge.
1998	<b>Revision of 'Investing in a common future'</b> : policy basis for NZODA (includes new NZODA policy on gender and development).	Idem
1999	<b>New coalition government</b> committed to a stronger aid programme (Labour Party Manifesto 1999 & policy priorities of the Alliance Party).	New coalition government enhances political status of development, facilitating coordinative power of key policy actors.
1999	<b>Creation of Deputy Secretary position</b> within MFAT responsible for both Pacific and Development Cooperation Division (prior to that, no specific Deputy Secretary responsible for NZODA).	Deputy Secretary position strengthens linkage between NZODA and New Zealand's political, trade and other relationships with Pacific Island countries (Ministerial Review Team, 2001): network-type coordination initiative focused on information exchange and strategic management.
2002	<b>Formal establishment of NZAID</b> (semi-autonomous body attached to MFAT; own Executive Director, responsible for day to day delivery of outputs and for resource management, own vote and direct reporting responsibilities to ministers; domestic and offshore service arrangements shared with MFAT).	Creation of NZAID clusters expertise regarding NZODA, gives it visibility as separate actor and provides a considerable level of strategic power vis-à-vis other actors (with impact on the overall coordination capacity of the field of overseas development).
2002	<b>Letter of Expectation:</b> defines relationship	Document defines key aspects of interaction modalities

<sup>13</sup> Interviewees mentioned that, in practice, it actually had to worked the Department, rather than for the Minister, which provoked "a tussle" between MFAT and ACEAD.

	between NZAID and MFAT at the strategic policy level.	between MFAT and NZAID.
2002	<b>Relationship document</b> serves as a guide for staff of MFAT and NZAID in their daily operation (includes shared commitment to good faith, mutual “no surprises” approach, specific expectations for consultation and coordination for operational and management issues, stipulation that NZAID’s Executive Director is part of the Ministry’s Senior Management Group, definition of relation of MFAT’s Secretary and NZAID’s Executive Director with Ministers, Parliament, Central Agencies etc.) (MFAT/NZAID, 2002) <sup>14</sup> .	Idem
2002	<b>Memorandum of Understanding on Shared Services</b> , to ensure cost-effectiveness of certain common service between NZAID and MFAT.	Idem
2002	<b>Policy statement (Towards a safe and just world free of poverty)</b> in line with provided Cabinet mandate: definition of NZAID’s vision, mission, values, strategic outcomes, core business and operating principles.  <b>Development of several policy documents</b> , including mainstreaming strategies of policies cross-sectoral, promotion and facilitation of secondments with other relevant agencies in New Zealand and overseas, and policy coordination with appropriate New Zealand government agencies MFAT, 2005).	The policy documents specifies the objectives and shared values of NZAID and strengthens NZAID’s visibility in the policy dialogue with other actors.  It is important to note that “ <i>NZAID has the right to advocate a development perspective, if necessary in opposition to another perspective, if that is its judgment. But it is also obligated to be aware of the government’s external strategic direction, which includes foreign policy perspectives and to ensure that it is aware by consulting with MFAT. Similarly, MFAT is obliged to give NZAID space in the policy debate, but not to pretend that it - MFAT - does not have an interest in the direction and content of the overseas development assistance programme. Coherence, not sublimation is the desired outcome.</i> ”. (Adams 2004)
2003	<b>NZAID’s campaign ‘Trade can reduce Poverty’</b> .	This campaign positioned NZAID in the trade-related policy debated and fostered increased interaction between trade and aid (DAC, 2005a) (as such, it is a network-type coordination initiative).
> 2003	<b>Statement of Intent</b> at the level of MFAT, with fully fledged section on NZAID (joint ownership MFAT/NZAID); including elements of ‘whole of government’ approach with explicit mentioning of policy areas such as trade, immigration, remittances, security, health and education.	Statement of Intent is obliged by the Public Finance Act 1989 (amended in 2004) and is related to the government-wide Managing for Outcomes initiative. It fosters strategic management approaches and obliges MFAT and NZAID to engage in a mutual strategic dialogue.
2004	<b>Five Year Strategic Plan</b> that covers the financial years 2004/5 to 2009/10 (operationalisation of NZAID’s policies), consisting of three components: how New Zealand’s ODA programme will be focussed to achieve effective sustainable development outcomes, how NZAID needs to engage with key stakeholders to advance its development programmes, and detailed account of capability that NZAID will need to be able to achieve the objectives in the first two components (and also includes a component on whole-of-government approaches, programme alignment to Government priorities and policy engagement across New Zealand agencies).	Plan fosters NZAID’s strategic management orientation and organisation’s whole of government approach.  Remark: there is a partial overlap between three strategic documents within NZAID, being Five Year Strategy, Statement of Intent and organisation’s policy framework (Kambaran 2005), but steps are taken to gradually integrate the Strategic Plan into the Statement of Intent.
2004	Establishment of <b>International Development Advisory Committee</b> replacing ACEAD; purpose of focusing on broader policy issues as compared to its predecessor; IDAC abolished itself in 2006.	IDAC functions as a network-type coordination initiative, clustering a range of stakeholders in the field of development aid, and provides advice to the Minister responsible for Overseas Development in close

<sup>14</sup> Other practical elements facilitating coordination between MFAT and NZAID include co-location in a shared building and a shared electronic communication system.

		collaboration with NZAID.
2005	<b>New Zealand Agencies Government Fund</b> (Contestable fund, 11% of the increase to the annual aid budget; Norman and Schwass, 2006) <sup>15</sup>	Contestable fund (established at ministerial request) enables coordinated and coherent approach to ODA undertaken by New Zealand government agencies <sup>16</sup> (NZAID, 2007), with pivotal strategic role for NZAID (NZAID reviews proposals, chair inter-departmental working group responsible for proposal evaluation, and concludes Memorandum of Understanding with selected departments).

**Table 2: Chronological overview of coordination-related changes in New Zealand's aid administration**<sup>17</sup>

This chronological overview indicates that coordination initiatives for the period analysed here can be split up in two periods: 'before 1999' and 'after 1999'. The period before 1999 is mainly characterised by an overall low 'coordination profile' of development assistance: there are a number of initiatives, but they are only to a very limited extent explicitly oriented towards the policy field of overseas development. Most initiatives - originating from central government entities such as the Treasury or the State Service Commission - focus on the Ministry of Foreign Affairs as a whole. The Ministerial Review Team (2001) underlines this issue, mentioning the lack of outcome specifications with respect to overseas development assistance.

After 1996 (publication of *"Investing in a common future"* as a policy framework for NZODA) and 1999 (expression of an unambiguous government commitment to a stronger aid programme) an explicit policy basis for NZODA is gradually developed. The DAC (2005a) refers in this respect to a window of opportunity created by the newly elected government in 1999 for mapping out a mid-term policy agenda for NZODA. The establishment of the semi-autonomous agency NZAID is the cornerstone in this renewed dynamic.

Within the 'after 1999' period, 2 sub-stages can be discerned, parallel to the different stages of NZAID's organisational development. At the time of NZAID's creation (2002), the primary focus was - understandably - oriented towards the establishment of coordination devices (both at management and policy level) between NZAID and MFAT. Once these were established, NZAID's coordination initiatives started to focus more on the coordination with other governmental actors who are potentially influencing New Zealand's overseas development policy in one way or another.

#### **4.1.c. Analytical perspective**

Having dealt with the chronological overview of coordination initiatives, we can now proceed with a more analytical approach steered by the framework introduced in Section 2. For the purpose of this paper, we will focus on two elements: on the one hand, the drivers of change behind the policy making process leading to the establishment of NZAID and, on the other hand, an assessment of the dominant drivers of change for the major coordination initiatives in general. Interviews with key actors and observers carried

<sup>15</sup> The degree to which departments (education, agriculture, etc.) managed their own aid programme has varied over time.

<sup>16</sup> Bids have to be consistent with the principles of the Cross-Cutting Issues, Engagement and Aid Effectiveness sections of NZAID's Pacific Strategy (NZAID, 2007)

<sup>17</sup> Primarily based on DAC, 2000; DAC 2005a; Ministerial Review Team, 2001; Waring, 2005; interviews with key actors and external observers.

out in 2007 provided an important source of information for this analysis, next to the available policy documents.

### *(1) Establishment of NZAID - drivers of change*

As indicated in the introduction, it is commonly assumed that a pro-development stand at the political level is a key indicator for the degree of a country's proactive behaviour in the field of overseas development assistance. Whereas the policy making episode underlying the creation of NZAID confirms the importance of political support, it offers at the same time a more balanced, complex picture.

As regards the triggers that provoked a revival of the interest in overseas development assistance in the late 1990s, the following elements should be mentioned:

- the commitment to review NZODA that the Labour Party (winning party of the 1999 national elections) expressed in its Election Manifesto (Labour Party, 1999);
- a shift of New Zealand's election system from a 'First Past the Post' system to a 'Mixed Member Proportional Representation' in the mid-nineties that marked an era of coalition government in New Zealand, where smaller parties (some of them having Members of Parliament with specific interest in overseas development related issues) became more powerful as they turned out to be valuable partners for coalition agreements (which was the case for the Alliance Party in 1999, that had a few MPs with particular interest in development issues) (Norman and Schwass, 2006);
- the overall low-profile role of NGOs and academia on the one hand (except for the 'Partners in a common future' Report in 1999 by the Council for International Development, which formulated a critique of government policy), but the crucial role of - a very limited number of - lobbyists on the other hand (closely associated with the Labour Party) who advocated the idea of a Ministerial Review<sup>18</sup>.

In other words, the co-occurrence of a number of actor-driven elements and some changes of New Zealand's election system mutually reinforced each other<sup>19</sup>.

With respect to the actual outcome of the review process of New Zealand's ODA (i.e. the establishment of NZAID as a semi-autonomous body) the following drivers of change have been identified:

- a combined influence of consultants who were responsible for the 2001 Ministerial review - and who 'framed' the problem at stake<sup>20</sup> - and the DAC review team (DAC 2000), who reached similar conclusions albeit formulated in a much more prudent way<sup>21</sup>;

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<sup>18</sup> An interviewee explained the choice of a Ministerial Review - as opposed to a Select Committee procedure - as an opportunity to have "more control over selecting the people that would do the review and set the terms of reference".

<sup>19</sup> The observed dynamics were described in interviews as "A conjunction of the associate minister and the minister who were willing to let things run, an adviser in place who was actually able to do all the inside parts where things should happen and a policy and a party that allowed the door to open, because it wanted a direction that had to change" or "It was just serendipity of that... having the right people at the right place at the right time and with the government having to compromise and having the leverage you have when they need you as a junior coalition partner." or "the coalition politics, the shock of the findings [of the Ministerial Review 2001] and the momentum that built up over time".

<sup>20</sup> The definition of the problem of NZODA ranged during interview from "old NZODA was simply not performing" and "the system was inefficient and problematic in many ways" to "there was not so much a crisis, there was just the feeling that aid delivery could be improved". It is fair to state that the review provoked quite some commotion: several interviewees referred to the fact that "it was not the expectation that this review would do what it did". Robson (2001) described the Review as "not uncontroversial",

- a very strong position of MFAT in NZ's public administration (one of the very few ministries not affected by the trail blazing reforms of the 1980s and early 1990s<sup>22</sup>) that was challenged because of the reviews, the latter providing an opportunity to challenge this 'protected' position by advocating a solution of putting the NZODA portfolio at arm's length of MFAT<sup>23</sup>;
- the Ministerial review (2001), the DAC review (2000) and the interdepartmental working group all three referred to the organisational setting of other donor countries (e.g. Ireland, Switzerland, Canada, UK, Australia, Belgium) to underpin the choice of NZAID's institutional features (Norman and Schwass 2006), indicating an element of normative and mimetic pressure;
- three alternative structures were considered (business unit within MFAT, semi-autonomous body and separate department<sup>24</sup>), but a semi-autonomous body<sup>25</sup> was evaluated as being the most cost-efficient (Adams 2004; Norman and Schwass 2006); one of the decisive elements that was mentioned here by interviewees was the "*lack of critical mass [within NZODA] to sustain a fully autonomous separate agency*"; this clearly refers to a cost calculation exercise as mentioned in the analytical framework presented in Section 2.

Furthermore, it should be mentioned that:

- NZAID's organisational structure (i.e. putting NZODA at arm's length of MFAT) was contrary to the established model of New Zealand governance in the 1980s and 1990s advocating a policy and implementation split (Waring, 2005), as NZAID incorporates both policy and implementation tasks; this goes against the idea of normative pressure stemming from the overall politico-administrative system;
- NZAID's organisational structure was moreover contrary to the Review of the Centre process that was ongoing at that stage at a government-wide level; this process was - amongst others - oriented towards anti-fragmentation initiatives<sup>26</sup>; again, this opposes to the idea of normative pressure stemming from the wider politico-administrative system.

On the whole, a rather mixed picture of drivers of change is observable, incorporating both elements of a logic of consequence (cost calculation and goal maximisation) and a logic of appropriateness (international 'good' practices and DAC peer review). It is also important to note that the creation of

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Norman and Schwass (2006) labelled it as a '*bombshell*', and Brown (2001) and Luxton (2001) - both (previously) affiliated with the MFAT - pointed at the "*ideological assumptions*" of the reviewers and McKinnon (2002) referred to the "*demonisation of MFAT*".

<sup>21</sup> Several interviewees pointed at the importance of the DAC review, underlining the role of the review process, rather than its actual output. Moreover, emphasis was put on the legitimising power of the DAC, i.e. the reinforcement of what was already happening within the country. The DAC review process was also labelled as a "*learning and network opportunity*".

<sup>22</sup> Several interviewees referred to the particularly strong "*MFAT culture*" and the powerful position of MFAT within the wider public sector throughout the 1980s reforms; this was by one interviewee described as "*MFAT [is] so politically astute and very good at managing their environment and so they actually managed to do just enough but not too much and they preserved the structure that they had before*".

<sup>23</sup> This was described by some interviewees as the opportunity "*to shake up things*" within MFAT.

<sup>24</sup> The idea of a separate body was the option advocated by the Ministerial Review team in 2001.

<sup>25</sup> "*The SAB approach is modelled on the UK Next Steps Executive Agency and similar arrangements are used to varying degrees in Canada and Australia. The model assumes that discrete businesses of a particular portfolio will be made the responsibility of an agency operating relatively autonomously but still within the overall framework of the Department to which it is attached. The SAB is different from either a Crown Entity (where the governing board is directly responsible to the Minister and the department acts as an adviser to the Minister in the roles of funder, owner and purchaser of outputs) and the normal operating division of a Department where staff are employed under the same terms and conditions of employment and, subject to any technical requirements of particular positions, may move freely within the divisions of the Department. The SAB is envisaged as an autonomous agency that, while still under the umbrella of its parent Department, develops a separate organisation, staffing, funding, policy development and operational structure. There is no legislative underpinning specific to SABs.*" (MFAT, 2005).

<sup>26</sup> Interviewees mentioned the initial resistance of the Prime Minister and the State Services Commissioner (who were both trying to consolidate the State Services) to the creation of a semi-autonomous body.

NZAID is an episode that seems to have developed quite separately from path dependent dynamics, and - probably more surprising - relatively independently from important features of New Zealand's politico-administrative system and culture at that time (e.g. the standard policy/implementation split and the renewed political attention for an anti-fragmentation policy).

*(2) Coordination initiatives in the field of overseas development assistance - drivers of change*

As for the particular episode of the creation of NZAID, it is worthwhile to try to identify the key drivers of change leading to the coordination initiatives as enumerated in Table 2. As compared to the previous subsection, we limit ourselves here to a general picture, rather than a case-by-case analysis at the level of each coordination initiative. Based on the interviews with involved key actors and observers, the following elements have been identified:

- normative and coercive legitimacy driven by key features of the politico-administrative system and the associated legislative framework:
  - the performance orientated approach of the “New Zealand model”, reflected in government-wide coordination initiatives such as the Strategic & Key Result Areas, the Statement of Intent and the Contestable Fund;
  - the recent ‘whole of government’ rhetoric at the political level, supporting NZAID’s horizontal (i.e. cross-departmental) policy initiatives (this is said to be only “*an additional element*” next to the intrinsic motivation of NZAID staff);
- the FA/NZAID interaction orientation, which steadily developed over the last 5 years, evolving from a rather distrustful atmosphere right after the creation of NZAID, towards a much more collaborative attitude and trust relationship currently, and providing opportunities for stable network-oriented mutual coordination initiatives (e.g. increasingly joint drafting and joint ownership of the Statement of Intent);
- stability and quality of leadership (the latter being defined by interviewees as an environment where “*people play with ideas and people don’t play with people*”), the role of NZAID’s Executive Director is unanimously underlined in this case by all interviewees (despite the initial scepticism expressed by some of them at the time of his appointment): his foreign affairs background provided him with “*bureaucratic understanding and credibility within MFAT*”, but at the same time he did not neglect to develop a “*separate but complementary role*” for NZAID vis-à-vis MFAT; the latter facilitated amongst others NZAID’s capacity to develop its own policy perspective and to position itself in relation to other government departments and agencies;
- strategic goal maximisation: NZAID has heavily invested in developing a critical mass through extensive recruitment and staff training, and the development of a proper ‘NZAID culture’ (based on a “*reflective process that is ongoing and iterative inside the organisation*”); this enabled the creation of a distinctive NZAID policy approach, and credibility towards other government departments (e.g. NZAID’s role in the Contestable Fund);
- sectoral specificity (related to normative legitimacy): the importance of coordinated thinking (as compared to other government departments) for sector-specific initiatives such as the MDGs,

SWApS, donor harmonisation etc. supports an active search for coordination opportunities and initiatives (reflected in the Statement of Intent and NZAID's Strategic Plan);

- interactions - including secondments - with other donors (especially AusAID, DFID and CIDA) are indicators of normative and mimetic legitimacy (although no explicit link with specific coordination initiatives has been identified<sup>27</sup>), next to DAC meetings and reviews (providing "additional weight to [NZAID's] policy coherence strategy").

## **4.2. United Kingdom**

### **4.2.a. Background<sup>28</sup>**

The UK's aid program is rooted in the country's colonial history (Colonial Development Act, 1929) and developed as a more coherent policy in the 1960s with the publication of its first White Paper in 1963. From an institutional perspective, the British aid system has been subjected to a considerable number of changes over the last decades.

Initially, a Ministry of Overseas Development with Cabinet Minister was established in 1964, responsible for the development and execution of all aspects of development policy. After losing its Cabinet seat in the late 1960s, the ministry was incorporated into the Foreign Office by 1970 and renamed Overseas Development Administration. This implied that the development administration was overseen by a Minister of State in the Foreign Office, accountable to the Foreign Secretary. However, the administration kept a large degree of independence regarding policies, procedures and staff related issues. In the 1970s, changes were omnipresent. In 1974, a separate Ministry of Overseas Development was created (with its own minister, not being a member of the Cabinet). However, shortly afterwards, the powers of the Minister of Overseas Development were again transferred to the Foreign Secretary in 1975. In 1979 the ministry was transferred back to the Foreign Office and renamed Overseas Development Administration.

In the early nineties, the field of development administration in the UK was characterised by a 'galaxy' of institutions (DAC 1994) all having particular responsibilities for development aid. This range of actors included:

- at the political level: the Department of Trade and Industry, the Foreign and Commonwealth Office, and the Treasury;
- as implementing institutions: the Overseas Development Administration and the Exports Credits Guarantee Department (related to the Department of Trade and Industry);
- the National Resources Institute (research institute related to British aid);
- the Commonwealth Development Corporation: a public corporation under the sponsorship of the Administration, responsible for assisting the private sector in developing countries;

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<sup>27</sup> Interviewees mentioned that the influence of other donors was rather located at a more technical level (it was for instance mentioned that "DFID is sometimes considered as NZAID's research department").

<sup>28</sup> Barder 2005; White 1998; DAC 1994.

- the Crown Agents for Overseas Governments and Administrations: providing procurement and management services to overseas governments.

#### 4.2.b. Chronological overview coordination-related initiatives

Table 3 presents a chronological overview of the UK's most important coordination-related initiatives and a brief clarification for each of these.

TIMING	COORDINATION_RELATED INITIATIVES	COMMENTS
> 1984	<b>Informal All-Party Parliamentary Group on Overseas Development</b>	This Parliamentary Group provides increased vertical coordination as it fosters the information exchange between the administrative and political level, as well as horizontal coordination among different policy fields through MPs involved in different policy areas
1990	<b>Agencification of the National Resources Institute</b> (including an analysis of the option to privatise/retain the Institute in the public sector)	Hierarchical reshuffling of competencies: additional (sub)level/entity
> 1993	<b>Introduction of the Policy Information Marker System (PIMS)</b> as a strategic management system and system of information exchange (government-wide)	Aims to improve accountability, to inform the policy debate and to assist the design of projects (DAC, 1994)
> 1993	<b>Efficiency Plan</b> (focusing on running costs), market tests, and independent efficiency reviews	Identification of areas for efficiency improvement (DFID, 1999) through adapted financial management
1995	<b>Fundamental Expenditure Review</b> , broad examination of the role of aid, objectives, resources and channels (DAC, 1997)	Focus on a more streamlined, less hierarchical, decentralised agency (DAC, 1997) through better coordination
1995	<b>Senior Management Review</b> (government-wide exercise): advice of organisation, delayering and decentralisation	Streamlining government-wide coordination
1996	<b>Privatisation of the Natural Resources Institute</b>	Reshuffling of competencies
1997	Overseas Development Administration (ODA) became the <b>Department for International Development (DFID)</b> , independent of the Department of Foreign Affairs (previously known as Foreign and Commonwealth Office)	Strategic transformation (from Aid to Development), institutional transformation (from Agency to Department), political transformation (from Administration to Delivery) (Vereker,2000) Possibly an easier relationship with the Dep. Of Foreign Affairs (Morrissey, 2005); Improved relations with Foreign Office over time (Barder, 2005) Introduction of new dynamic of policy coherence (DAC, 1997)
1997	<b>Secretary of State for International Development with a Cabinet seat</b> was appointed (ODA's political head was a Minister without a set in Cabinet)	Enhanced political status of development (Morrissey, 2005) Strong political leadership within DFID (Morrissey, 2005)
> 1997	Secretary of State for International Development became member of several <b>interdepartmental Ministerial Committees</b>	Expanded role of department: full development policy, not just aid (Barder, 2005)
November 1997	<b>International Development White Paper</b> (mainly in-house document) - the first one in two decades	Increased orientation towards policy coherence & focus on a result and outcome oriented approach (Morrissey, 2005; DFID, 2001; Barder, 2005), i.e. a tool oriented towards strategic management and interorganizational culture Opportunity to work towards greater consistency and coherence across Whitehall (Cox and Healey, 1998; DAC, 1997)

> 1997	<b>Shared commitment of Prime Minister, Chancellor of the Exchequer and the Secretary of State</b> (+ significant increasing British aid budget (1997-2000: \$3.2 billion - \$4.5 billion))	Increased information exchange and strategic management initiatives; enhanced political status of development (Morrissey, 2005), increasing its coordinative power
> 1997	<b>Interdepartmental Working Group on Development</b> (under DFID's chairmanship)	Advisory body, reviewing overall government progress in promoting coherence (DFID, 1999)
> 1997	<b>Untying aid (confirmed in 2000 White Paper)</b> , i.e. a reshufflement of lines of control	Likely a more strained relationship with the Department of Trade and Industry (Morrissey, 2005)
1997	<b>Announcement of transformation of the CDC (Commonwealth Development Corporation) into a government/private sector partnership</b>	A reshufflement of competencies, adopting more market-based principles
> 1997	<b>Establishment of the International Development Committee</b> (within UK Parliament), examining DFID's expenditure, policy and administration	System of information exchange and consultative body: active involvement of parliamentarians in the development policy (DAC 2005)
> 1998	<b>Government-wide Comprehensive Spending Review</b> , including DFID (Departmental Spending Review)	Ensuring- amongst others - that all parts of the government contribute in a more coordinated and coherent fashion to the new Government's policies (DAC, 1997)
1998	Introduction of <b>Public Service Agreements &amp; Service Delivery Agreements</b> (Reporting to HM Treasury)	Strategic management: specification of objectives and performance targets (DFID 1998, 2002)
1998-2000	Introduction of the <b>Performance Reporting and Information System for Managers</b> (PRISM)	Strategic management, system for information exchange: increased target and results oriented approach (Morrissey, 2005; Barber, 2005)
2000	<b>International Development White Paper</b> (broad consultation process with interested parties; focus on globalization issues)	Increased orientation towards policy coherence & focus on a result oriented approach (Morrissey, 2005); Development of good working relationships with other Departments, e.g. Trade and Industry (Barber, 2005)
> 2000	Increased joining up of DFID with other government departments through establishments of <b>cross-departmental pools</b> (e.g. Global Conflict Prevention Pool) or committees	System for information exchange and advisory body: effective joining-up across government, DFID's growing role in development policy, improved formal and informal coordination and information sharing (Barber, 2005)
> 2003	Increase in <b>shared targets integrated within the new Public Service Agreement</b> (shared with Dep. of Foreign Affairs, Dep. of Trade and Industry, HM Treasury,...)	Increased joint responsibilities, strategic management (cross-departmental) (DFID, 2003, 2005)
2004	Introduction of an <b>Action Plan of Collaborative Working</b> (DFID, Foreign and Commonwealth Office), regarding shared Public Service Agreement targets, estates issues, HR issues, IT systems,...	Strategic management: specification of priorities for joint working (DFID, 2005)
> 2005	<b>Efficiency Programme, Catalyst Programme</b> renewed focus on efficiency:	Search for improved effectiveness, redeployment of administration resources and effective risk management (DFID, 2005) More effective spending and streamlined processes and systems (DFID, 2006)

**Table 3: Chronological overview of coordination-related changes in New Zealand's aid administration**<sup>29</sup>

The data presented in Table 3 show that the British aid administration has been using a broad range of coordination instruments in the period 1990-2005. With respect to the types of coordination instruments, a distinction can be made between the 'before 1997' and 'after 1997' period. Before 1997, coordination initiatives are largely based on hierarchy and/or market principles (exceptions are the All-Party Parliamentary Group on Overseas Development and the Policy Information Marker System). After 1997 - coinciding with both Blair's Labour-government taking office and the creation of the Department for International Development (DFID) - the network type based coordination instruments become much more prevalent. As regards the motives and objectives for the different coordination initiatives, there appears

<sup>29</sup> Primarily based on DAC, 2000; DAC 2005a; Ministerial Review Team, 2001; Warring, 2005; interviews with key actors and external observers.

to be a shift from mainly efficiency-oriented initiatives (early nineties) towards more strategic outcome-oriented initiatives more recently (although the concern for efficiency remains present to a certain extent).

Generally speaking, the period after 1997 is also characterised by a boost in the number of coordination initiatives. This increase in the number of coordination initiatives seems to take place after a period of increased specialisation (agencification and privatisation of a number of actors related to the aid administration such as the National Resources Institute). As regards the main actors launching or promoting the coordination initiatives, three major players can be identified:

- the Treasury (predominantly government-wide, efficiency-oriented coordination initiatives, and strategic management oriented coordination initiatives in a later stage);
- the 'Cabinet machine' (Cabinet, Cabinet Committees and Cabinet Office);
- DFID itself.

After 1997, a tendency towards mutual reinforcement of initiatives originating from different sources is noticeable, focusing on coherence and joining-up.

#### **4.2.c. Analytical perspective**

Whereas the data for the UK, as presented in Table 3, are solely based on a literature review, they do offer some indications regarding the relevance of the different components of the analytical framework as introduced in the second part of this paper.

Firstly, the sector-specific coordination initiatives show a certain level of parallelism with the coordination tendencies at the national, government-wide level<sup>30</sup>. This occurs either through coordination initiatives that are of government-wide nature - and, therefore, also applied to the specific field of development assistance -, or through sector-specific coordination initiatives that apply coordination mechanisms similar to other government-wide initiatives. Examples of this parallelism are the presence of market-based coordination instruments in the beginning of the nineties (e.g. the Efficiency Plan), the tendency towards more network-based coordination instruments in the late nineties (e.g. use of government-wide goal settings) and a relatively strong presence of hierarchy-based instruments throughout the whole period. This points at an important presence of coercive pressure (where certain government-wide coordination initiatives have to be adopted *de facto* or *de jure* at the sectoral level) and normative legitimacy (where coordination initiatives are developed in accordance with prevailing features of the UK's politico-administrative system).

Secondly, as for New Zealand, the presence or absence of a 'pro-development' stand at the political level has to be acknowledged and the interaction pattern between the political level and the departmental level are important. Political leadership for instance has played an important role in the establishment of DFID with its own Cabinet Minister and the enhanced political status of development cooperation by the end of the nineties, stimulating new and strengthened coordination initiatives.

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<sup>30</sup> Data regarding government-wide coordination initiatives for the UK can be found in Verhoest et al. (2007) and Beuselinck (2008). Key features include the hierarchical coordination role of Treasury and Cabinet Office, market-based coordination initiatives especially during the early nineties and the introduction of joined-up government from the second half of the nineties onwards.

Thirdly, it is worthwhile noticing that the discourse about the new aid paradigm (encompassing values of network-based collaboration, harmonisation, shared goal-setting etc.) coincides in the UK with an emphasis on cross-organisational and cross-sectoral thinking and joined-up government for the whole public sector, launched by PM Blair in the second half of the nineties, which offers a favourable context to endorse the core values of the new aid paradigm.

Finally, it is acknowledged that for the analysis of strategic goal maximisation, cost calculation etc. (related to the 'logic of consequence' component of our analytical framework), the empirical data provided here offer limited information to assess their value and importance. Therefore, we solely rely on the New Zealand case for these elements.

## 5. Conclusion

The empirical findings presented in this paper lead us to a fivefold conclusion regarding donors' aid administrations and their organisational arrangements:

- the presence or absence of a 'pro-development' stand at the political level has only partial explanatory power;
- the government-wide politico-administrative culture (e.g. influence of 'performance' and 'whole of government' discourse for New Zealand, joined-up, network-oriented government in the UK after 1997) and the legislative framework (e.g. the impact of the position and policy of the central agencies, such as the Treasury, for both New Zealand and the UK) are of significant importance;
- sectoral leadership and trust (including, but not limited to, the political level) are essential to foster innovative approaches (e.g. the New Zealand initiatives emerging after the turn of the century);
- the policy analysis (i.e. "what is the need for coordination and how should this need be addressed?") is important, and more specifically,
  - its frequency and soundness (e.g. the co-occurrence of DAC reviews, ministerial reviews, audits and internal review processes since 1999 fostered a climate for NZAID that is very different from the situation of NZODA before 1999);
  - its coherence: attention needs to be paid to both problem and objective analysis;
  - the consensus about conclusions of the policy analysis process: divergent frames of reference of key actors (focusing on individual or organisational actors, sectoral view, national system or international tendencies) can lead to highly divergent conclusions;
- different elements seem to come into play when a 'crisis' (sense of urgency) appears, as compared to 'day-to-day' business: the politico-administrative system and culture appear to be less influential in the case of the former) (see for instance the establishment of NZAID).

In general, this paper has illustrated that intra-donor coordination is a dynamic, significant element of a donors' aid bureaucracy, which deserves further attention. Furthermore, the neo-institutional analytical

framework presented here appears helpful to screen and analyse a donor's coordination policy from a broad neo-institutional perspective. Moreover, this framework might be of wider relevance for guiding the organisational and institutional analysis of aid bureaucracy, which has - so far - often been dominated by a narrower rational choice neo-institutional perspective. Finally, the empirical findings have illustrated the influence - albeit non-deterministic - of a country's politico-administrative system on a donor's aid administration. This asks for further reflection on the adaptability (strong versus weak) of a country to the new aid paradigm. For instance, both Anglo-Saxon countries studied here, have a (long) history of strategic planning and result-oriented management within their public sector, as opposed to a number of European continental countries. This observation implies that some donors might be in a better starting position than others to deal with some of the challenges put forward by the Paris Declaration, because of key features of their politico-administrative system (e.g. financial long-range planning, established procedures for horizontal strategic thinking, output/outcome steering tools etc.).

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**Annex 1: Classification of coordination instruments (Verhoest, Bouckaert & Peters 2007)**

<b>MANAGEMENT INSTRUMENTS</b>	<b>UNDERLYING MECHANISM<sup>31</sup></b>
1. Strategic management (planning & evaluation) dependent of primary objective and process: 1.1. bottom-up and interactive strategic management 1.2. top-down and unilateral strategic management	NTM, HTM  NTM HTM
2. Financial management (budgeting, accounting and audit) 2.1. traditional input oriented financial management systems 2.2. result-oriented financial management systems focused on incentives for units 2.3. result-oriented financial management systems oriented on information exchange and consolidation according to policy portfolios	HTM, MTM, NTM HTM  MTM  NTM
3. Inter-organisational culture and knowledge management	predominantly NTM
4. Mandated consultation or review system	predominantly NTM
<b>STRUCTURAL INSTRUMENTS</b>	<b>UNDERLYING MECHANISM</b>
1. Reshuffling of competences: organisational merger or splits; centralization (decentralization)	predominantly HTM
2. Reshuffling of lines of control: establishment of a specific coordinating function or entity or review of lines of control, and coordinating functions	predominantly HTM
3. Regulated markets: internal markets, quasi-markets, voucher markets and external market, competitive tendering	predominantly MTM
4. Systems of information exchange	predominantly NTM
5. Negotiation, consultative or advisory bodies	predominantly NTM
6. Entities for collective decision-making	predominantly NTM
7. Common organisations (partnership organisation)	predominantly NTM
8. Chain management structures	predominantly NTM

<sup>31</sup> NTM = network-type mechanisms, HTM = hierarchy-type mechanism, MTM = market-type mechanism.

Annex 2: Schematic overview analytical framework (Beuselinck, 2008)

