



Asia Research Centre  
— Murdoch University —

# **Political Economy and the Aid Industry in Asia**

# Working more politically

- Drivers of Change (DFID)
- Strategic Governance and Corruption Analysis (The Netherlands)
- Power Analysis (SIDA)
- Problem-Driven Analysis (World Bank)
- Demand For Good Governance Governance (AusAID)

# ADRA colleagues

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# Southeast Asian case studies

- World Bank Demand for Good Governance program, Cambodia
- ADB slum eradication in Metro Manila, the Philippines
- Participatory budgeting in Mataram, Indonesia
- Informal sector regularisation in Jakarta, Indonesia.

# Misunderstanding politics

- Development is a public good, essentially uncontested and objectively known
- Opposition is misunderstood: assumed to be self-interested and malleable, with the right incentives
- Partnerships are key vehicles of inclusion and considered more robust than they are.

# Developmental Leadership Program (DLP)

“Collective action problems are those ‘social dilemmas’ that arise almost everywhere when the *rational* pursuit of narrow, individual or sectional interests results in collective *irrationality*.” (Leftwich 2012)

Collective action problems “*require institutional solutions* ... (a set of rules) ... to restrain in some degree [the] immediate and short-term pursuit of self-interest so that they would all be better off in the medium term” (Leftwich 2012)

- *'Developmental leaders'* – who 'reach beyond their immediate interests to a wider encompassing interest' (Leftwich and Hogg 2007)
- And *coalitions* - 'individuals, groups or organizations that come together to achieve social, political and economic goals they would not be able to achieve on their own' (Leftwich, 2012)

# Structural political economy

- Development is a process of contested structural change leading new sources of wealth and power.
- Contestations are material and ideological.
- Donor projects are interventions in ongoing political debates and struggles over the emerging social order.
- Outcomes are determined by the relative strength of social forces.

# Operationalising SPE

- Start with how donor programs intervene in domestic political debates and struggles.
- Acknowledging the contested nature of proposed reforms.
- How do relevant actors conceive of and pursue their interests in these struggles?

# Analysing reformers and their alliances

<b>Reformers</b>	<b>Interests</b>	<b>Alliances formed</b>
<b>Idealists</b> (rare or marginal)	long term social transformation	<b>dedicated</b>
<b>Pragmatists</b> (possibly well-organised and quite active, but have limited room to manoeuvre)	long term social transformation and short term gains	<b>dedicated and tactical</b>
<b>Opportunists</b> (more numerous and potentially influential but risky as partners)	short term gains	<b>tactical</b>

## Non-reformers

Wreckers

Dedicated opponents

Recalcitrants

Tactical opponents: their interests are not directly threatened by the reform, but see a tactical advantage in non-participation

Obstructors

Not necessarily opposed, but whose activities make the reform difficult

# Tactical alliances

Coalitions for Change in the Philippines

Booth (2014) *Aiding Institutional Reform In Developing Countries: Lessons from the Philippines on what works, what doesn't and why*, The Asia Foundation and ODI



# Working politically

- Taking sides in existing, ongoing conflicts - and invariably compromises to achieve concrete improvements
- Taking a principled stand on human rights to protect poor people's political space.