

Donor Proliferation and Co-ordination: Experiences of Kenya and Indonesia

Dorothy McCormick* and Hubert Schmitz**

June 2009

Journal of Asian and African Studies, forthcoming

ABSTRACT: One of the main problems associated with aid is the proliferation of donors and projects, and one of the main solutions is thought to lie in greater coordination between donors. This paper examines whether progress has been made in recent years, comparing two countries (Kenya and Indonesia) and two sectors. The research process itself, in particular the difficulty of obtaining seemingly straightforward information, provides insights into the fragmented aid business. Nevertheless the combination of quantitative and qualitative methods provides a clear overall picture: proliferation worsened between 2000 and 2005–06 while progress in coordination was uneven. Important new findings concern the interdependence of donor and intra-government coordination, especially the tendency for fragmentation on both sides to work against coordination, and the similarity of the overall experience of the two countries despite their different levels of economic development.

Keywords: donor proliferation, donor coordination, aid architecture, Paris Declaration, Kenya, Indonesia

Acknowledgements

This paper pulls together and compares the findings of research conducted in conjunction with Jepri Edi, Lienda Loebis, Erick Manga, Winnie Mitullah and Ayu Setianingtias. Their contribution to the data collection and analysis is gratefully acknowledged. For the country and sector-specific write ups of the findings, see McCormick, Mitullah and Manga (2007), Edi and Setianingtias (2007) and Loebis and Schmitz (2007).

*

Professor Dorothy McCormick
Institute for Development Studies
University of Nairobi
PO Box 30197
Nairobi 00100
Kenya

Office Phone: +254-20-2247968
Fax: +254-20-2222036
E-mail: dmcormick@uonbi.ac.ke

**

Professor Hubert Schmitz
Institute of Development Studies
at the University of Sussex
Brighton
BN1 9RE
UK

Office phone: +44 (0)1273 915699
Fax: +44 (0)1273 621202
E-mail: h.schmitz@ids.ac.uk

Dorothy McCormick is Research Professor at the Institute for Development Studies, University of Nairobi. She joined the Institute in 1988 and was its Director from 2001 to 2007. She has a long track record of teaching, advising and researching East African development. She currently coordinates the Institute's research on Donor Proliferation, Coordination and State Capacity in Africa.

Hubert Schmitz is Professor at the Institute of Development Studies at the University of Sussex. He is development economist with 30 years of experience in research, teaching and advisory work on industrial development. He is a Fellow of the Centre for the Future State and convenor of its programme Public Action and Private Investment.

I. Introduction

The effectiveness of aid depends on how it is organized. This is now well recognized by donors and recipients. One of the main problems is the proliferation of donors and projects; and one of the main solutions is thought to lie in greater co-ordination between donors. The most visible and well known statement on the need for change is the Paris Declaration on Aid Effectiveness of 2005 but the organizational problems have been known and discussed in the aid business for a long time (Morss, 1984; Clift, 1988; Cassen and Associates, 1994). Although organization is not the only factor determining aid effectiveness, there is agreement that the organizational issues deserve priority attention.

This paper addresses two questions on which there is no clear picture. It asks whether there has been progress in recent years and whether problems and solutions differ between countries at different stages of economic development. To this end it examines changes that occurred between 2000 and 2005-6 and it compares two countries: Kenya and Indonesia. The more detailed questions are:

- Did proliferation increase or decrease? What were the reasons?
- Did co-ordination increase? What forms did it take? What were the reasons for (lack of) progress?
- What were the similarities and differences between the two countries with regard to proliferation and co-ordination?
- Did the stage of development or degree of aid dependence make a difference?
- How do we explain the similarities and differences?

Seeking answers to these questions is important because the proliferation and co-ordination of donors affect state capacity in recipient countries. More donors can mean more choice for recipient governments but it can also put a strain on government systems in a number of ways: the proliferation of donors and projects increases the transaction costs for government agencies and occupies scarce time of their key officials. Aid donors and projects come with particular agendas and schedules which are well intentioned but disrupt the organizational learning of recipient agencies. And the hurry of donors to show results quickly and disburse funds often leads to establishment of parallel organizations which can end up weakening the capacity of recipient governments to design and implement policies and programmes. These effects are widely debated but surprisingly little researched. The same applies to the effects of donor co-ordination. We are studying these effects but the research is ongoing. In this paper we are concerned with the prior questions of how proliferation and co-ordination have evolved: has proliferation been curbed and co-ordination increased? What forms did it take? Where there significant differences between sectors and countries? Even on these basic questions there is little systematic research. Proliferation and co-ordination are discussed in the aid literature and policy documents but evidence is at best anecdotal. An important reason became clear to us in the course of our own research: assembling the data for a comprehensive analysis is quite a challenge.

The study concentrates on one type of aid: Official Development Assistance (ODA), or government-to-government aid. All donors, therefore, are foreign governments and the recipients are the governments of Indonesia and Kenya. The research concentrated on two sectors in both countries: aid for governance reform and aid for inclusive industrialization, that is industrial development that pays particular attention to small and medium industry. Research teams in the two countries listed and analysed project documents, interviewed both donors and government officials, and reviewed available secondary sources of information.

Data for both countries were gathered for the period 2000 to 2005, with some 2006 information collected for Indonesia.

Assembling the information was more difficult than expected. Even the seemingly simple task of listing the donor projects was time consuming and tedious. The reasons for this vary somewhat between Indonesia and Kenya, but the difficulties in both countries were significant. In Indonesia, no single source could provide all of the required data. Although in principle the National Planning Agency (BAPPENAS) approves all donor projects and keeps a central registry, in practice donors often bypass the Agency. As a result its database is incomplete and out of date, forcing researchers to search for information in ministries or from the donor agencies.

In Kenya, the External Resources Department (ERD) of the Ministry of Finance maintains files on all projects. The biggest problem here was getting access to these files. Initial access required, in addition to the usual research clearance, letters of introduction that took several months to obtain. Once these were available, the officers in ERD were willing to help, but they had busy schedules that often took them out of the office. Furthermore poor and inconsistent record keeping, especially for completed projects, made finding all of the files difficult; in some cases crucial documents were missing. To compensate for this, the team used a variety of techniques, including searching storage closets, looking in other files, discussing with officers in charge of these projects, and generally trying to triangulate data in order to fill gaps.

Deciding which projects to include in each sector was another challenge in both countries. The language of the project documents does not always clearly point to a sector. In the inclusive industrialization sector, for example, some projects state the aim of promoting small and medium enterprise development, but in others project documents are much more general, stressing poverty reduction, income generation, or other objectives. In both countries, lists were carefully scrutinized and researchers developed criteria for deciding which projects to include. Nevertheless, in the end some decisions were necessarily arbitrary. Despite these difficulties we believe that our final lists of projects for the two countries are a reasonable approximation of donor activity in the two sectors over the period between 2000 and 2005.

The paper consists of six sections. The following Section II provides the country context for Kenya and Indonesia. Section III defines what we mean by proliferation and co-ordination and sets out the key reasons given in the literature for these phenomena. Sections IV and V present the results of our empirical research and the final Section VI pulls together the main conclusions.

II. Aid to Kenya and Indonesia

Kenya and Indonesia are both developing countries, but they differ in important respects. Indonesia is both larger and more prosperous than Kenya (see Table 1). Indonesia's population of 226 million is six times that of Kenya. Its per capita income is over three times Kenya's, and its Human Development Index (HDI) is 40 per cent higher than Kenya's. The structures of the two countries' economies are also different. Indonesia is a much more industrialized country, with industrial value added contributing 46 per cent to total GDP in 2004. Kenya, in contrast, generated only 19 per cent of its GDP from industry in that year

(World Bank, 2006). Not surprisingly, therefore, aid constitutes a smaller proportion of GDP in Indonesia than it does in Kenya.

Table 1. Key indicators for Indonesia and Kenya, 2005

Indicator	Indonesia	Kenya
Population (millions)	226.1	35.6
GDP per capita, PPP US\$	3,843	1,240
Human Development Index	0.728	0.521
Foreign Aid as % of GDP	0.9	4.1

Source: UNDP (2007).

Comparison of the donor profile for the two countries, as shown by the top ten donors in 2004–5, reveals some striking similarities but also some differences (see Table 2). Kenya and Indonesia have seven of their top ten donors in common: United States, European Commission (EC), Japan, United Kingdom, International Development Agency (IDA), Germany, and The Netherlands. The remaining three donors differ for each country. For Kenya, they are France, Sweden and the IMF, while for Indonesia they are Australia, the Asian Development Fund and Canada. The top ten donors to both countries account for approximately 70 per cent of total gross ODA received (71.6 per cent and 67.4 per cent for Kenya and Indonesia respectively). Where the two countries differ is in the relative importance of the donors on the list and, perhaps more importantly, the contribution of those at the very top of the list. For Kenya, the top two donors — the US and the EC — are nearly equal, contributing 15.1 per cent and 12.0 per cent respectively. The Indonesian list, however, is dominated by Japan, which provides just over one-third of the country’s gross ODA. Finally, Indonesia and Kenya differ on the proportion of gross ODA they receive from bilateral donors. In the case of Indonesia, this amounts to 90 per cent, while Kenya receives a much smaller 62 per cent (OECD, 2008).

Table 2. Top ten aid donors, Kenya and Indonesia, 2004–2005 average

Kenya			Indonesia		
Donor	Gross ODA		Donor	Gross ODA	
	US\$ millions	%		US\$ millions	%
United States	139	15.1	Japan	963	33.9
EC	110	12.0	Germany	191	6.7
Japan	73	8.0	United States	163	5.7
United Kingdom	71	7.7	Australia	145	5.1
IDA	67	7.3	Netherlands	128	4.5
Germany	48	5.2	IDA	94	3.3
France	41	4.5	AsDF	62	2.2
SAF & ASAF (IMF)	37	4.0	EC	57	2.0
Sweden	36	3.9	United Kingdom	57	2.0
Netherlands	35	3.8	Canada	56	2.0
Totals	657	71.6	Totals	1,916	67.4
Gross ODA, 2005	918	100.0	Gross ODA, 2005	2,843	100.0

Source: Own compilation from OECD data (OECD, 2008).

III. Aid Proliferation and Co-ordination: Concepts and Causes

The purpose of this section is to situate the proliferators and co-ordinators in the aid system, to define what exactly we mean by proliferation and co-ordination and then to distil from the literature the key reasons for proliferation and lack of co-ordination.

Concepts

The study is set within a broad political economy framework that is institutional in the sense that it asserts that the way society is organized affects its outcomes and that every social system has its own rules, norms, incentives, cultures and beliefs (Nabli and Nugent, 1989; North, 1990; Basu, 2000). It also recognizes that history – in this case Europe’s colonization of Africa – continues to affect present-day relationships between African countries and the former colonial powers (Fonchingong, 2006). The aid sector is a social system, consisting of nearly 200 bilateral and multilateral donors, a multitude of recipient governments (national and subnational), and myriads of consultants and specialized service organizations that operates with its own particular rules, incentives and informal practices (Riddell, 2007; Gibson et al., 2005; OECD, 2006; World Bank, 1998). The aid system is profoundly influenced by culture and politics, as well as by the specific institutions established to govern the aid relationship (Rihani, 2002; Eyben, 2006; Moss et al., 2006).

Two concepts that are central to institutional analysis are important for the understanding of aid. The first is the concept of *embeddedness* (Granovetter, 1985; Evans, 1995; Basu, 2000). In this context, embeddedness means that the aid administration of a country is only one sector of a national administration, and as such is likely to follow the general co-ordination tendencies of the country’s public sector (Beuselinck, 2006). The key difficulty in the aid relationship is that there will always be at least two embedded systems interacting with one another, and this can result in what Fraser and Whitfield (2009) call the ‘increasing *institutional entanglement*¹ between donor structures and practices and recipient political and administrative systems’. The second concept is that of *incentives*, which may be broadly defined as the rewards and punishments that are perceived by individuals to be related to their actions and those of others (Ostrom et al., 2001). Human systems, including the aid system, offer incentives to individuals and organizations to act in certain ways.

Three other concepts are integral to the discussion that follows: donor proliferation, project proliferation, and aid co-ordination. The first, donor proliferation, is defined here as *the increase in the number of donors giving aid to any one recipient country*.² The second concept is project proliferation, which is similarly defined as *the multiplication of projects*, which may result from having many donors, each with several projects, or from the multiplication of projects by a single donor (Morss, 1984; Roodman, 2006).

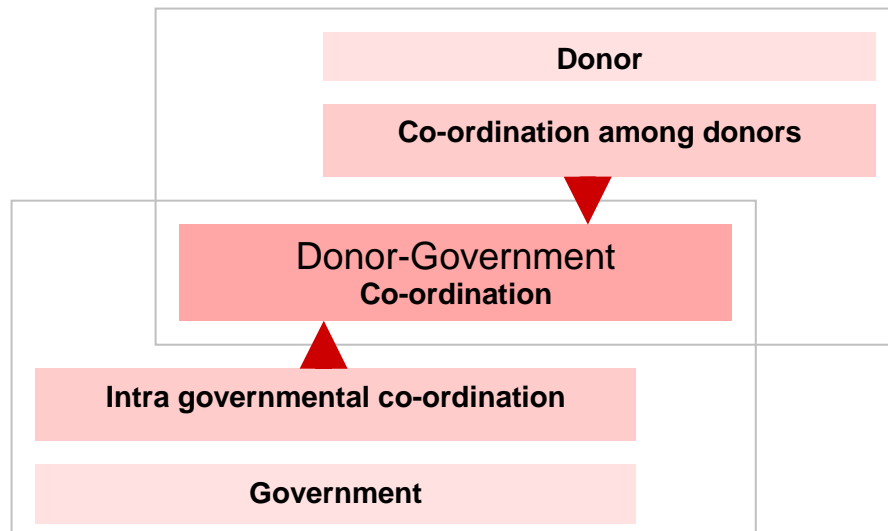
One way to deal with the problems created by the proliferation of donors and projects would be to initiate some sort of institutionalized co-ordination. For our purposes, *aid co-ordination* refers to any institutional interface between a set of donors and partner recipient organizations as well as the mechanisms within these donor and partner organizations that aim to streamline the aid process (Club du Sahel, 2000; McCormick et al., 2007). The

¹ Italics in the original.

² Acharya et al. (2006) use the term ‘fragmentation’ for this phenomenon.

Development Assistance Committee (DAC) has advocated better co-ordination of aid for many years and has made it its official policy in the Rome and Paris Declarations (OECD, 2003b, 2005).

Figure 1. Flow of co-ordination



At a practical level, co-ordination consists of three types of interactions: those within the donor group, those within government, and those between donors and government. In Figure 1, donor co-ordination is represented by the box at the top. Co-ordination among donors may be formal or informal. It may include all donors in a single mechanism, or there may be several different types of groups with different membership. Groupings may be fixed or fluid and actual levels of donor participation may vary, but the purpose will be the same: for donors to discuss and agree among themselves on priorities for programmes and projects. The donor group may also have some ungrouped members who do not participate formally, but may have some informal communication among themselves and with grouped donors.

The recipient government will also have its co-ordination mechanism, represented at the bottom of Figure 1. This will include structures through which the various organs of government make decisions about sourcing, managing, and allocating aid projects and programmes. These interactions may be guided by formal rules in the form of policies, guidelines, or internal procedures, or they may be carried out on a more *ad hoc* basis.

In the centre of the figure is donor-government co-ordination, those interactions through which representatives of the donors and of government thrash out the overall shape of the aid relationship. In principle, donor-government co-ordination is a process of reconciling the recipient government's strategic needs and concerns with the donor government's own priorities, aid allocation and political realities. There are various mechanisms available for carrying out the process. These include committees, thematic groups, individual meetings, document sharing, parallel organizations, and a host of other institutions that either contribute to co-ordination or detract from it. Not visible in the diagram, but nonetheless crucial to understanding the workings of co-ordination, are the other national institutions of the donor and recipient into which this co-ordination is embedded.

Causes

Although both donors and recipient governments support the call for co-ordination enshrined in the Paris Declaration, they often behave in ways that make them appear indifferent or even against co-ordination. The literature identifies causes for the proliferation and for the ‘anti-co-ordination’ behaviour. These can be broadly grouped into economic costs and benefits, perverse incentives and political imperatives.

Costs and benefits: The costs of co-ordination are generally believed to arise from the time-consuming practices involved in harmonization, including numerous meetings, extended negotiations, and consensus building (de Renzio et al., 2005; Balogun, 2005; Bigsten, 2006). The benefits are supposed to take the form of significantly reduced transactions costs (OECD, 2003a). Balogun (2005), however, argues that there is little evidence that total transaction costs have declined. He claims that it may be that reductions in administrative transaction costs have been counterbalanced by a shift in costs from recipients to donors. Furthermore, from the point of view of those entering into the co-ordination process, neither the full costs nor the expected benefits are easy to measure (Rogerson, 2005).

Political imperatives: Politics influences all aspects of co-ordination. First, donors compete among themselves for high-profile projects that will have political appeal to voters at home (Kanbur et al., 1999; Rogerson, 2005; Molenaers and Nijs, 2008). This can lead to projects and programmes that overlap and duplicate each other (Gibbon and Schulpen, 2002; Horning, 2008). It also encourages donors to disburse money against their own schedules, rather entering into time-consuming co-ordination processes that may result in compromises and changes in project focus. Second, politics affects efforts to harmonize donor and government programmes and systems. Unequal power between donors and governments is a serious political problem in donor-government harmonization. Robb (2004) puts it succinctly: ‘Aid, by its very definition, is a manifestation of inequality.’ Donors have the power to impose conditions on their grants and loans, to insist on the establishment of parallel financial and/or operating units, and to withdraw the funds if those conditions are not met. Although recipient governments can successfully resist some conditions and modify others (Bergamaschi, 2007), final decisions rest with the donor. Aid ‘partnerships’, therefore, are actually unequal relationships in which the donor has greater power than the recipient even though the personal interactions between donors and recipients may at times be very cordial (Morse and McNamara, 2006). Such unequal relationships may impact negatively on donor-government co-ordination. Finally, intra-government politics can be a barrier to co-ordination by various units of a recipient government. The embeddedness of the aid system means that if national systems do not encourage inter-ministerial collaboration, aid co-ordination structures requiring such collaboration may founder. Aid has been found to be embedded in national government systems (Beuselinck, 2006), and it is likely that the absence of encouragement for inter-unit collaboration will have a negative impact on co-ordination efforts at all levels. The power struggles that affect the internal workings of governments everywhere are also present in the ministries or departments charged with aid co-ordination. Furthermore, in some governments, there is little concern about co-ordination because receiving aid is more important than how it is used. Kanbur et al. (1999) argue that an emphasis on sourcing aid can — especially in governments that lack adequate staffing — easily lead to weak government interest in co-ordination activities.

Incentives: Most discussions of incentives relate broadly to aid effectiveness and the quality of projects (Ostrom et al., 2001; Wane, 2004), rather than to the more specific issue of aid co-

ordination. Nevertheless, there is some evidence that incentives affect the participation of both donors and government in co-ordination activities. Internal incentive systems are important for promoting harmonization in aid agencies (de Renzio et al., 2005). Positive incentives include the efforts on the part of senior management to prioritise harmonization; the introduction of new and more flexible aid modalities which are ‘inherently’ harmonized; and the existence of international mechanisms which promote harmonization. On the negative side are lack of coherent systems providing incentives in favour of harmonization; resistance to change, especially in organizations characterized by a bureaucratic, compliance-driven approach, and insufficient guidance from headquarters to country offices. Incentives and disincentives to aid co-ordination no doubt exist in recipient governments as well, but we found only a few examples of this in the literature. Donor-funded salary supplements create incentives for officials to ‘protect and extend aid projects from which they benefit, regardless of their merit, and to help perpetuate the practice of spending aid funds in the form of independent projects rather than in the form of co-ordinated, sector-wide programs or budget support’ (Acharya et al., 2006).

Perhaps most important of all are the incentives that support the perpetuation of traditional project funding. Williamson and Agha (2008) found that stand-alone projects are favoured because of the resource flows they generate, their reliability, their ease of management and control, and the political credit they offer. Furthermore, dealing with a single donor is easier than dealing with several through a pooled fund or budget support project, where donors can more easily gang up on the recipient government.

The remaining sections of this paper chart what actually happened and why with regard to proliferation and co-ordination, distinguishing between the two countries at different stages of economic development and between two sectors with different histories of donor involvement. Donors have been active for a very long time in inclusive industrialization, in particular in the promotion of small and medium industry. In contrast, governance reform is a relatively new focus of donor activity.

IV. Proliferation of Agencies and Projects

The purpose of this section is to establish whether proliferation has decreased or increased and what form the changes took. Donors multiplied in both countries and in both sectors within each country. The increase in donors was greater in Kenya than in Indonesia. Kenya experienced an 83 per cent increase in donors to inclusive industrialization and an astronomical 325 per cent increase in donors to governance reform over the period (see Table 3). The increase in donors to inclusive industrialization occurred fairly steadily throughout the period between 2000 and 2005, but there was a sharp increase in donors to governance reform between 2003 and 2004. The magnitude of the increase may have been a direct consequence of renewed donor interest in Kenya following the change of regime at the end of 2002. Donors to Indonesia also increased, but at a somewhat slower rate. Inclusive industrialization experienced a 46 per cent increase in donors, and governance reform a 50 per cent increase. In both sectors there was a fairly steady rise early in the period, followed by a levelling off in the case of inclusive industrialization and a temporary drop in the governance reform sector.

Table 3. Proliferation of donors, projects, and implementing agencies by country and sector, 2000–2005

Area	Kenya		Indonesia	
	Inclusive industrialization	Governance reform	Inclusive industrialization	Governance reform
Donors	Increased from 6 to 11 (83%) between 2000 and 2005; rate of increase fairly steady except flat from 2003 to 2004	Increased from 4 to 17 (325%) between 2000 and 2005; rate of increase slow from 2000 to 2003, followed by sharp increase from 2003 to 2004 and no change to 2005	Increased from 13 to 19 over period (46%); fairly steady rise between 2000 and 2004, with no change to 2005	Increased from 12 to 18 over period (50%); steady increase between 2000 and 2003, followed by decline in 2004 and a further rise in 2005
Projects	Increased from 8 to 33 (313%) over period; moderate rise from 2000 to 2003, followed by sharp increase from 2003 to 2005	Increased from 5 to 79 over period (1480%); slow rise from 2000 to 2003, followed by very sharp increase in 2004 and somewhat smaller increase in 2005	Increased from 25 to 36 over period (44%); sharp increase between 2000 and 2001, followed by decline in 2002 and steady rise from 2003 to 2005	Increased from 35 to 127 (263%); fairly steady rise between 2000 and 2003, followed by almost no increase in 2004, and resumption of former rate of increase between 2004 and 2005
National and Foreign Implementing Agencies	Increased from 5 to 13 (160%) over period; small increase from 2000 to 2001, followed by two years of no increase, larger increase in 2004, and small increase in 2005	Increased from 2 to 27 (1250%) over period; slow rise from 2000 to 2003, followed by very sharp increase in 2004 and moderate increase in 2005	Increased from 38 to 74 (95%) over period; increase was constant but uneven throughout the period	Increased from 31 to 101 (226%); increase was sharpest from 2004 to 2005

Source: Own data, 2007.

The rise in the number of projects was even more dramatic than that of donors. Kenya, which had only eight inclusive industrialization projects in 2000, had 33 projects by the end of the period, a 313 per cent increase. The number of projects in the governance sector rose from

only five in 2000 to 79 by 2005. Project proliferation in Indonesia was less dramatic, but significant nonetheless. The number of inclusive industrialization projects increased by 44 per cent over the period, while the number of governance projects rose from 35 to 127, an increase of 263 per cent.

One consequence of the fast increase in projects is that the average number of projects per donor grew significantly in almost all cases (see Table 4). In Kenya, each inclusive industrialization donor had on average 1.25 projects in 2000, but this had grown to three projects per donor by 2005. In governance reform, the average of 1.20 projects per donor in 2000 increased to 4.65 projects per donor by 2005. In Indonesia, the pattern was the same for governance reform, but not for inclusive industrialization. The number of projects per donor declined slightly in inclusive industrialization, from 1.92 in 2000 to 1.64 in 2005. In governance reform, however, the number increased from less than three in 2000 to over seven per donor in 2005.

Table 4. Projects, donors, and projects per donor

	Projects	Donors	Projects per donor
<i>Kenya</i>			
Inclusive Industrialization 2000	8	6	1.25
Inclusive Industrialization 2005	33	11	3.00
Governance Reform 2000	5	4	1.20
Governance Reform 2005	79	17	4.65
<i>Indonesia</i>			
Inclusive Industrialization 2000	25	13	1.92
Inclusive Industrialization 2005	36	22	1.64
Governance Reform 2000	35	12	2.92
Governance Reform 2005	127	18	7.05

Source: Own data.

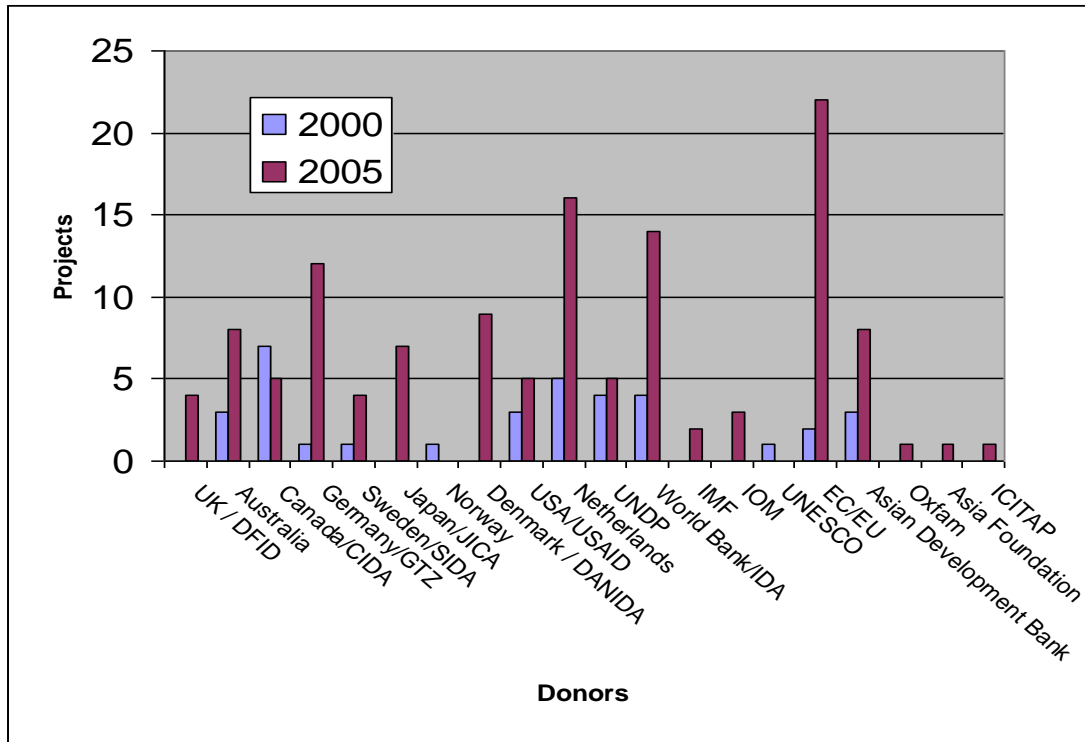
Taken together, Tables 3 and 4 suggest that the donors have become much keener on governance projects than on those designed to promote industrialization. This raises another issue which is not central to this paper but of relevance to the aim of the Paris Declaration that donors should pay more respect to country ownership and sovereignty. Does the particularly rapid increase in the number of governance projects not lead to more interference in the way the country runs its affairs? It could be argued that partnership is more difficult to achieve and that conflicts with the aim of country ownership and sovereignty are more likely with the increasing and deepening donor involvement in governance.³

The averages in the tables hide considerable variation among donors. In the case of Indonesian governance reform, for example, the largest donor (the EC) had 22 projects in 2005, and three others (The Netherlands, World Bank, and Germany) had 16, 14, and 12

³ We are grateful to the reviewer for raising this question. For further discussion of the issues of partnership and country ownership in aid programmes, see for example, Kayizzi-Mugerwa (1998), Abrahamsen (2004), Buiters (2007), Fraser and Whitfield (2009).

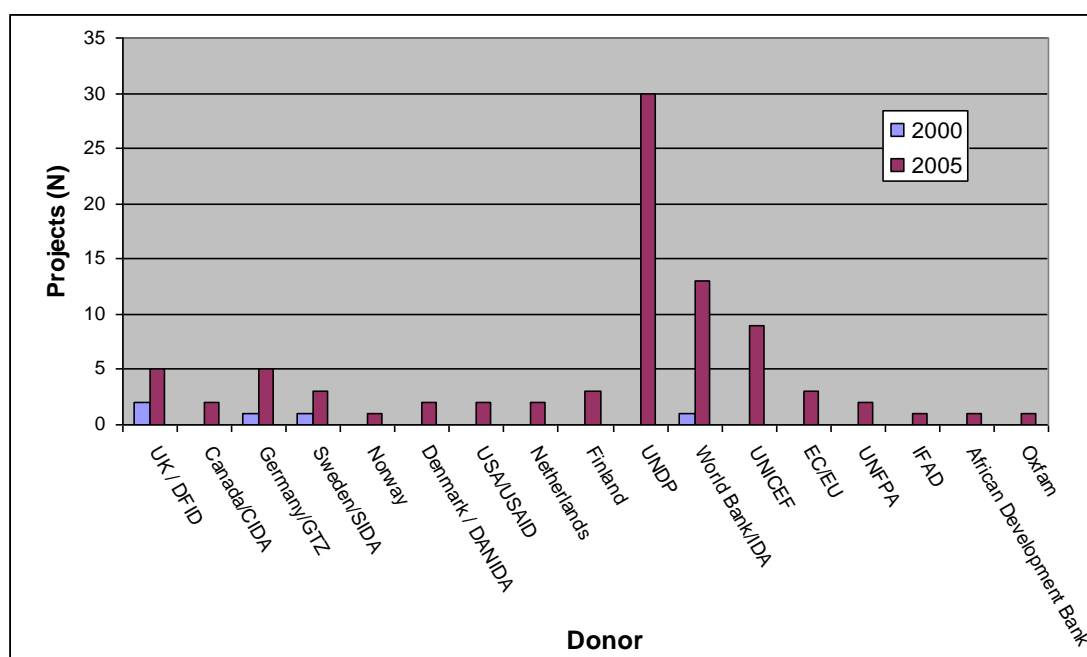
projects each. Ten donors had five or fewer projects. The composition of donors responsible for proliferation changes over time. In 2000, Canada and The Netherlands were Indonesia’s main donors for governance projects, with seven and five projects respectively. By 2005 the picture had changed, as shown above.

Figure 2. Indonesia’s governance reform projects by donor, 2000 and 2005



The picture is even starker in Kenya’s governance sector. The country had only five governance projects in 2000. Two of these were funded by DFID and one each by Germany, Sweden, and the World Bank. UNDP had no governance projects in 2000, but by 2005 had 30 active projects accounting for 38 per cent of the total. DFID, on the other hand, whose two projects in 2000 represented 40 per cent of all active projects, had only five projects or 6 per cent of the total in 2005 (see Figure 3).

Figure 3. Kenya, governance projects by donor, 2000 and 2005



Many donors do not carry out the projects themselves. Instead they contract implementing agencies, some of which are foreign and others local. Similarly, the counterpart agencies in government do not necessarily implement all projects, but may pass on the implementation to other organizations. In some cases, more than one organization is entrusted with the implementation, so the number of such agencies can sometimes exceed the number of projects.

In Kenya, the eight inclusive industrialization projects that existed in 2000 had been implemented by five agencies, all of which were government ministries (see Table 5). By 2005, the number of implementing agencies had risen to 13, three of which were foreign agencies. The eight national organizations included not only government ministries, but also local NGOs, and for a micro-finance project, a group of local banks. As in the case of donors and projects, the increase in the number of implementing agencies for Kenya’s governance reform agenda was dramatic. From only two agencies in 2000, the number rose 1250 per cent to 27 by 2005. The list of implementing agencies in 2005 included 17 ministries or government agencies, three international organizations, and seven NGOs.

Implementing agencies for projects in Indonesia increased rapidly, though less so than in Kenya. The number of implementing agencies for inclusive industrialization projects rose 76 per cent, while those for governance reform increased 226 per cent. In Indonesia, there was a decided shift from foreign to national implementing agencies. In 2000, 61 per cent of the implementing agencies were foreign, but by 2005 61 per cent were national.

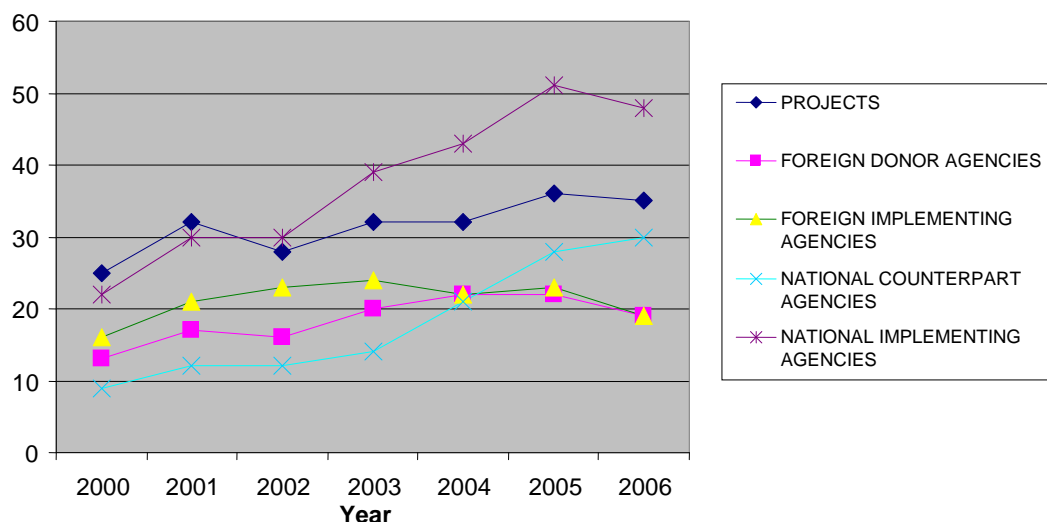
Table 5. Foreign and national implementing agencies, 2000 and 2005

	Number of agencies		Increase
	2000	2005	
<i>Kenya</i>			
<i>Inclusive Industrialization</i>			
National Implementing Agencies	5	13	
Foreign Implementing Agencies	0	0	
Total	5	13	160.0%
<i>Governance Reform</i>			
National Implementing Agencies	2	24	
Foreign Implementing Agencies	0	3	
Total	2	27	1250.0%
<i>Indonesia</i>			
<i>Inclusive Industrialization</i>			
National Implementing Agencies	22	48	
Foreign Implementing Agencies	16	19	
Total	38	67	76.3%
<i>Governance Reform</i>			
National Implementing Agencies	12	62	
Foreign Implementing Agencies	19	39	
Total	31	101	225.8%

Source: Own data.

Figure 4 shows clearly, for the case of inclusive industrialization in Indonesia, how the aid chain evolved over the period 2000–2006. Proliferation differed between agencies and projects and varied between types of agencies. While the number of foreign donor agencies increased only little, there was considerable proliferation of projects and of national counterpart and implementing agencies.

Figure 4. Indonesia's aid chain 2000–2006 in inclusive industrialization



Source: Own data detailed in Loebis and Schmitz (2007).

V. Aid Co-ordination

The previous section has shown that for both Kenya and Indonesia, proliferation in the aid chain continued even though some of the problems arising from this for recipients have been discussed in the aid business for a long time. This section examines whether, amidst this proliferation, some structures and processes emerged for co-ordinating aid.

Overall Co-ordination Efforts

It is useful to distinguish between co-ordination efforts for the country as a whole and for specific 'sectors', for example, support for sanitation or for education. We will deal first with the national level efforts and then concentrate on 'our' sectors.

The co-ordination efforts at the national level include various mechanisms as summarised in Table 5. While most of them entail more talk than action, it helps to set them out briefly. The Consultative Group is the World Bank's term for its national consultative platforms.⁴ These are two-day conferences held roughly every 15 months, attended by a recipient country's political authorities and representatives of the multilateral and bilateral donors financing development activities in that country. Although earlier Consultative Group meetings were chaired by the organizing body and held in Paris or Geneva, the DAC now recommends that the meetings take place in the recipient country with that country assuming responsibility for chairing and organizing the agenda (OECD, 2003a).

Donor Coordination Groups have a membership similar to that of the Consultative Group, but they are ongoing in-country fora that meet under the chairmanship of a government ministry. In the case of Kenya, the chair is the Ministry of Finance; for Indonesia, it is the Ministry of Economic Coordination. These groups deal mainly with high-level political matters.

⁴ UNDP has a similar type of meeting, which it calls Round Tables.

The remaining two groups do the practical work of co-ordination. The Harmonization, Alignment and Coordination Group (HAC) is made up of donor representatives, with government participation. Its tasks are to co-ordinate with government, facilitate donor harmonization and alignment, and streamline procedures. Sector Working Groups, as their name suggests, focus on particular sectors, such as agriculture, health, or industry. Donors working in a particular sector, together with relevant government representatives, meet to co-ordinate activities within that sector.

Table 6. Co-ordinating bodies, membership, and task(s)

<i>Co-ordinating body</i>	<i>Membership</i>	<i>Task</i>
Consultative Group (CG)	Donors, jointly chaired by government and the World Bank	Overall country aid co-ordination
Donor Coordination Group (DCG)	Ambassadors and heads of donor agencies, under chairmanship of the government	High-level co-ordination, especially on political issues
Harmonization, Alignment and Coordination Group (HAC)	Donor representatives with government participation, under chairmanship of one of the donors	Co-ordinate with government, facilitate donor harmonization and alignment, streamline procedures
Sector Working Groups (SWG)	Donors working in particular sector together with government representatives of that sector	Facilitate co-ordination within the sector

Source: DAC (2007) and interviews in donor and government agencies.

The World Bank organized the first Consultative Group for Kenya (CGK) in the early 1970s. This group met regularly throughout the 1970s and 1980s, normally once every two years. In the early 1990s, as donor concerns over economic management grew, meetings were held more often, in both 1990 and 1991, as well as meetings without the government's presence. Programme aid to Kenya was suspended between 1991 and 1993. Following its resumption, four CGK meetings were held between 1993 and 1995 (O'Brien and Ryan, 2001). The 1996 CGK meeting took place in Paris and proved to be the last such meeting of the regime of President Daniel arap Moi. When, in January 2003, a new regime took power, there was immediate interest on the part of both donors and the government to establish better relations. When the CGK met in November 2003, the changed circumstances were evident. The meeting was held in Nairobi and was jointly chaired by the World Bank and the Government of Kenya.

Kenya also has a Donor Coordination Group that met fairly regularly under the Chairmanship of the Ministry of Finance between 2003, when it was revived, and the end of our study period in 2005. A direct outcome of the 2003 CGK meeting was the establishment of the Harmonization, Alignment and Coordination Donor Group (HAC) in early 2004 (DAC, 2007; HAC, 2006). The HAC group, which consists of 15 donors, became the main donor force for co-ordination and alignment. One of its major initiatives has been the development

of a Kenya Joint Assistance Strategy (KJAS) for 2007–2012, which would replace the individual assistance strategies.

The Consultative Group Indonesia (CGI) was active throughout the period covered in this paper. Its predecessor group, the Intergovernmental Group on Indonesia was established in 1967 and chaired by The Netherlands. It was dissolved in 1992 by the Indonesian government. Its successor, the Consultative Group Indonesia, was established in 1992 and continued until 2007. Its key activities were meetings taking place twice a year bringing together the main multilateral and bilateral donors as well as the ambassadors of donor countries. On the government side, these meetings were attended by the Ministers of Planning, Economic Coordination, Finance, Industry and Agriculture (plus top civil servants from these Ministries). At these meetings, which were always long, donors would review the performance of the Indonesian economy and government. The reverse did not happen; there was rarely, if ever, a review of the donors' performance by the Indonesian ministers. The atmosphere was typically post-colonial, with foreign donors sitting in judgement of their hosts.⁵ In early 2007, President Yudhoyono dissolved the CGI. There was little other national-level donor co-ordination of significance.

Sectoral Co-ordination Efforts

Three main findings emerge from the analysis of co-ordination at the sectoral level in the two countries. First, the extent of co-ordination in the two sectors under study differs: both countries show substantial efforts to co-ordinate aid for governance reform but little in aid for inclusive industrialization. Second, in both countries the more elaborate structures used in the governance sector did not function as well as hoped. Third, co-ordination failures were observed at all levels: donor-donor, donor-government, and intra-government.

Table 7 presents the highlights of donor co-ordination efforts by country, sector, and type of co-ordination. The first thing that strikes the observer is the difference between the two sectors within each country.

⁵ This observation is based on interviews with both sides and participant observation in three of these meetings between 2003 and 2005 (see Loebis and Schmitz, 2007).

Table 7. Co-ordination efforts by country and sector

<i>Type of co-ordination effort</i>	<i>Kenya</i>		<i>Indonesia</i>	
	<i>Inclusive industrialization</i>	<i>Governance reform</i>	<i>Inclusive industrialization</i>	<i>Governance reform</i>
Donor-donor	- Donors' sectoral working group functioned mainly for information sharing, 2000–2004 - Development of PSDS began in 2005	- Main vehicle for donor-donor co-ordination lies in SWAp structures, for example, GJLOS Development Partners Coordination Forum	- Between 2000 and 2004 the SME Working Group of the CGI received and discussed government performance in SME - Working Group was later absorbed into Investment Climate Working Group, but this did not improve SME co-ordination	- Main vehicles for donor-donor co-ordination are in multi-donor governance programmes such as Partnership for Governance Reform in Indonesia and the Decentralization Support Facility
Donor-government	- Little donor-government co-ordination until PS Trade and Industry took chair of donor SWG with aim of developing PSDS as SWAp	- Main vehicle for donor-government co-ordination is SWAp structure, for example GJLOS Joint Statement of Intent and Thematic Groups	No specific mechanisms for ensuring donor-government co-ordination	- Substantial donor-government co-ordination effort but hampered by lack of information and/or transparency by government and donors
Intra government	- Intra government SWGs exist on paper - Confusion because of lack of clarity about ministry responsible for MSEs	- Main vehicles for intra government co-ordination lie in SWAp structures, for example, Inter-Agency Steering Committee and Technical Coordination Committee; problem is that these have not been meeting regularly	- General lack of co-ordination among government agencies active in SME field	- Intra government co-ordination is weak, especially as donors usually take the lead and only involve government at the end of the process

Source: Own interviews in Kenya and Indonesia.
Abbreviations explained in text.

In Kenya, aid for the inclusive industrialization sector consisted essentially of a collection of discrete projects. Although the donors had a sectoral working group, its meetings were informal discussion groups in which information was shared. The working groups lacked formal structures of co-ordination. As a result, overlapping and inconsistent projects were allowed to run at the same time. Donor-government co-ordination was also lacking. This began to change when near the end of the study period, government with support from key

donors began to develop an overall private sector strategy. The Private Sector Development Strategy (PSDS) was not launched until early 2007, but from 2005 onwards the process for developing it gave rise to improvements in communication among donors and between donors and government. These improvements did not seem, however, to spill over into intra-government co-ordination. Although intra-government SWGs exist on paper, they rarely meet and confusion over the roles and responsibilities of the two main ministries involved in SME development – the Ministry of Trade and Industry and the Ministry of Labour and Human Resource Development – persists. Interviews with donors in Kenya underscored the fact that co-ordination is costly. Some said that the move to co-ordinate had shifted the burden of transaction costs from government to the donors. They also acknowledged that donors' tendency to want 'their own' projects has led to competition and duplication. They expressed hope that the KJAS initiative would change that.

The situation was similar in Indonesia. Even though some agencies such as UNIDO, ADB, JICA and GTZ have been active in Indonesia for several decades, there has been little co-ordination between these or other agencies. Donors have made some efforts – the Asia Foundation made an attempt in 2005 and USAID-SENADA tried in 2006 – but these initiatives fizzled out after their first meetings. There is also a general lack of co-ordination among government agencies active in the SME field. In the end, according to all respondents, the Indonesian SME sector was left without any effective co-ordination. The main difference between the two countries was the change brought about by the development of the PSDS in Kenya.

In contrast to the uncoordinated inclusive industrialization sector, the governance sector in both countries is characterized by large multi-donor programmes with in-built co-ordination mechanisms. These similarities are brought out in Table 7. What is not captured in this table is that side-by-side to these large co-ordinated programmes, single donor projects were also set up. Not all donors participated in the large co-ordinated programmes and even those that did, established some projects of their own. Nevertheless, significant progress was made in donors pooling (some of their) resources and co-ordinating their activities.

The problem is that these co-ordination mechanisms appear not to harmonize well with the established institutions of government and they therefore fail to perform their expected co-ordinating role. Examination of Kenya's GJLOS programme illustrates this point.

Donor-funded governance reform in Kenya has become almost synonymous with the Governance, Justice, Law and Order Sector (GJLOS) programme (see Box 1). The programme's complex organizational structure provides for interactions among donors, between the various ministries, departments and agencies of the Kenya Government, and between donors and the Government. On the whole, the GJLOS framework appears to have enhanced both donor co-ordination and donor-recipient alignment, but poor intra-government co-ordination holds back the process. One respondent analysed the problem in terms of the operating and incentive structures of government. Government, he said, is organized vertically from the Minister through the various levels of directors and officers. Reform efforts such as performance contracting have only reinforced this vertical structure by strengthening incentives for civil servants to contribute to meeting the targets of their home ministry. In such a setting, people are unlikely to make participation in horizontal structures that cut across ministries a priority. All of this, however, means that the Government is not taking advantage of the opportunity provided by the Interagency Steering Committee (IASC) to set direction for GJLOS, and further that the opportunities for more detailed discussions

that might happen within the Technical Coordination Committee (TCC) are also being foregone.

In addition to the GJLOS Programme, Kenya has another multi-donor programme, begun in 2005, in Public Sector Reform and numerous smaller projects. Based on the overview of donor co-ordination in Kenya, one would expect the main co-ordinating mechanism for these remaining projects to be the Sector Working Group. Our interviews with both donors and government, however, suggest that there is no effective Sector Working Group for the governance reform. Most respondents, when questioned about the governance reform talked about GJLOS. According to one donor, the Sector Working Group had not worked well due to lack of sector strategy, lack of communication, and power struggles within government.

Box 1. Kenya's GJLOS Programme

Kenya's GJLOS Programme is jointly funded by 16 donors and includes a wide range of activities under four sector-wide reform priorities: governance reforms, human rights reforms, justice reforms, and law and order reforms (GJLOS Programme Coordination Office, 2005; Kenya, 2005). The programme is organized as a Sector-wide Approach (SWAp). Government sees this approach as recognizing systemic inter-dependencies that cut across the sector (Kenya, 2007) and thus going beyond 'traditional, narrow, institutional approaches to reform' (Kenya, 2005). Funding is provided by the Government of Kenya and the group of 16 donors. The donors have varying financial arrangements: some contribute to a basket fund, others give directly to government, and a third group contributes to the programme through multilateral donors. A total of 32 government ministries, departments and agencies participate in GJLOS. The institutional framework for GJLOS has eight management bodies:

1. Inter-Agency Steering Committee (IASC) is a cabinet-level committee that provides political, policy and overall strategic leadership;
2. Technical Coordination Committee (TCC) is a representative, decision-making stakeholder forum that also serves as executive link between IASC and Thematic Groups;
3. Ministry of Justice and Constitutional Affairs (MoJCA) is the co-ordinating ministry;
4. Ministries, Departments and Agencies sit on Thematic Groups relevant to their area;
5. Thematic Groups provide a forum for implementation tracking, experience sharing and early problem resolution;
6. Development Partners Consultative Forum (or Donors Group) links all donors to programme co-ordination and basket-fund donors to Financial Management Agent;
7. Programme Coordination Office acts as a secretariat to the Technical Coordination Committee in the co-ordination of GJLOS implementation; and
8. Financial Management Agent (FMA) serves as financial arm of donors in the basket fund.

The rationale for this structure is that it places government in control (through the Inter-Agency Steering Committee), provides the opportunity for donors to communicate with one another (through the Donor Group), and offers avenues for donor-government interaction (through the Technical Coordination Committee and Thematic Groups). It also allows for detailed input from each of the ministries, departments and agencies participating in the programme as well as from three focal points representing the private sector, civil society and the development partners.

Indonesia has two major multi-donor governance reform programmes: the 'Partnership for Governance Reform' and the 'Decentralization Support Facility'. Indonesia's main donors

participate in both programmes. Two additional multi-donor projects have significant governance components, and as we saw earlier, many of the same donors funded the many discrete governance projects active in each of the study years.

The ‘Partnership for Governance Reform’ is the most significant initiative in co-ordination, bringing together the main donor agencies (specialising in different domains), government agencies and NGOs. The claim is that the initiative developed from being donor-led to Indonesian-managed. ‘While the international community provides technical and financial support, ultimate leadership and responsibility lies with the Indonesian stakeholders’ (www.kemitraan.or.id, accessed 28 Feb 09), but the question of who drives the programme has been hotly contested (Crawford, 2003; Mallarangeng and Tuijl, 2004). Perhaps more important than the existence and identity of a driver is the recognition that donor and government co-ordination depend on each other (Edi and Setianingias, 2007)

VI. Conclusions

The problems arising from donor and project proliferation figure prominently in the aid debate. They have been recognized for a long time. This paper has examined whether progress has been made in recent years, concentrating on two countries at different stages of economic development and two sectors with different histories of donor involvement. The overall picture is very clear: proliferation worsened over the period 2000–2005/6. The increase in the number of projects was higher than in the number of donor agencies and the growth rates in Kenya were higher than in Indonesia.

Progress in co-ordination was uneven. In both countries, there was little co-ordination in the sector in which donors have been active for a long time (inclusive industrialization). It was tried but not followed through, except in one recent Kenyan initiative. More significant co-ordination efforts were made in the relatively new sector of governance reform. In both countries, substantial multi-donor programmes were launched. The co-ordination was however selective involving only some of the donors. Many projects continue to be carried out separately in an uncoordinated way.

How can we explain these findings? Some of the causes are well known from the literature, others less so.

- i) *Certain costs and uncertain benefits:* The experience of attempted co-ordination with little effective follow up is common internationally. Co-ordination is costly in time and money, and the benefits are uncertain. The Indonesian data underscores the costs of co-ordination. The Indonesian respondents point to the time donors require to adjust their funding and implementation plans to those of others. They say that the resulting delays in project start-up and activities are costly to both governments and donors. The experience of Kenya with the GJLOS programme illustrates the uncertainty of benefits. GJLOS has an elaborate co-ordination structure, but many of the structures built into the SWAp that are supposed to ensure co-ordination are committees that are not meeting regularly.
- ii) *Political imperatives:* Our findings suggest that political imperatives affect co-ordination in at least three ways. First, neither donors nor governments want to give up their right to autonomous action. Despite the rhetoric of ‘partnership’, the national interests of donors and recipients are paramount. Second, donor staffs are under pressure to disburse funds against deadlines. Co-ordinating activities with those of

other agencies is feared to slow down the speed at which programmes and projects can be introduced and executed. As suggested in our brief overview of the literature, this appears to be simply one manifestation of the desire to mount visible projects with political appeal to home-country voters. Third, and related to the first two, donor agencies compete with each other — or their staff feel that they are competing with each other. As a result the exchange of information and experiences is shallow, and developing joint initiatives makes it more difficult to develop a clear donor profile with innovative features. This competitive aspect is not much discussed in the literature, perhaps because the programme and project officers themselves do not like to talk about it.

- iii) *Incentive structures*: Individual incentive structures are powerful within both government and donor agencies. The literature deals mainly with the incentives in donor agencies. Our research, in particular the Kenyan case, highlighted the problems of incentives not being aligned on the government side. Within government service, most rewards such as promotions, good ratings on performance contracts, and so forth are tied to activities undertaken within the ministry of one's appointment. This means that officers are likely to give higher priority to internal activities than to participation in inter-ministerial committees.
- iv) *Interdependence*: An aspect which is not well covered in the literature is that co-ordination on the donor and government sides are interdependent. The more fragmented the government the more difficult it is for the donors to have anything around which they can organize. Conversely, the more fragmented the donor activities, the greater the difficulty for government to develop a coherent approach in donor-supported policy fields, resulting in a vicious circle from which it is difficult to escape. Both the Indonesian and Kenyan government reform programmes show that understanding the interdependence and shifting from a negative to positive dynamic would require unravelling three layers in the co-ordination process: first, formally the government agencies are in charge (chairing the key bodies committees and so forth); second, de facto the donors drive the process not least because they control the resources; third, this donor influence has only limited depth because government structures and incentives are not aligned.
- v) *Green fields for donors*: In spite of all the open and hidden problems set out above, there were significant co-ordination experiments in both countries. The intriguing question is why these were confined to one of the examined sectors. It seems that donors find it much easier to co-ordinate activities that are new to them. Governance became a donor priority only at the turn of the century. In contrast, the promotion of small and medium industry has received substantial donor support for decades. It seems that in the 'classic' fields of donor assistance, in which the old donors continue to be active, co-ordination is more difficult to achieve. This is not discussed in the literature and certainly needs further enquiry.

Overall, it is striking how strong the similarities are between the Indonesian and Kenyan experiences. We expected greater differences given that these countries are at different stages of economic development. By and large the two countries receive aid from the same donors who pursue the same fashions and approaches in both. As stressed earlier, donor and project proliferation worsened in both countries but was more pronounced in the Kenyan case. Perhaps the stage of development has some relevance here in that donors gave more attention to the needier countries – given the international push to meet the Millennium Development Goals and increase aid to Africa. With regard to co-ordination, the experiences of both countries were even more similar. It seems that stage of development made no difference to

the extent and depth of donor co-ordination – and only a small difference to the proliferation of donors and projects.

It could however be that the *effects* of proliferation on the capacity of the state are substantially different in the two countries. The Indonesian state is huge compared with the Kenyan state. It seems plausible to suggest that the number of donors and the size of their budgets make a big difference to what happens in Kenyan state agencies but probably much less of a difference to the Indonesian state agencies. It would be interesting to examine to what extent this proposition is correct. The problem is that the size of the Indonesian state and the high number of national agencies interacting with the foreign agencies make it too difficult to trace and document the effect of donor proliferation on state capacity. Perhaps it would be more relevant and feasible to compare Kenya with other countries that have a higher degree of aid dependence.

Our final point arises from the research process itself. As already stated it was extraordinarily difficult just to assemble the basic data on aid projects in the selected sectors. No agency, either on the donor or government side, had systematic data or tracked the changes in a comprehensive way. The interviews showed that those who thought they had a good overview had at best a partial picture. This in itself tells an important story of a highly fragmented aid business. Stories that particular actors on the donor or government side dominate and drive change might be right for particular initiatives but should be treated with caution when it comes to broader fields of activity. The overwhelming message coming out of this research is that fragmentation continues to be the main problem.

References

- Abrahamsen, R. (2004) 'The Power of Partnerships in Global Governance', *Third World Quarterly* 25(8): 1453-67.
- Acharya, A., A. Fuzzo De Lima and M. Moore (2006) 'Proliferation and Fragmentation: Transactions Costs and the Value of Aid' *Journal of Development Studies* 42(1): 1-21.
- Balogun, P. (2005) *Evaluating Progress Towards Harmonisation*. Department for International Development Working Paper 15. London: Department for International Development.
- Basu, K. (2000) *Prelude to Political Economy: A Study of the Social and Political Foundations of Economics*. Oxford: Oxford University Press.
- Bergamaschi, I. (2007) *Mali: Patterns and Limits of Donor-Driven Ownership*. Working Paper No. 2007/31. Oxford: University of Oxford.
- Beuselinck, E. (2006) 'Institutional and Organisational Arrangements of Donors' Aid Administrations: An Analytical Perspective on Shifting Coordination Initiatives: Towards an Assessment of the Relevance of a Neo-Institutional Framework', paper presented at *EGPA Conference*, Milan (6-9 September).
- Bigsten, A. (2006) 'Donor Coordination and the Uses of Aid', paper presented at *Financing Development: What are the Challenges in Expanding Aid Flows?*, Paris.
- Buiter, W.H. (2007) "'Country Ownership": A Term Whose Time Has Gone', *Development in Practice* 17(4-5): 647-52.
- Cassen, R. and Associates (1994) *Does Aid Work? Report to an Intergovernmental Task Force*. 2nd ed. Oxford: Clarendon Press.
- Clift, C. (1988) 'Aid Coordination: Are There Any Lessons to be Learnt from Kenya?', *Development Policy Review* 6(2): 115-37.
- Club du Sahel (2000) *A Review of Aid: Co-Ordination Mechanisms*. SAH/REFA(2000)3. Paris: Organisation for Economic Development and Cooperation.
- Crawford, G. (2003) 'Partnership or Power? Deconstructing the 'Partnership for Governance Reform' in Indonesia', *Third World Quarterly* 24(1): 139-59.
- DAC (2007) *Aid Harmonization and Alignment: Initiatives for Kenya 2007*. Available from http://www.aidharmonization.org/ah-cla/ah-browser/index-abridged?rgn_cnt=ke&master=master (accessed 18 June 2007).
- de Renzio, P., D. Booth, A. Rogerson and Z. Curran (2005) *Incentives for Harmonisation and Alignment in Aid Agencies*. ODI Working Paper No. 248. London: Overseas Development Institute.
- Edi, J. and A. Setianingtias (2007) 'Donor Proliferation and Donor Coordination in Indonesia: The Case of Governance Reform'. Available from <http://www2.ids.ac.uk/futurestate/research/Phase2/prog3/projects/donorproliferation.html>
- Evans, P. (1995) *Embedded Autonomy: States and Industrial Transformation*. Princeton, N.J.: Princeton University Press.
- Eyben, R. (ed.) (2006) *Relationships for Aid*. London: Earthscan.
- Fonchingong, T.N. (2006) 'The State and Development in Africa', *African Journal of International Affairs* 8(1&2): 1-21.
- Fraser, A. and L. Whitfield (2009) 'Understanding Contemporary Aid Relationships', in L. Whitfield (ed.) *The Politics of Aid: African Strategies for Dealing with Donors*. Oxford: Oxford University Press.
- Gibbon, P. and L. Schulpen (2002) *Comparative Appraisal of Multilateral and Bilateral Approaches to Financing Private Sector Development in Developing Countries*. Discussion Paper No. 2002/112. Helsinki: United Nations University.
- Gibson, C.C., K. Andersson, E. Ostrom and S. Shivakumar (2005) *The Samaritan's Dilemma: The Political Economy of Development Aid*. Oxford: Oxford University Press.

- GJLOS Programme Coordination Office (2005) 'Governance, Justice, Law & Order Sector (GJLOS) Reform Programme: selected perspectives', PowerPoint Presentation, Nairobi, Republic of Kenya.
- Granovetter, M. (1985) 'Economic Action and Social Structure: The Problem of Embeddedness', *American Journal of Sociology* 91(3): 481-510.
- HAC (2006) *Harmonization, Alignment and Coordination*. UNDP and The World Bank. Available from <http://www.hackenya.org> (accessed 6 July 2007).
- Horning, N. (2008) 'Donor Support for Weak Performance: Donor Competition in Madagascar', *African Affairs* 107(428): 405-31.
- Kanbur, R., T. Sandler and K. Morrison (1999) *The Future of Development Assistance: Common Pools and International Public Goods*. Policy Essay No. 25. Washington, DC: Overseas Development Council.
- Kayizzi-Murgerwa, S. (1998) 'Africa and the Donor Community: From Conditionality to Partnership', *Journal of International Development* 10(2): 219-25.
- Kenya, Republic of (2005) *Governance, Justice, Law and Order Sector (GJLOS) Reform Programme Medium Term Strategy 2005/06 to 2008/09*. Nairobi: Government Printer, <http://www.gjlos.go.ke>.
- Kenya, Republic of (2007) *The Governance, Justice, Law & Order Sector (GJLOS) Reform Programme*. Available from <http://www.gjlos.go.ke> (accessed 8 June 2007).
- Loebis, L. and H. Schmitz (2007) 'Donor Proliferation and Coordination in Indonesia: The Case of SME Promotion', paper presented at Centre for the Future State Annual Meeting, Brighton, UK (June). Available from <http://www2.ids.ac.uk/futurestate/research/Phase2/prog3/projects/donorproliferation.html>
- Mallarangeng, A. and P. Van Tuijl (2004) 'Breaking New Ground or Dressing-up in the Emperor's New Clothes? A Response to a Critical Review', *Third World Quarterly* 25(5): 919-42.
- McCormick, D., W. Mitullah and E. Manga (2007) 'Donor Proliferation and Coordination in Kenya: Extent and Forms, 2000-2005'. Paper read at Workshop on Donor Proliferation and Coordination, 26 July 2007, at Utalii Hotel, Nairobi (Available from <http://www2.ids.ac.uk/futurestate/research/Phase2/prog3/projects/donorproliferation.html>).
- Molenaers, N. and L. Nijs (2008) 'The Bumpy Road from Rhetoric to Reality - The EC on the Slippery Slope: Does the Governance Incentive Tranche Strengthen or Weaken Aid Effectiveness under the Umbrella of the Paris Declaration?'. Paper presented at 12th EADI General Conference on Global Governance for Sustainable Development: The Need for Policy Coherence and New Partnerships. Geneva (24-28 June).
- Morse, S. and N. McNamara (2006) 'Analysing Institutional Partnerships in Development: A Contract Between Equals or a Loaded Process?', *Progress in Development Studies* 6(4): 321-36.
- Morss, E.R. (1984) 'Institutional Destruction Resulting from Donor and Project Proliferation in Sub-Saharan African Countries', *World Development* 12(4): 465-70.
- Moss, T., G. Pettersson and N. van de Walle (2006) 'An Aid-Institutions Paradox? A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa'. Working Paper. Washington, DC: Centre for Global Development.
- Nabli, M.K. and J.B. Nugent (1989) 'The New Institutional Economics and Its Applicability to Development', *World Development* 17(9): 1333-47.
- North, D.C. (1990) *Institutions, Institutional Change, and Economic Performance*. Cambridge: Cambridge University Press.
- O'Brien, F.S. and T.C.I. Ryan (2001) 'Kenya', in S. Devarajan, D. Dollar and T. Holmgren (eds) *Aid and Reform in Africa: Lessons from Ten Case Studies*. Washington, DC: The World Bank.

- OECD (2003a) *Harmonising Donor Practices for Effective Aid Delivery: Good Practice Papers, Volume 1*. Paris: OECD Publishing.
- OECD (2003b) *Rome Declaration on Harmonisation*. Paris: Organisation for Economic Cooperation and Development.
- OECD (2005) *Paris Declaration on Aid Effectiveness: Ownership, Harmonisation, Alignment, Results and Mutual Accountability*. Paris: Organisation for Economic Cooperation and Development.
- OECD (2006) *Harmonising Donor Practices for Effective Aid Delivery*. Paris: Organisation for Economic Cooperation and Development.
- OECD (2008) *Aid Statistics, Recipient Aid Charts*. Paris: Organisation for Economic Cooperation and Development [cited 29 January 2008]. Available from www.oecd.org/dataoecd/63/6/1877921.gif.
- Ostrom, E., C. Gibson, S. Shivakumar and K. Andersson (2001) *Aid, Incentives, and Sustainability: An Institutional Analysis of Development Cooperation*. Sida Studies in Evaluation No. 02/01. Stockholm: Swedish International Development Cooperation Agency.
- Riddell, R. (2007) *Does Foreign Aid Really Work?* Oxford: Oxford University Press.
- Rihani, S. (2002) *Complex Systems Theory and Development Practice: Understanding Non-Linear Realities*. London: Zed Books.
- Robb, C. (2004) 'Changing Power Relations in the History of Aid', in L. Groves and R. Hinton (eds) *Inclusive Aid: Changing Power and Relationships in International Development*. London: Earthscan.
- Rogerson, A. (2005) 'Aid Harmonisation and Alignment: Bridging the Gaps between Reality and the Paris Reform Agenda', *Development Policy Review* 23(5): 531-52.
- Roodman, D. (2006) *Competitive Proliferation of Aid Projects: A Model*. Working Paper No. 89. Washington, DC: Centre for Global Development.
- UNDP (2007) *Human Development Report 2007/2008*. United Nations Development Programme. Available from www.hdr.undp.org/en/reports/global/hdr2007-2008/. (Accessed 4 March 2009).
- Wane, W. (2004) *The Quality of Foreign Aid: Country Selectivity or Donors Incentives?* Policy Research Working Paper WPS3325. Washington, DC: The World Bank.
- Williamson, T. and Z. Kizilbash Agha (2008) *Good Governance, Aid Modalities and Poverty Reduction: Linkages to the Millennium Development Goals and Implications for Irish Aid*. Dublin: The Advisory Board for Irish Aid.
- World Bank (1998) *Assessing Aid: What Works, What Doesn't, and Why*. Washington, DC: The World Bank.
- World Bank (2006) *World Development Report*. Washington, DC: The World Bank.